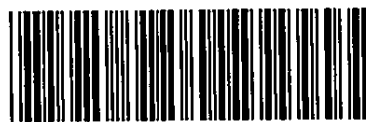


Company Registration No. 01047681 (England and Wales)

PEDIGREE WHOLESALE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 DECEMBER 2013

THURSDAY



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COMPANIES HOUSE

Saffery Champness
CHARTERED ACCOUNTANTS

PEDIGREE WHOLESALE LIMITED

COMPANY INFORMATION

Directors	TW Brown SA Brown S Hendry C Laud
Secretary	C Laud
Company number	01047681
Registered office	Pedigree House Radcliffe Road Gamston Nottingham NG2 6NQ
Independent Auditors	Saffery Champness Unex House Bourges Boulevard Peterborough Cambridgeshire PE1 1NG
Business address	Pedigree House Radcliffe Road Gamston Nottingham NG2 6NQ
Bankers	Barclays Bank Plc Barclays Business Centre 15 Colmore Row Birmingham B3 2WN

PEDIGREE WHOLESALE LIMITED

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PEDIGREE WHOLESALE LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 28 DECEMBER 2013

The directors present their strategic report for the period ended 28 December 2013

Review of the business

2013 has been a successful year for the company with a number of operational changes made to adapt to changes in the market and improvements delivered to the customer offer that leave the business well placed at the end of the year

As expected, the decision of one of the UK's largest pet food manufacturers to withdraw from the wholesale channel has left turnover substantially lower than in 2012. Sudden loss of turnover on such a large scale presented a real challenge to the operation and significant management action was required to minimise the impact on the business. Outside of these changes, growth has been at a premium with continued competitive discounting in the wholesale channel and underlying market conditions leaving demand subdued in many of the company's retail customers. Against this background, management have been successful in controlling costs and in developing other areas of the business and are pleased to report another profitable year with further improvement in the cash position.

The changing mix of products sold during the year have led to gross profit margins strengthening from 20.4% to 21.7%, while operating margins have suffered from the volume reduction falling to 2.7% from 2.8%. Overall, the directors were pleased with the company's performance in the year.

The company's strategy going forward is to continue to build on its traditional strengths of customer service while driving operational efficiencies to deliver better value. The customer service offering has been refined following a market research project and the product offering widened with the introduction of further own brands and important new exclusive product ranges. The company believes that IT is a key enabler of efficiency and continues to invest in both its capability and infrastructure. The company also continues to strengthen its relationship with key suppliers and has, again, added important new skills into its management team.

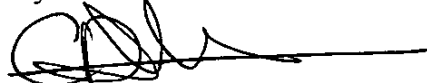
The directors consider it likely that economic conditions will remain challenging during the year ahead but are confident that their strategy and the resources available provide a secure platform for future trading.

The balance sheet remains strong with £10.0m of shareholders' funds. Net current assets have grown by 12.6% to £6.7m giving good liquidity. Cash flow in the year remained encouraging with 16.9% more cash generated from operations in the current year than the previous. The company has now moved to net cash on its balance sheet and will have fully paid down its bank debt in 2014.

The principal risks and uncertainties facing the company are

- The risk of loss of turnover due to competitive pressure or unforeseen changes in the market or distribution channels to market
- Credit risk of default by one of its major customers
- Foreign exchange risk on products purchased overseas in local currency and sold in the UK

By order of the board



C Laud

Secretary

21 March 2014

PEDIGREE WHOLESALE LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 28 DECEMBER 2013

The directors present their report and financial statements for the period ended 28 December 2013. The comparative period is 52 weeks ended 29 December 2012.

Principal activities

The principal activity of the company continued to be that of the wholesale, manufacture and distribution of pet foods and requisites.

Results and dividends

The results for the period are set out on page 6.

Directors

The following directors have held office since 30 December 2012:

TW Brown
SA Brown
S Hendry
C Laud

Auditors

Saffery Champness were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

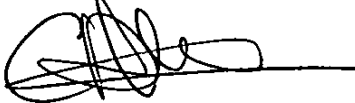
PEDIGREE WHOLESALE LIMITED

**DIRECTORS' REPORT (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

A handwritten signature in black ink, appearing to be 'C. Laud', written over a horizontal line.

C Laud

Secretary

21 March 2014

PEDIGREE WHOLESALE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PEDIGREE WHOLESALE LIMITED

We have audited the financial statements of Pedigree Wholesale Limited for the period ended 28 December 2013 set out on pages 6 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 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 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 the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 28 December 2013 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 matter prescribed by the Companies Act 2006

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

PEDIGREE WHOLESALE LIMITED

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF PEDIGREE WHOLESALE LIMITED**

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 Saffery Champness**

21 March 2014

**Chartered Accountants
Statutory Auditors**

Unex House
Bourges Boulevard
Peterborough
Cambridgeshire
PE1 1NG

PEDIGREE WHOLESALE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 28 DECEMBER 2013**

		Period ended 28 December 2013 £	Period ended 29 December 2012 £
	Notes		
Turnover	2	41,796,297	47,056,360
Cost of sales		<u>(32,789,735)</u>	<u>(37,451,608)</u>
Gross profit		9,006,562	9,604,752
Distribution costs		<u>(4,644,574)</u>	<u>(4,888,992)</u>
Administrative expenses		<u>(3,249,563)</u>	<u>(3,377,021)</u>
Operating profit	3	1,112,425	1,338,739
Interest payable and similar charges	4	<u>(40,787)</u>	<u>(79,422)</u>
Profit on ordinary activities before taxation		1,071,638	1,259,317
Tax on profit on ordinary activities	5	<u>(267,189)</u>	<u>(382,335)</u>
Profit for the period	15	<u>804,449</u>	<u>876,982</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 9 to 21 form part of these financial statements

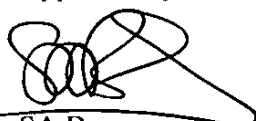
PEDIGREE WHOLESALE LIMITED

**BALANCE SHEET
AS AT 28 DECEMBER 2013**

			28 December 2013	29 December 2012
	Notes	£	£	£
Fixed assets				
Tangible assets	7		3,321,782	3,773,820
Investments	8		-	-
			<u>3,321,782</u>	<u>3,773,820</u>
Current assets				
Stocks	9	6,107,458	6,368,646	
Debtors	10	4,131,367	5,019,288	
Cash at bank and in hand		478,553	1,625	
			<u>10,717,378</u>	<u>11,389,559</u>
Creditors: amounts falling due within one year	11	<u>(4,003,456)</u>	<u>(5,435,095)</u>	
Net current assets			<u>6,713,922</u>	<u>5,954,464</u>
Total assets less current liabilities			10,035,704	9,728,284
Creditors: amounts falling due after more than one year	12		<u>(147,283)</u>	<u>(324,312)</u>
			<u>9,888,421</u>	<u>9,403,972</u>
Capital and reserves				
Called up share capital	14	90,001	90,001	
Other reserves	15	10,000	10,000	
Profit and loss account	15	9,788,420	9,303,971	
Shareholders' funds	16		<u>9,888,421</u>	<u>9,403,972</u>

The notes on pages 9 to 21 form part of these financial statements

Approved by the Board and authorised for issue on 21 March 2014



**SA Brown
Director**

Company Registration No. 01047681

PEDIGREE WHOLESALE LIMITED**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 28 DECEMBER 2013**

		Period ended 28 December 2013		Period ended 29 December 2012	
	Notes	£	£	£	£
Net cash inflow from operating activities	22		2,158,744		1,845,971
Returns on investments and servicing of finance					
Interest paid		<u>(40,787)</u>		<u>(79,422)</u>	
Net cash outflow for returns on investments and servicing of finance			(40,787)		(79,422)
Taxation			(380,097)		(244,665)
Capital expenditure					
Payments to acquire tangible assets		<u>(194,293)</u>		<u>(42,402)</u>	
Receipts from sales of tangible assets		<u>103,163</u>		<u>88,748</u>	
Net cash (outflow)/inflow for capital expenditure			(91,130)		46,346
Equity dividends paid			<u>(320,000)</u>		<u>(305,000)</u>
Net cash inflow before management of liquid resources and financing			1,326,730		1,263,230
Financing					
Issue of ordinary share capital		<u>-</u>		<u>1</u>	
Issue of shares		<u>-</u>		<u>1</u>	
Repayment of long term bank loan		<u>(225,000)</u>		<u>(225,000)</u>	
Capital element of hire purchase contracts		<u>(276,694)</u>		<u>(320,216)</u>	
Decrease in debt		<u>(501,694)</u>		<u>(545,216)</u>	
Net cash outflow from financing			<u>(501,694)</u>		<u>(545,215)</u>
Increase in cash in the period	23, 24		<u><u>825,036</u></u>		<u><u>718,015</u></u>

PEDIGREE WHOLESALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

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 accounting reference date

1.2 Compliance with and departure from accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

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 parent. These financial statements therefore present information about the company as an individual undertaking and not about its group

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	2% straight line per annum
Land and buildings Leasehold	2% straight line per annum
Plant and machinery	10 - 33% straight line per annum
Motor vehicles	20 - 25% straight line per annum

1.5 Leasing and hire purchase commitments

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.

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.

1.6 Investments

Fixed asset investments are stated at cost less any provision for impairment in value.
Current asset investments are stated at the lower of cost and net realisable value.

PEDIGREE WHOLESALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 28 DECEMBER 2013

1 Accounting policies

(continued)

1.7 Stock

Stock is 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

1.8 Pensions

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.

1.9 Deferred taxation

Deferred taxation 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.

1.10 Foreign currency translation

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 transaction. Exchange rate differences are taken into account in arriving at the operating profit.

1.11 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.

1.12 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.

PEDIGREE WHOLESALE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE PERIOD ENDED 28 DECEMBER 2013

2 Turnover**Geographical market**

	Turnover	
	2013	2012
	£	£
United Kingdom	41,158,106	46,348,885
Rest of the world	638,191	707,475
	<u>41,796,297</u>	<u>47,056,360</u>

3 Operating profit

	2013	2012
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	648,898	739,897
Operating lease rentals	833,585	762,770
and after crediting		
Profit on disposal of tangible assets	<u>(66,895)</u>	<u>(30,022)</u>

Auditors' remuneration

Audit	20,000	19,250
Accountancy	3,500	8,250
Taxation	4,000	24,000
	<u>27,500</u>	<u>51,500</u>

4 Interest payable

	2013	2012
	£	£
On bank loans and overdrafts	16,792	49,615
Hire purchase interest	23,995	29,807
	<u>40,787</u>	<u>79,422</u>

PEDIGREE WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

5	Taxation	2013	2012
		£	£
	Domestic current year tax		
	U K corporation tax	267,189	380,107
	Adjustment for prior years	-	2,228
		<u>267,189</u>	<u>382,335</u>
	Total current tax		
		<u>267,189</u>	<u>382,335</u>
	Factors affecting the tax charge for the period		
	Profit on ordinary activities before taxation	<u>1,071,638</u>	<u>1,259,317</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2012 - 24.00%)		
		<u>246,477</u>	<u>302,236</u>
	Effects of		
	Non deductible expenses	4,547	8,808
	Depreciation in excess of capital allowances	32,587	77,738
	Qualifying profit/loss on disposal	(15,386)	(7,205)
	Adjustments to previous periods	-	2,228
	Other tax adjustments	(1,036)	(1,470)
		<u>20,712</u>	<u>80,099</u>
	Current tax charge for the period	<u>267,189</u>	<u>382,335</u>
6	Dividends	2013	2012
		£	£
	Ordinary dividends paid	<u>320,000</u>	<u>305,000</u>

PEDIGREE WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

7 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 30 December 2012	254,730	2,897,660	3,370,460	1,970,260	8,493,110
Additions	-	19,516	174,777	38,835	233,128
Disposals	-	-	(259,777)	(444,757)	(704,534)
At 28 December 2013	254,730	2,917,176	3,285,460	1,564,338	8,021,704
Depreciation					
At 30 December 2012	245	798,620	2,702,358	1,218,067	4,719,290
On disposals	-	-	(257,847)	(410,419)	(668,266)
Charge for the period	473	59,394	273,847	315,184	648,898
At 28 December 2013	718	858,014	2,718,358	1,122,832	4,699,922
Net book value					
At 28 December 2013	254,012	2,059,162	567,102	441,506	3,321,782
At 29 December 2012	254,485	2,099,040	668,102	752,193	3,773,820

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 £3,321,782 is £552,785 (2012 - £727,194) relating to assets held under hire purchase agreements. The depreciation charge to the financial statements in the period in respect of such assets amounted to £233,273 (2012 - £304,923)

PEDIGREE WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 30 December 2012 & at 28 December 2013	1,100
Provisions for diminution in value	
At 30 December 2012 & at 28 December 2013	1,100
Net book value	
At 28 December 2013	-
At 29 December 2012	-

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Pet Products International Limited	England and Wales	Ordinary	100 00
Yorkshire Pet Supplies (Wholesale) Limited	England and Wales	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2013 £	Profit/(loss) for the year 2013 £
	Principal activity		
Pet Products International Limited	Dormant	1,000	-
Yorkshire Pet Supplies (Wholesale) Limited	Dormant	100	-

PEDIGREE WHOLESALE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

9	Stocks	2013 £	2012 £
	Raw materials and consumables	765,449	490,307
	Finished goods and goods for resale	5,342,009	5,878,339
		<u>6,107,458</u>	<u>6,368,646</u>
10	Debtors	2013 £	2012 £
	Trade debtors	3,344,236	4,491,836
	Other debtors	471,658	212,927
	Prepayments and accrued income	315,473	314,525
		<u>4,131,367</u>	<u>5,019,288</u>
11	Creditors: amounts falling due within one year	2013 £	2012 £
	Bank loans and overdrafts	56,250	573,108
	Net obligations under hire purchase contracts	176,470	293,550
	Trade creditors	2,248,466	2,579,134
	Amounts owed to parent and fellow subsidiary undertakings	74,013	74,013
	Corporation tax	267,199	380,107
	Other taxes and social security costs	339,766	404,835
	Other creditors	71,833	299,194
	Accruals and deferred income	769,459	831,154
		<u>4,003,456</u>	<u>5,435,095</u>

At 28 December 2013, outstanding contributions payable to defined contribution pension schemes amounted to £13,132 (2012 £10,886)

PEDIGREE WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

12 Creditors: amounts falling due after more than one year	2013 £	2012 £
Bank loans	-	56,250
Net obligations under hire purchase contracts	147,283	268,062
	<u>147,283</u>	<u>324,312</u>
Analysis of loans		
Wholly repayable within five years	56,250	281,250
	<u>56,250</u>	<u>281,250</u>
Included in current liabilities	(56,250)	(225,000)
	<u>-</u>	<u>56,250</u>
Loan maturity analysis		
In more than one year but not more than two years	-	56,250
	<u>-</u>	<u>56,250</u>
Net obligations under hire purchase contracts		
Repayable within one year	176,470	293,550
Repayable between one and five years	147,283	268,062
	<u>323,753</u>	<u>561,612</u>
Included in liabilities falling due within one year	(176,470)	(293,550)
	<u>147,283</u>	<u>268,062</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.

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

13 Pension and other post-retirement benefit commitments
Defined contribution

	2013 £	2012 £
Contributions payable by the company for the period	<u>157,067</u>	<u>161,309</u>

PEDIGREE WHOLESALE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE PERIOD ENDED 28 DECEMBER 2013

14 Share capital	2013	2012
	£	£
Allotted, called up and fully paid		
90,000 Ordinary shares of £1 each	90,000	90,000
1 Ordinary B shares of £1 each of £1 each	1	1
	<u>90,001</u>	<u>90,001</u>
 15 Statement of movements on reserves		
	Other reserves (see below)	Profit and loss account
	£	£
Balance at 30 December 2012	10,000	9,303,971
Profit for the period	-	804,449
Dividends paid	-	(320,000)
	<u>10,000</u>	<u>9,788,420</u>
 Other reserves		
Capital redemption reserve		
Balance at 30 December 2012 & at 28 December 2013	<u>10,000</u>	
 16 Reconciliation of movements in shareholders' funds	2013	2012
	£	£
Profit for the financial period	804,449	876,982
Dividends	(320,000)	(305,000)
	<u>484,449</u>	<u>571,982</u>
Proceeds from issue of shares	-	1
	<u>484,449</u>	<u>571,983</u>
Net addition to shareholders' funds	9,403,972	8,831,989
Opening shareholders' funds		
	<u>9,888,421</u>	<u>9,403,972</u>
Closing shareholders' funds		

PEDIGREE WHOLESALE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 28 DECEMBER 2013

17 Contingent liabilities

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 & Farms Limited, Pedigree Wholesale Limited and Pet Products International Limited. A liability of £nil was covered by these guarantees at 28 December 2013 (2012 £629,358).

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 £289,000 at 28 December 2013 (2012 £285,000). The directors are not in agreement with the position taken by the authorities and are of 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.

18 Financial commitments

At 28 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 28 December 2014:

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Operating leases which expire				
Within one year	59,670	-	14,422	10,540
Within two to five years	264,321	323,991	64,720	140,429
In over five years	204,113	204,113	-	-
	<u>528,104</u>	<u>528,104</u>	<u>79,142</u>	<u>150,969</u>

PEDIGREE WHOLESALE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

19 Directors' remuneration	2013 £	2012 £
Remuneration for qualifying services	445,600	432,638
Company pension contributions to defined contribution schemes	57,140	56,989
	<u>502,740</u>	<u>489,627</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2012 - 3)

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	145,209	137,191
Company pension contributions to defined contribution schemes	<u>12,350</u>	<u>10,133</u>

20 Employees**Number of employees**

The average monthly number of employees (including directors) during the period was

	2013 Number	2012 Number
Wholesaling of pet foods and requisites	<u>155</u>	<u>170</u>

Employment costs

	2013 £	2012 £
Wages and salaries	3,748,618	3,845,715
Social security costs	297,797	321,042
Other pension costs	<u>157,067</u>	<u>161,309</u>
	<u>4,203,482</u>	<u>4,328,066</u>

PEDIGREE WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

21 Control

At 28 December 2013 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 is controlled by Mr SA Brown. Copies of the consolidated financial statements of Gamston Kennels and Farms Limited are available from Companies House.

22 Reconciliation of operating profit to net cash inflow from operating activities	2013	2012
	£	£
Operating profit	1,112,425	1,338,739
Depreciation of tangible assets	648,898	739,897
Profit on disposal of tangible assets	(66,895)	(30,022)
Decrease in stocks	261,188	2,448
Decrease/(increase) in debtors	887,921	(144,203)
Decrease in creditors within one year	(684,793)	(60,888)
Net cash inflow from operating activities	2,158,744	1,845,971

23 Analysis of net (debt)/funds	30 December 2012 £	Cash flow £	Other non- cash changes £	28 December 2013 £
Net cash				
Cash at bank and in hand	1,625	476,928	-	478,553
Bank overdrafts	(348,108)	348,108	-	-
	<u>(346,483)</u>	<u>825,036</u>	<u>-</u>	<u>478,553</u>
Debt				
Finance leases	(561,612)	276,694	(38,835)	(323,753)
Debts falling due within one year	(225,000)	168,750	-	(56,250)
Debts falling due after one year	(56,250)	56,250	-	-
	<u>(842,862)</u>	<u>501,694</u>	<u>(38,835)</u>	<u>(380,003)</u>
Net (debt)/funds	<u>(1,189,345)</u>	<u>1,326,730</u>	<u>(38,835)</u>	<u>98,550</u>

PEDIGREE WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 28 DECEMBER 2013**

24 Reconciliation of net cash flow to movement in net funds/(debt)	2013 £	2012 £
Increase in cash in the period	825,036	718,015
Cash outflow from decrease in debt and lease financing	501,694	545,216
	<hr/>	<hr/>
Change in net debt resulting from cash flows	1,326,730	1,263,231
New finance lease	(38,835)	(353,141)
	<hr/>	<hr/>
Movement in net funds/(debt) in the period	1,287,895	910,090
Opening net debt	(1,189,345)	(2,099,435)
	<hr/>	<hr/>
Closing net funds/(debt)	98,550	(1,189,345)
	<hr/>	<hr/>

25 Related party relationships and 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 £87,500 (2012 £87,490) was paid during the year.

b) At 28 December 2013, the company owed £nil (2013 £25,794) to Mr TW Brown.

c) At 28 December 2013, the company was owed £nil (2012 £16,923) by Mr TW Brown.

d) At 28 December 2013, the company owed £nil (2012 £37,500) to Mr SA Brown.

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