

Company Registration Number 06945607

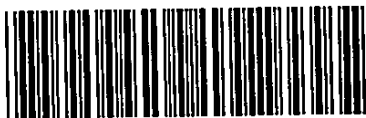
GRANTS SMOKEHOUSE LIMITED

FINANCIAL STATEMENTS

30 DECEMBER 2012

**THE REGISTRAR
OF COMPANIES**

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ArmstrongWatson[®]
Accountants & Financial Advisers

GRANTS SMOKEHOUSE LIMITED

COMPANY INFORMATION

DIRECTOR	Mr J Brown
COMPANY SECRETARY	Jirehouse Capital Secretaries Limited
REGISTERED NUMBER	06945607
REGISTERED OFFICE	8 John Street London WC1N 2ES
INDEPENDENT AUDITORS	Armstrong Watson Chartered Accountants & Statutory Auditors Fairview House Victoria Place Carlisle Cumbria CA1 1HP
SOLICITORS	Jirehouse Capital 8 John Street London WC1N 2ES

GRANTS SMOKEHOUSE LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 30 DECEMBER 2012

The director presents his report and the financial statements for the period ended 30 December 2012

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was the smoking and processing of the finest smoked salmon.

BUSINESS REVIEW

2012 was a challenging year with wildly fluctuating raw material availability and prices and downward price pressure from customers in particular Wm Morrison Supermarkets Plc. However the company still managed to achieve a healthy trading profit before parent company charges.

The operating loss of £627,889 is after charges from the parent company of £360,000 in management fees and £1,005,990 in brand licence fees. The company has adequate working capital.

2013 has proved to be even more challenging with the loss of key staff and more significantly the loss in May of the business's main customer, Wm Morrison Supermarkets Plc. The support of the directors enabled the company to continue trading. On the 31st July 2013 this culminated in the consolidating of the two UK operating companies Grants Smokehouse Ltd and Highland Farms Ltd into a combined business under the name of MacKnight Ltd. The company has actively expanded its product offering through innovation and has secured major contracts overseas with major multinationals.

RESULTS

The loss for the period, after taxation, amounted to £649,728 (2012 - loss £382,613).

GRANTS SMOKEHOUSE LIMITED

**DIRECTOR'S REPORT
FOR THE PERIOD ENDED 30 DECEMBER 2012**

DIRECTORS

The directors who served during the period were.

Mr J Brown
Mr T Brown (resigned 30 July 2013)
Mr A McMorran (resigned 12 April 2013)
Mr A Murphy (appointed 22 May 2012 & resigned 24 May 2013)
Mr S D Jones (resigned 31 March 2012)

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, Armstrong Watson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board and signed on its behalf.


.....
Mr J Brown
Director

Date DEC. 20, 2013

GRANTS SMOKEHOUSE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRANTS SMOKEHOUSE LIMITED

We have audited the financial statements of Grants Smokehouse Limited for the period ended 30 December 2012, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 December 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

GRANTS SMOKEHOUSE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRANTS SMOKEHOUSE LIMITED

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Jean Carroll (Senior Statutory Auditor)

for and on behalf of
Armstrong Watson

Chartered Accountants
Statutory Auditors

Carlisle

20 December 2013

GRANTS SMOKEHOUSE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 DECEMBER 2012**

	Note	Period ended 30 December 2012 £	Period ended 1 January 2012 £
TURNOVER	1,2	13,028,320	14,563,262
Cost of sales		<u>(12,100,771)</u>	<u>(13,523,805)</u>
GROSS PROFIT		927,549	1,039,457
Administrative expenses		(1,555,438)	(1,398,678)
Other operating income	3	<u>-</u>	<u>444</u>
OPERATING LOSS	4	(627,889)	(358,777)
Interest receivable and similar income		-	461
Interest payable and similar charges	7	<u>(16,839)</u>	<u>(16,297)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(644,728)	(374,613)
Tax on loss on ordinary activities	8	<u>(5,000)</u>	<u>(8,000)</u>
LOSS FOR THE FINANCIAL PERIOD	21	<u>(649,728)</u>	<u>(382,613)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for either period other than those included in the Profit and Loss Account

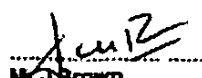
The notes on pages 8 to 20 form part of these financial statements

GRANT'S SMOKEHOUSE LIMITED
REGISTERED NUMBER: 06945607

BALANCE SHEET
AS AT 30 DECEMBER 2012

	Note	30 December 2012		1 January 2012	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9	706,155		748,655	
Tangible assets	10	977,621		824,664	
Investments	11	8,279		-	
		<u>1,692,055</u>		<u>1,373,319</u>	
CURRENT ASSETS					
Stocks	12	777,985	730,945		
Debtors	13	4,203,911	4,353,248		
Cash at bank and in hand		87,872	41,854		
		<u>5,069,768</u>	<u>5,126,047</u>		
CREDITORS: amounts falling due within one year	14	<u>(4,928,098)</u>	<u>(4,511,434)</u>		
NET CURRENT ASSETS		<u>141,670</u>		<u>614,613</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,833,725</u>		<u>1,987,932</u>	
CREDITORS: amounts falling due after more than one year	15	(511,844)	(21,323)		
PROVISIONS FOR LIABILITIES					
Deferred tax	18	(13,000)	(8,000)		
NET ASSETS		<u>1,308,881</u>		<u>1,958,609</u>	
CAPITAL AND RESERVES					
Called up share capital	20	2,500,000	2,500,000		
Share premium account	21	250,000	250,000		
Profit and loss account	21	(1,441,119)	(791,391)		
SHAREHOLDERS' FUNDS	22	<u>1,308,881</u>		<u>1,958,609</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


 Mr J Brown
 Director

Date, DEC. 20, 2013

The notes on pages 8 to 20 form part of these financial statements.

GRANTS SMOKEHOUSE LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 DECEMBER 2012

		Period ended 30 December 2012 £	Period ended 1 January 2012 £
	Note		
Net cash flow from operating activities	23	755,829	(1,894,859)
Returns on investments and servicing of finance	24	(16,839)	(15,836)
Capital expenditure and financial investment	24	(456,247)	(163,771)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		282,743	(2,074,466)
Financing	24	737,891	1,527,562
INCREASE/(DECREASE) IN CASH IN THE PERIOD		1,020,634	(546,904)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE PERIOD ENDED 30 DECEMBER 2012

	Period ended 30 December 2012 £	Period ended 1 January 2012 £
Increase/(Decrease) in cash in the period	1,020,634	(546,904)
Cash inflow from increase in debt and lease financing	(737,891)	(27,562)
MOVEMENT IN NET DEBT IN THE PERIOD	282,743	(574,466)
Net debt at 2 January 2012	(1,029,858)	(455,392)
NET DEBT AT 30 DECEMBER 2012	(747,115)	(1,029,858)

The notes on pages 8 to 20 form part of these financial statements

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts.

Turnover is recognised at the time of despatch.

1.3 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	over 20 years
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1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	over 10 - 50 years straight line
Plant and machinery	-	15% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% straight line

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.8 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

2. TURNOVER

The turnover and profit before tax are attributable to the principal activity of the company.

A segmental analysis of turnover by geographical location has not been disclosed in these financial statements as in the opinion of the directors disclosure of this information would be seriously prejudicial to the interests of the company.

3. OTHER OPERATING INCOME

	Period ended 30 December 2012	Period ended 1 January 2012
	£	£
Profit/loss on sale of tangible assets	-	444

GRANTS SMOKEHOUSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2012**

4. OPERATING LOSS

The operating loss is stated after charging/(crediting)

	Period ended 30 December 2012 £	<i>Period ended 1 January 2012 £</i>
Amortisation - intangible fixed assets	42,500	42,499
Depreciation of tangible fixed assets		
- owned by the company	91,639	68,441
- held under finance leases	11,651	9,574
Auditors' remuneration	10,085	9,550
Difference on foreign exchange	12,752	(5,324)
Research and development expenditure written off	4,020	-
Profit/loss on sale of tangible assets	-	(444)
	<u> </u>	<u> </u>

5. STAFF COSTS

Staff costs, including director's remuneration, were as follows

	Period ended 30 December 2012 £	<i>Period ended 1 January 2012 £</i>
Wages and salaries	1,897,880	1,686,084
Social security costs	139,469	118,184
Other pension costs	5,241	8,887
	<u>2,042,590</u>	<u>1,813,155</u>

The average monthly number of employees, including the director, during the period was as follows

	Period ended 30 December 2012 No.	<i>Period ended 1 January 2012 No</i>
Production staff	109	99
Administrative staff	4	4
Management staff	11	9
	<u>124</u>	<u>112</u>

6 DIRECTOR'S REMUNERATION

	Period ended 30 December 2012 £	<i>Period ended 1 January 2012 £</i>
Remuneration	138,898	61,411

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

7. INTEREST PAYABLE

	Period ended 30 December 2012 £	Period ended 1 January 2012 £
On bank loans and overdrafts	16,178	15,491
On finance leases and hire purchase contracts	661	806
	<u>16,839</u>	<u>16,297</u>

8. TAXATION

	Period ended 30 December 2012 £	Period ended 1 January 2012 £
Analysis of tax charge in the period		
Deferred tax		
Origination and reversal of timing differences	8,000	11,000
Other	(3,000)	(3,000)
Total deferred tax (see note 18)	<u>5,000</u>	<u>8,000</u>
Tax on loss on ordinary activities	<u>5,000</u>	<u>8,000</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24.5% (2012 - 26%). The differences are explained below

	Period ended 30 December 2012 £	Period ended 1 January 2012 £
Loss on ordinary activities before tax	<u>(644,728)</u>	<u>(374,613)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2012 - 26%)	(157,958)	(97,400)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	258	176
Capital allowances for period in excess of depreciation	(10,487)	(2,061)
Utilisation of tax losses	159,920	98,099
Short term timing difference leading to an increase (decrease) in taxation	6,303	1,287
Other differences leading to an increase (decrease) in the tax charge	1,964	(101)
Current tax charge for the period (see note above)	<u>-</u>	<u>-</u>

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

8. TAXATION (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges

9 INTANGIBLE FIXED ASSETS

	Patents £	Goodwill £	Total £
Cost			
At 2 January 2012 and 30 December 2012	9	849,991	850,000
Amortisation			
At 2 January 2012	-	101,345	101,345
Charge for the period	-	42,500	42,500
At 30 December 2012	-	143,845	143,845
Net book value			
At 30 December 2012	9	706,146	706,155
At 1 January 2012	9	748,646	748,655

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

10. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £
Cost				
At 2 January 2012	307,706	280,658	89,200	66,571
Additions	13,857	428,834	-	13,556
At 30 December 2012	<u>321,563</u>	<u>709,492</u>	<u>89,200</u>	<u>80,127</u>
Depreciation				
At 2 January 2012	20,057	57,582	19,996	21,836
Charge for the period	9,625	57,109	22,300	14,256
At 30 December 2012	<u>29,682</u>	<u>114,691</u>	<u>42,296</u>	<u>36,092</u>
Net book value				
At 30 December 2012	<u>291,881</u>	<u>594,801</u>	<u>46,904</u>	<u>44,035</u>
At 1 January 2012	<u>287,649</u>	<u>223,076</u>	<u>69,204</u>	<u>44,735</u>

	Total £
Cost	
At 2 January 2012	744,135
Additions	456,247
At 30 December 2012	<u>1,200,382</u>
Depreciation	
At 2 January 2012	119,471
Charge for the period	103,290
At 30 December 2012	<u>222,761</u>
Net book value	
At 30 December 2012	<u>977,621</u>
At 1 January 2012	<u>624,664</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	30 December 2012 £	1 January 2012 £
Plant and machinery	2,922	3,470
Motor vehicles	23,913	35,016
	<u>26,835</u>	<u>38,486</u>

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 2 January 2012	-
Additions	8,279
At 30 December 2012	8,279
Net book value	
At 30 December 2012	8,279
At 1 January 2012	-

Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Grants Smokehouse Italy SRL	£1 ordinary	100%

Name	Registered office
Grants Smokehouse Italy SRL	Italy

The aggregate of the share capital and reserves as at 30 December 2012 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Grants Smokehouse Italy SRL	4,571	(3,626)

12. STOCKS

	30 December 2012 £	1 January 2012 £
Raw materials	579,646	426,305
Work in progress	102,678	113,878
Finished goods and goods for resale	95,661	190,762
	777,985	730,945

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

13. DEBTORS

	30 December 2012 £	1 January 2012 £
Trade debtors	3,394,041	4,110,491
Amounts owed by group undertakings	399,186	12,342
Other debtors	171,323	130,637
Prepayments and accrued income	239,361	99,778
	<u>4,203,911</u>	<u>4,353,248</u>

14. CREDITORS: Amounts falling due within one year

	30 December 2012 £	1 January 2012 £
Bank loans and overdrafts	65,534	1,040,150
Other loans	748,130	-
Net obligations under finance leases and hire purchase contracts	9,478	10,239
Trade creditors	1,507,676	853,094
Amounts owed to group undertakings	2,153,933	2,110,957
Other taxation and social security	63,566	51,479
Other creditors	29,612	17,779
Accruals and deferred income	350,169	427,736
	<u>4,928,098</u>	<u>4,511,434</u>

The overdrafts and hire purchase agreements are secured by the company

The overdraft is secured over all present freehold and leasehold property, a first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future and a first floating charge over all assets and undertakings both present and future

15. CREDITORS: Amounts falling due after more than one year

	30 December 2012 £	1 January 2012 £
Net obligations under finance leases and hire purchase contracts	11,844	21,323
Amounts owed to group undertakings	500,000	-
	<u>511,844</u>	<u>21,323</u>

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

15. CREDITORS: Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	30 December 2012 £	1 January 2012 £
Between one and five years	11,844	21,323

Hire purchase agreements disclosed under creditors falling due after more than one year are secured by the company

16. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,241 (2012 - 8,887). As at the balance sheet date there were outstanding contributions of £1,754 (2012 - £1,267).

17. OPERATING LEASE COMMITMENTS

At 30 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	30 December 2012 £	1 January 2012 £	30 December 2012 £	1 January 2012 £
Expiry date:				
Within 1 year	-	-	695	5,562
Between 2 and 5 years	-	-	8,735	8,735

18. DEFERRED TAXATION

	30 December 2012 £	1 January 2012 £
At beginning of period	8,000	-
Charge for period (P&L)	5,000	8,000
At end of period	13,000	8,000

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

18. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	30 December 2012 £	1 January 2012 £
Accelerated capital allowances	19,000	11,000
Tax losses carried forward	(6,000)	(3,000)
	<u>13,000</u>	<u>8,000</u>

19. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Smokehouse Holdings Limited, the consolidated accounts of which are publicly available. Accordingly the company has taken advantage of FRS 8 from disclosing transactions with members or investees of the Smokehouse Holdings Limited group.

Sales to MacKnight Smokehouse Inc, a company owned indirectly by Hartstone International Limited which has a 50% indirect interest in the company, during the period were £Nil (2012 - £96,406). No amounts were outstanding in respect of trade debtors.

Sales to Santa Barbara Smokehouse Inc, a company in which Mr T Brown, a director during the period, has an ownership interest, amounted to £Nil (2012 - £45,733) in the period. No amounts were outstanding in respect of trade debtors.

20. SHARE CAPITAL

	30 December 2012 £	1 January 2012 £
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

21. RESERVES

	Share premium account £	Profit and loss account £
At 2 January 2012	250,000	(791,391)
Loss for the financial period		(649,728)
At 30 December 2012	<u>250,000</u>	<u>(1,441,119)</u>

GRANTS SMOKEHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2012

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	30 December 2012 £	1 January 2012 £
Opening shareholders' funds	1,958,609	841,222
Loss for the financial period	(649,728)	(382,613)
Shares issued during the period	-	1,500,000
Closing shareholders' funds	<u>1,308,881</u>	<u>1,958,609</u>

23. NET CASH FLOW FROM OPERATING ACTIVITIES

	Period ended 30 December 2012 £	Period ended 1 January 2012 £
Operating loss	(627,889)	(358,777)
Amortisation of intangible fixed assets	42,500	42,499
Depreciation of tangible fixed assets	103,290	78,015
(Increase)/decrease in stocks	(47,040)	67,323
Decrease/(increase) in debtors	210,222	(849,159)
(Increase)/decrease in amounts owed by group undertakings	(69,165)	184,678
Increase/(decrease) in creditors	600,935	(133,261)
Increase/(decrease) in amounts owed to group undertakings	542,976	(926,177)
Net cash inflow/(outflow) from operating activities	<u>755,829</u>	<u>(1,894,859)</u>

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Period ended 30 December 2012 £	Period ended 1 January 2012 £
Returns on investments and servicing of finance		
Interest received	-	461
Interest paid	(16,839)	(15,491)
Hire purchase interest	-	(806)
Net cash outflow from returns on investments and servicing of finance	<u>(16,839)</u>	<u>(15,836)</u>

GRANTS SMOKEHOUSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2012**

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	Period ended 30 December 2012 £	Period ended 1 January 2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(456,247)	(186,440)
Sale of tangible fixed assets	-	22,669
	<u>(456,247)</u>	<u>(163,771)</u>
Net cash outflow from capital expenditure	<u>(456,247)</u>	<u>(163,771)</u>
	Period ended 30 December 2012 £	Period ended 1 January 2012 £
Financing		
Issue of ordinary shares	-	1,500,000
Other new loans	748,130	-
(Repayment of)/new finance leases	(10,239)	27,562
	<u>737,891</u>	<u>1,527,562</u>
Net cash inflow from financing	<u>737,891</u>	<u>1,527,562</u>

25 ANALYSIS OF CHANGES IN NET DEBT

	2 January 2012 £	Cash flow £	Other non-cash changes £	30 December 2012 £
Cash at bank and in hand	41,854	46,018	-	87,872
Bank overdraft	(1,040,150)	974,616	-	(65,534)
	<u>(998,296)</u>	<u>1,020,634</u>	<u>-</u>	<u>22,338</u>
Debt:				
Debts due within one year	(10,239)	(737,891)	(9,479)	(757,609)
Debts falling due after more than one year	(21,323)	-	9,479	(11,844)
	<u>(1,029,858)</u>	<u>282,743</u>	<u>-</u>	<u>(747,115)</u>
Net debt	<u>(1,029,858)</u>	<u>282,743</u>	<u>-</u>	<u>(747,115)</u>

26 POST BALANCE SHEET EVENTS

On 31 July 2013 the company's main operations were combined with that of a fellow group subsidiary, MacKnight Limited. The company continues to trade under existing supply contracts.

GRANTS SMOKEHOUSE LIMITED

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27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate group parent undertaking and controlling party is Smokehouse Investments Limited, which is incorporated in the Isle of Man

The company is included in the group financial statements of MacKnight Holdings Limited, copies of which can be obtained from its registered office at 8 John Street, London, WC1N 2ES. This is the only parent company for which group financial statements are drawn up and of which the company is a member