



**PEDIGREE WHOLESALE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 29 DECEMBER 2012**

**Company Registration Number 1047681**

**RSM Tenon Limited**  
Accountants & Business Advisers  
The Poynt  
45 Wollaton Street  
Nottingham  
NG1 5FW

**PEDIGREE WHOLESALE LIMITED**  
**FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**PEDIGREE WHOLESALE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 29 DECEMBER 2012**

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<b>The board of directors</b>	TW Brown SA Brown S Hendry C Laud
<b>Company secretary</b>	C Laud
<b>Business address</b>	Pedigree House Radcliffe Road Gamston Nottingham NG2 6NQ
<b>Registered office</b>	Pedigree House Radcliffe Road Gamston Nottingham NG2 6NQ
<b>Auditor</b>	RSM Tenon Audit Limited The Poynt 45 Wollaton Street Nottingham NG1 5FW
<b>Accountants</b>	RSM Tenon Limited Accountants & Business Advisers The Poynt 45 Wollaton Street Nottingham NG1 5FW
<b>Bankers</b>	Barclays Bank Plc Barclays Business Centre 15 Colmore Row Birmingham B3 2WN

# **PEDIGREE WHOLESALE LIMITED**

## **THE DIRECTORS' REPORT**

### **PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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The directors present their report and the financial statements of the company for the period from 1 January 2012 to 29 December 2012. The comparative period is 53 weeks ended 31 December 2011.

#### **Principal activities and business review**

The company's principal activities remain those of the wholesale, manufacture and distribution of pet foods and requisites.

The company's principal activities remain those of the wholesale, manufacture and distribution of pet foods and requisites. There have been no significant changes to the company's activities during the 52 weeks end 29th December 2012 and the directors are satisfied with the progress made during this period. The period showed continued growth in the company's sales on a comparable 52 weeks period (up 1.2%) with an improvement in operating margin. Headline growth was lower than in recent years as a consequence of the continuing difficult trading conditions facing many of the company's retail customers.

The company's approach in the face of challenging economic conditions has been to continue to build on its traditional strengths of customer service and value. The directors have completed a strategic review during the year and have identified a number of key priorities to drive the business forward over the next few years. The company believes that doing business online will continue to become increasingly important and during the year has made significant investment in its IT capability with significant improvements to the web-based services offered to customers and upgrade of networks and infrastructure. The company has also introduced enhancements to the customer offer with new discount structures and a number of important new own brand and exclusive products. At the same time the company has continued to strengthen its relationships with key suppliers and added important new skills into its management team.

During the year the company made charitable donations of £29,143 (2011: £1,620).

#### **Results and dividends**

The profit for the period, after taxation, amounted to £876,982. Particulars of dividends paid are detailed in note 8 to the financial statements.

#### **Financial risk management objectives and policies**

The directors consider it likely that economic conditions will remain challenging during the year ahead but are confident that their strategy of continuing to drive improvements in customer service and in operational efficiencies provides a secure platform for future trading.

The company faces specific exposure to credit risk, foreign currency risk and interest rate risk.

Credit risk is managed by monitoring the aggregate amount and duration of exposure to individual customers depending on trading history and credit rating. Active management of trade debtors is a key focus for the group and the processes in place have kept bad debts to a manageable level in recent years. The amounts presented in the balance sheet for trade debtors are net of allowances for doubtful debts, estimated by the company's management based on prior experience.

The company purchases a number of its own branded and exclusive products overseas and pays for these purchases in local currency. The main foreign currencies in which the company purchases goods are the US dollar, Japanese Yen and Euro. During the year the company entered into foreign exchange hedging arrangements in order to mitigate the risks arising from exchange rate changes.

The interest charged on the company's overdraft is linked to base rates and the group is therefore exposed to the risk that interest rates may increase. This risk is in part mitigated by the fixed interest rate charged on the term loan.

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# **PEDIGREE WHOLESALE LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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### **Directors**

The directors who served the company during the period were as follows

TW Brown  
SA Brown  
S Hendry  
C Laud

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's webster. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

### **Directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**PEDIGREE WHOLESALE LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

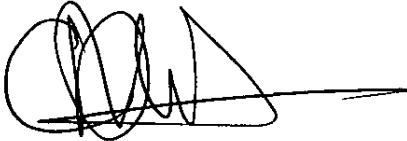
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**Auditor**

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

C Laud

Company Secretary

Approved by the directors on 27 March 2013

**PEDIGREE WHOLESALE LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEDIGREE**  
**WHOLESALE LIMITED**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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We have audited the financial statements of Pedigree Wholesale Limited for the period from 1 January 2012 to 29 December 2012 on pages 7 to 21. 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 member, 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 member those matters we are required to state to them in an auditor's 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 29 December 2012 and of its profit 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

**PEDIGREE WHOLESALE LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF PEDIGREE**  
**WHOLESALE LIMITED** *(continued)*

**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alistair Hunt, Senior Statutory Auditor  
For and on behalf of



RSM Tenon Audit Limited  
Statutory Auditors  
The Poynt  
45 Wollaton Street  
Nottingham  
NG1 5FW

27 March 2013



**PEDIGREE WHOLESALE LIMITED**

**PROFIT AND LOSS ACCOUNT**

**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

	<b>Note</b>	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<b>Period from 26 Dec 10 to 31 Dec 11 £</b>
<b>Turnover</b>	2	47,056,360	47,905,323
<b>Cost of sales</b>		(37,451,608)	(37,986,962)
<b>Gross profit</b>		<u>9,604,752</u>	<u>9,918,361</u>
Distribution costs		(4,899,453)	(5,128,209)
Administrative expenses		(3,366,560)	(3,502,647)
<b>Operating profit</b>	3	<u>1,338,739</u>	<u>1,287,505</u>
Interest payable and similar charges	6	(79,422)	(143,075)
<b>Profit on ordinary activities before taxation</b>		<u>1,259,317</u>	<u>1,144,430</u>
Tax on profit on ordinary activities	7	(382,335)	(242,416)
<b>Profit for the financial period</b>		<u><u>876,982</u></u>	<u><u>902,014</u></u>

All of the activities of the company are classed as continuing

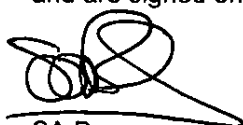
The company has no recognised gains or losses other than the results for the period as set out above

The notes on pages 10 to 21 form part of these financial statements

**PEDIGREE WHOLESALE LIMITED***Registered Number 1047681***BALANCE SHEET****29 DECEMBER 2012**

	Note	29 Dec 12 £	£	31 Dec 11 £	£
<b>Fixed assets</b>					
Tangible assets	9		3,773,820		4,176,900
Investments	10		—		—
			<u>3,773,820</u>		<u>4,176,900</u>
<b>Current assets</b>					
Stocks	11	6,368,646		6,371,094	
Debtors	12	5,019,288		4,875,085	
Cash in hand		1,625		1,938	
			<u>11,389,559</u>	<u>11,248,117</u>	
<b>Creditors: amounts falling due within one year</b>	13	(5,435,095)		(6,060,852)	
<b>Net current assets</b>			5,954,464		5,187,265
<b>Total assets less current liabilities</b>			<u>9,728,284</u>		<u>9,364,165</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(324,312)		(532,176)
			<u>9,403,972</u>		<u>8,831,989</u>
<b>Capital and reserves</b>					
Called-up share capital	20		90,001		90,000
Other reserves	21		10,000		10,000
Profit and loss account	21		9,303,971		8,731,989
<b>Shareholder's funds</b>	22		<u>9,403,972</u>		<u>8,831,989</u>

These financial statements were approved by the directors and authorised for issue on 27 March 2013 and are signed on their behalf by



SA Brown  
Director

The notes on pages 10 to 21 form part of these financial statements

**PEDIGREE WHOLESALE LIMITED**

**CASH FLOW STATEMENT**

**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

	<b>Note</b>	<b>Period from 1 Jan 11 to 29 Dec 12</b>		<b>Period from 26 Dec 10 to 31 Dec 11</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>	23		1,845,971		252,803
<b>Returns on investments and Servicing of finance</b>					
Interest paid		(49,615)		(99,861)	
Interest element of hire purchase		(29,807)		(43,214)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(79,422)		(143,075)
<b>Taxation</b>			(244,665)		(371,570)
<b>Capital expenditure</b>					
Payments to acquire tangible fixed assets		(42,402)		(533,518)	
Receipts from sale of fixed assets		88,748		746,436	
<b>Net cash inflow from capital expenditure</b>			46,346		212,918
<b>Equity dividends paid</b>			(305,000)		(55,000)
<b>Cash inflow/(outflow) before financing</b>			1,263,230		(103,924)
<b>Financing</b>					
Issue of equity share capital		1		-	
Repayment of bank loans		(225,000)		(225,000)	
Capital element of hire purchase		(320,216)		(337,869)	
<b>Net cash outflow from financing</b>			(545,215)		(562,869)
<b>Increase/(decrease) in cash</b>	23		<u>718,015</u>		<u>(666,793)</u>

The notes on pages 10 to 21 form part of these financial statements

**PEDIGREE WHOLESALE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**1 Accounting policies**

**Basis of accounting**

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

The company has taken advantage of Section 390 of the Companies Act 2006 and prepared financial statements to the last Saturday in the financial year without changing its 31 December 2012 accounting reference date

**Consolidated financial statements**

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of the its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group

**Turnover**

Turnover represents sales to external customers at receivable amounts less value added tax

**Tangible fixed assets and depreciation**

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Freehold property	-	2% straight line per annum
Leasehold property	-	2% straight line per annum
Plant & machinery	-	10 - 33% straight line per annum
Motor vehicles	-	20 - 25% straight line per annum

The cost of the tangible fixed assets is the purchase price plus any incidental costs of acquisition

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows

Raw materials	-	cost of purchase on weighted average cost basis,
Finished goods	-	cost of raw materials and, where appropriate, labour together with attributable productive overheads

Net realisable value is based on estimated selling price less further costs to disposal

**PEDIGREE WHOLESALE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**1 Accounting policies *(continued)***

**Hire purchase agreements**

Where assets are financed by hire purchase contracts that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum payments payable during the term of the agreements. The corresponding commitments are shown as amounts payable during the term of the agreements. The corresponding commitments are shown as amounts payable to the contractor. Depreciation on the relevant assets is charged to the profit and loss account.

Payments are analysed between capital and interest components using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amounts payable to the contractor.

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs**

Contributions to the company's defined contribution schemes are charged to the profit and loss account in the period in which they become payable. The assets of the schemes are held separately from those of the company in independently administered funds.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exemptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Valuation of investments**

Investments held as fixed assets are stated at cost less any provision for impairment in value.

**PEDIGREE WHOLESALE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**1. Accounting policies (continued)**

**Employee benefit trusts**

The company has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

**2. Turnover**

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

An analysis of turnover is given below:

	<b>29 Dec 12</b>	<i>31 Dec 11</i>
	<b>£</b>	<b>£</b>
United Kingdom	46,348,885	47,399,323
Rest of World	707,475	506,000
	<u>47,056,360</u>	<u>47,905,323</u>

**3. Operating profit**

Operating profit is stated after charging/(crediting)

	<b>Period from 1 Jan 11 to 29 Dec 12</b>	<i>Period from 26 Dec 10 to 31 Dec 11</i>
	<b>£</b>	<b>£</b>
Depreciation of owned fixed assets	434,974	433,663
Depreciation of assets held under hire purchase agreements	304,923	255,695
Profit on disposal of fixed assets	(30,022)	(431,231)
Auditor's remuneration		
- as auditor	19,250	20,465
- for other services	32,250	44,770
Operating lease costs		
-Other	<u>610,460</u>	<u>575,450</u>

**PEDIGREE WHOLESALE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**Auditor's fees**

The fees charged by the auditor can be further analysed under the following headings for services rendered

	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<i>Period from 26 Dec 10 to 31 Dec 11 £</i>
Audit	19,250	20,465
Accountancy	8,250	8,540
Taxation	24,000	4,230
Computer consultancy	—	32,000
	<u>51,500</u>	<u>65,235</u>

**4. Particulars of employees**

The average number of staff employed by the company during the financial period amounted to

	<b>Period from 1 Jan 11 to 29 Dec 12 No</b>	<i>Period from 26 Dec 10 to 31 Dec 11 No</i>
Wholesaling of pet foods and requisites	170	182

The aggregate payroll costs of the above were

	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<i>Period from 26 Dec 10 to 31 Dec 11 £</i>
Wages and salaries	3,845,715	4,017,304
Social security costs	321,042	392,093
Other pension costs	161,309	180,334
	<u>4,328,066</u>	<u>4,589,731</u>

**5 Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were

	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<i>Period from 26 Dec 10 to 31 Dec 11 £</i>
Remuneration receivable	432,638	470,145
Value of company pension contributions to money purchase schemes	56,989	76,595
	<u>489,627</u>	<u>546,740</u>

**PEDIGREE WHOLESALE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**5. Directors' remuneration (continued)**

**Remuneration of highest paid director.**

	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<i>Period from 26 Dec 10 to 31 Dec 11 £</i>
Total remuneration (excluding pension contributions)	137,191	359,185

During the prior year the company paid compensation for loss of office to one director in the sum of one hundred and eighty one thousand four hundred pounds

The company made contributions to defined contribution schemes on behalf of three directors (2011 three)

**6 Interest payable and similar charges**

	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<i>Period from 26 Dec 10 to 31 Dec 11 £</i>
Interest payable on bank borrowing	49,615	74,386
Finance charges	29,807	43,214
Other similar charges payable	—	25,475
	<u>79,422</u>	<u>143,075</u>

**7 Taxation on profit on ordinary activities**

**(a) Analysis of charge in the period**

	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<i>Period from 26 Dec 10 to 31 Dec 11 £</i>
UK Corporation tax	380,107	242,416
Over provision in prior year	2,228	—
	<u>382,335</u>	<u>242,416</u>



**PEDIGREE WHOLESALE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

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**7. Taxation on profit on ordinary activities (continued)**

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 24% (2011 - 26%)

	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<b>Period from 26 Dec 10 to 31 Dec 11 £</b>
Profit on ordinary activities before taxation	<u>1,259,317</u>	<u>1,144,430</u>
Profit on ordinary activities by rate of tax	302,236	297,552
Effects of		
Expenses not deductible for tax purposes	8,808	24,552
Qualifying depreciation in excess of capital allowances	77,349	33,437
Qualifying profit/loss on disposal	(7,205)	(112,120)
Non qualifying depreciation	389	983
Adjustments to tax charge in respect of previous years	2,228	-
Other timing differences	(9,185)	1,169
Marginal relief	-	(8,022)
Change in UK tax rates	7,715	4,865
Total current tax (note 7(a))	<u>382,335</u>	<u>242,416</u>

**8 Dividends**

**Equity dividends**

	<b>Period from 1 Jan 11 to 29 Dec 12 £</b>	<b>Period from 26 Dec 10 to 31 Dec 11 £</b>
Paid during the year		
Equity dividends on ordinary shares	<u>305,000</u>	<u>55,000</u>

**PEDIGREE WHOLESALE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1 JANUARY 2012 TO 29 DECEMBER 2012**

**9. Tangible fixed assets**

	Freehold property £	Leasehold property £	Plant & machinery £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2012	250,000	2,867,994	3,248,976	2,068,762	8,435,732
Additions	4,730	29,666	176,927	184,220	395,543
Disposals	—	—	(55,443)	(282,722)	(338,165)
At 29 December 2012	<u>254,730</u>	<u>2,897,660</u>	<u>3,370,460</u>	<u>1,970,260</u>	<u>8,493,110</u>
<b>Depreciation</b>					
At 1 January 2012	—	741,013	2,462,622	1,055,197	4,258,832
Charge for the period	245	57,607	294,416	387,629	739,897
On disposals	—	—	(54,680)	(224,759)	(279,439)
At 29 December 2012	<u>245</u>	<u>798,620</u>	<u>2,702,358</u>	<u>1,218,067</u>	<u>4,719,290</u>
<b>Net book value</b>					
At 29 December 2012	<u>254,485</u>	<u>2,099,040</u>	<u>668,102</u>	<u>752,193</u>	<u>3,773,820</u>
At 31 December 2011	<u>250,000</u>	<u>2,126,981</u>	<u>786,354</u>	<u>1,013,565</u>	<u>4,176,900</u>

Included within freehold property is land valued at a historic cost of £250,000 which is not being depreciated

**Hire purchase agreements**

Included within the net book value of £3,773,820 is £727,194 (2011 - £875,060) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £304,923 (2011 - £255,695)

**10. Investments**

**Shares in subsidiary undertakings**

	£
<b>Cost</b>	
At 1 January 2012 and 29 December 2012	<u>1,100</u>
<b>Amounts written off</b>	
At 1 January 2012 and 29 December 2012	<u>1,100</u>
<b>Net book value</b>	
At 29 December 2012 and 31 December 2011	<u>-</u>

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**10 Investments (continued)**

**Particulars of subsidiary undertakings**

Pet Products International Limited  
 Yorkshire Pet Supplies (Wholesale) Limited

Pedigree Wholesale Limited owns 100% of the ordinary share capital of all subsidiary undertakings. The subsidiaries are registered in England and Wales and have been dormant throughout the period ended 29 December 2012.

**11 Stocks**

	<b>29 Dec 12</b>	<b>31 Dec 11</b>
	<b>£</b>	<b>£</b>
Raw materials	490,307	708,476
Finished goods	5,878,339	5,662,618
	<u>6,368,646</u>	<u>6,371,094</u>

**12 Debtors**

	<b>29 Dec 12</b>	<b>31 Dec 11</b>
	<b>£</b>	<b>£</b>
Trade debtors	4,491,836	4,151,024
Other debtors	212,927	248,703
Prepayments and accrued income	314,525	475,358
	<u>5,019,288</u>	<u>4,875,085</u>

All amounts fall due for payment within one year

**13. Creditors amounts falling due within one year**

	<b>29 Dec 12</b>	<b>31 Dec 11</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	573,108	1,291,436
Trade creditors	2,579,134	2,659,726
Amounts owed to group undertakings	74,013	74,012
Corporation tax	380,107	242,437
PAYE and social security	404,835	221,553
Hire purchase agreements	293,550	277,761
Other creditors	299,194	453,630
Accruals and deferred income	831,154	840,297
	<u>5,435,095</u>	<u>6,060,852</u>

At 29 December 2012, outstanding contributions payable to defined contribution pension schemes amounted to £10,886 (2011 £123,502)

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**14 Creditors: amounts falling due after more than one year**

	<b>29 Dec 12</b>	<b>31 Dec 11</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	56,250	281,250
Hire purchase agreements	268,062	250,926
	<u>324,312</u>	<u>532,176</u>

The bank loans are repayable as follows

	<b>29 Dec 12</b>	<b>31 Dec 11</b>
	<b>£</b>	<b>£</b>
Within one year	225,000	225,000
In one to two years	225,000	225,000
In two to five years	56,250	281,250
	<u>506,250</u>	<u>731,250</u>

The bank loan and overdraft is secured by a floating charge over the assets of the Pedigree Wholesale Limited and is repayable in equal quarterly instalments of £56,250. Interest is charged at LIBOR rate plus 1.375%. The loan will be repaid in full by February 2014.

**15. Commitments under hire purchase agreements**

Future commitments under hire purchase agreements are as follows

	<b>29 Dec 12</b>	<b>31 Dec 11</b>
	<b>£</b>	<b>£</b>
Amounts payable within 1 year	293,550	277,761
Amounts payable between 2 to 5 years	268,062	250,926
	<u>561,612</u>	<u>528,687</u>

The hire purchase assets are secured against the assets to which they relate

**16. Derivatives**

The company holds foreign exchange contracts that qualify as derivatives in order to minimise its exposure to foreign exchange rate risk. The fair value of these contracts was £53,569 (2011: £nil).

# PEDIGREE WHOLESALE LIMITED

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#### 17. Commitments under operating leases

At 29 December 2012 the company had annual commitments under non-cancellable operating leases as set out below

	29 Dec 12		31 Dec 11	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	10,540	113,500	-
Within 2 to 5 years	323,991	140,429	59,667	65,549
After more than 5 years	204,113	-	192,500	-
	<u>528,104</u>	<u>150,969</u>	<u>365,667</u>	<u>65,549</u>

#### 18 Contingencies

Bank overdraft facilities are available on a group basis. Security is provided jointly by all companies within the Gamston Kennels and Farms Group by way of cross guarantees and debentures. The companies included in this arrangement are Gamston Kennels and Farms Limited, Pedigree Wholesale 1970 Limited, Pedigree Wholesale Limited and Pet Products International Limited. A liability of £629,358 was covered by these guarantees at 29 December 2012 (2011 £1,572,686).

Certain tax planning effected by the company in previous years is being enquired into by the tax authorities. The potential liability to income tax, national insurance and interest is estimated to be £285,000 at 29 December 2012. The directors are not in agreement with the position taken by the authorities and are of the view, based on professional advice, that the authorities' arguments will not prevail. Indemnities have been given to the company by the beneficiaries in respect of these potential liabilities.

#### 19. Related party transactions

- a) During the year the company rented property jointly owned by Mr TW Brown and Mr SA Brown, directors of the company. Rent of £87,490 (2011 £87,490) was paid during the year.
- b) At 29 December 2012, the company owed £25,794 (2011 £794) to Mr TW Brown.
- c) At 29 December 2012, the company was owed £16,923 (2011 £20,000) by Mr TW Brown.
- d) At 29 December 2012, the company owed £37,500 (2011 £nil) to Mr SA Brown.

All transactions took place under normal commercial terms and on an arms' length basis.

#### 20 Share capital

Allotted, called up and fully paid.

	29 Dec 12		31 Dec 11	
	No	£	No	£
90,000 Ordinary shares of £1 each	90,000	90,000	90,000	90,000
1 Ordinary B share shares of £1 each	1	1	-	-
	<u>90,001</u>	<u>90,001</u>	<u>90,000</u>	<u>90,000</u>

On 5 March 2012 1 ordinary B share of £1 was issued at par value

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**21 Reserves**

	Capital redemption reserve £	Profit and loss account £
Balance brought forward	10,000	8,731,989
Profit for the period	–	876,982
Equity dividends	–	(305,000)
Balance carried forward	<u>10,000</u>	<u>9,303,971</u>

**22 Reconciliation of movements in shareholder's funds**

	29 Dec 12 £	31 Dec 11 £
Profit for the financial period	876,982	902,014
New ordinary share capital subscribed	1	–
Equity dividends	(305,000)	(55,000)
Net addition to shareholder's funds	571,983	847,014
Opening shareholder's funds	8,831,989	7,984,975
Closing shareholder's funds	<u>9,403,972</u>	<u>8,831,989</u>

**23. Notes to the cash flow statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

	Period from 1 Jan 11 to 29 Dec 12 £	Period from 26 Dec 10 to 31 Dec 11 £
Operating profit	1,338,739	1,287,505
Depreciation	739,897	689,358
Profit on disposal of fixed assets	(30,022)	(431,231)
Decrease/(increase) in stocks	2,448	(597,869)
(Increase)/decrease in debtors	(144,203)	496,981
Decrease in creditors	(60,888)	(1,191,941)
Net cash inflow from operating activities	<u>1,845,971</u>	<u>252,803</u>

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**23. Notes to the cash flow statement (continued)**

**Reconciliation of net cash flow to movement in net debt**

	29 Dec 12		31 Dec 11
	£	£	£
Increase/(decrease) in cash in the period	718,015		(666,793)
Net cash outflow from bank loans	225,000		225,000
Cash outflow in respect of hire purchase	320,216		337,869
Change in net debt resulting from cash flows		1,263,231	(103,924)
New finance leases		(353,141)	(167,475)
Movement in net debt in the period		910,090	(271,399)
Net debt at 1 January 2012		(2,099,435)	(1,828,036)
Net debt at 29 December 2012		(1,189,345)	(2,099,435)

**Analysis of changes in net debt**

	At 1 January 2012 £	Cash flows £	Other changes £	At 29 December 2012 £
Net cash				
Cash in hand and at bank	1,938	(313)	–	1,625
Overdrafts	(1,066,436)	718,328	–	(348,108)
	(1,064,498)	718,015	–	(346,483)
Debt				
Debt due within 1 year	(225,000)	225,000	(225,000)	(225,000)
Debt due after 1 year	(281,250)	–	225,000	(56,250)
Hire purchase agreements	(528,687)	320,216	(353,141)	(561,612)
	(1,034,937)	545,216	(353,141)	(842,862)
Net debt	(2,099,435)	1,263,231	(353,141)	(1,189,345)

**24. Post balance sheet events**

Subsequent to the year end a dividend of £50,000 was paid by the company. The main recipients were Gamston Kennels & Farms Limited's majority shareholders.

**25. Ultimate parent company**

At 29 December 2012 the company's immediate and ultimate parent company was Gamston Kennels and Farms Limited, which is the parent of both the smallest and largest groups of which the company is a member. This company's shares are held by TW Brown and SA Brown and members of their families. Copies of the consolidated financial statements of Gamston Kennels and Farms Limited are available from Companies House.