

**NORTHUMBRIAN FINE FOODS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE 18 MONTH PERIOD ENDED**  
**2 JULY 2011**



**UNW LLP**  
Chartered Accountants & Statutory Auditor  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JE

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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<b>The board of directors</b>	K Mullord (Served from 8 June 2010 to 14 January 2011) P Macielinski D Sillars S Housecroft (Appointed 2 March 2010) K Connor (Appointed 2 March 2010) D Llewellyn (Appointed 1 April 2011) W Hazeldean (Appointed 1 April 2011)
<b>Registered office</b>	Dukesway Team Valley Gateshead Tyne & Wear England NE11 0QP
<b>Auditor</b>	UNW LLP Chartered Accountants & Statutory Auditor Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
<b>Bankers</b>	Alliance & Leicester PLC Bridle Road Bootle Merseyside L30 4GB
<b>Solicitors</b>	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **THE DIRECTORS' REPORT**

### **PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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The directors present their report and the financial statements of the company for the period from 3 January 2010 to 2 July 2011

#### **PRINCIPAL ACTIVITIES**

The company's principal activities are the manufacture and sale of biscuits and cereal bars

The company produces an extensive range of biscuits and cereal bars from a manufacturing site based in Gateshead in the Northeast of England. The company strategy is to increase market share and profitability by brand, retailers own label and contract manufacturing growth supported by strong new product development and effective cost control initiatives

#### **BUSINESS REVIEW AND FUTURE PROSPECTS**

Northumbrian Fine Foods benefits from an ongoing healthy new product programme and from excellent relations with retailers and license partners. Gross sales have continued to grow at around 10% per annum during 2011, driven by the success of ranges launched in 2010 and 2011. The company has re-established a positive growth position in its chosen sectors of Cereal Bars, Cookies and Free From products, along with a reputation for excellent products with major blue chip customers. It has a capable, established management team and, within the current economic climate, prospects for growth and success are reasonably good.

#### **GOING CONCERN**

Subsequent to the company's period end Northumbrian Fine Foods Limited has completed a refinancing exercise on 2nd March 2012. A outcome of this re-finance has been to remove the previous long term liabilities in Duke Street, Burtons and SGS and give additional cash after restructure of £290,000.

The directors have considered the impact of a comprehensive re-financing, the company's sales outlook together with its prospects for profitability and can confirm the company's financing arrangements to be on a sound basis. Consequently, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements (see further detail in the accounting policies note). The directors remain confident that they can assist their customers in offering competitively priced, excellent products to consumers, on profitable terms, which should lead to increased volume and prosperity.

#### **RESULTS AND DIVIDENDS**

The profit for the period amounted to £406,528. The directors have not recommended a dividend.

The company results are set out in the profit and loss account on page 8. No dividends have been paid or proposed (2009 £Nil).

# **NORTHUMBRIAN FINE FOODS LIMITED**

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

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

#### **Principle Uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks and uncertainties affecting the company are considered to relate to the competitive nature of the UK multiple retailers and the volatility of commodity prices

The board has overall responsibility for the company's risk management, systems of internal control and for reviewing their effectiveness. The systems are designed to provide reasonable control over the company's activities and to enable the board to comply with its responsibilities

#### **Financial risk management**

The company's operations expose it to a variety of risks including credit, liquidity, and interest rates. The company has in place a risk management program and regularly monitors the effects of these risks upon financial performance of the company

#### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any one customer is subject to a limit which is reassessed as appropriate

#### **Liquidity, interest and cash flow risk**

The company maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for its operations

### **DIRECTORS**

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

P Macielinski	
D Sillars	
S Housecroft	(Appointed 2 March 2010)
K Connor	(Appointed 2 March 2010)
D Llewellyn	(Appointed 1 April 2011)
W Hazeldean	(Appointed 1 April 2011)
K Mullord	(Served from 8 June 2010 to 14 January 2011)

### **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

# **NORTHUMBRIAN FINE FOODS LIMITED**

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

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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- select suitable accounting policies and then apply them consistently,
- make judgements and 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 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 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.

### **DONATIONS**

No contributions were made to charitable or political organisations.

### **AUDITOR**

UNW LLP were appointed on 2 March 2012 and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office  
Dukesway  
Team Valley  
Gateshead  
Tyne & Wear  
England  
NE11 0QP

Signed on behalf of the directors



S Housecroft

Director

Approved by the directors on 5 March 2012

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORTHUMBRIAN FINE FOODS LIMITED**

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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We have audited the financial statements of Northumbrian Fine Foods Limited for the period from 3 January 2010 to 2 July 2011. 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 shareholders, 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 shareholders 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 shareholders 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 pages 3 to 4, 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 (APB'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 2 July 2011 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.

## **NORTHUMBRIAN FINE FOODS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORTHUMBRIAN FINE FOODS LIMITED** *(continued)*

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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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



Andrew Wilson BA FCA (Senior  
Statutory Auditor)  
For and on behalf of  
UNW LLP  
Chartered Accountants  
& Statutory Auditor

Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JE

5 March 2012

# NORTHUMBRIAN FINE FOODS LIMITED

## PROFIT AND LOSS ACCOUNT

PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011

	Note	Period from 3 Jan 10 to 2 Jul 11 £	Year to 2 Jan 10 £
<b>TURNOVER</b>	<b>2</b>	<b>16,914,208</b>	10,256,896
Cost of sales		(11,925,985)	(6,721,193)
<b>GROSS PROFIT</b>		<b>4,988,223</b>	3,535,703
Distribution Costs		(833,937)	(383,883)
Administrative expenses		(3,639,259)	(3,260,172)
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<b>515,027</b>	(108,352)
Attributable to			
Operating loss before exceptional items		(1,049,702)	(108,352)
Exceptional items	<b>3</b>	<b>1,564,729</b>	—
		<b>515,027</b>	(108,352)
Interest receivable		144	—
Interest payable and similar charges	<b>6</b>	(108,643)	(41,252)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>406,528</b>	(149,604)
Tax on profit/(loss) on ordinary activities	<b>7</b>	—	—
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>		<b>406,528</b>	(149,604)
Balance brought forward		(907,841)	(758,237)
Balance carried forward		<u>(501,313)</u>	<u>(907,841)</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 18 form part of these financial statements.

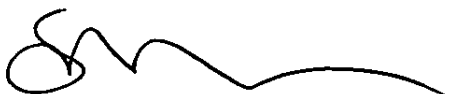
# NORTHUMBRIAN FINE FOODS LIMITED

## BALANCE SHEET

2 JULY 2011

	Note	2 Jul 11 £	2 Jan 10 £
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>1,073,816</u>	<u>1,154,367</u>
<b>CURRENT ASSETS</b>			
Stocks	9	<u>1,111,242</u>	863,704
Debtors	10	<u>2,636,788</u>	<u>1,337,609</u>
Cash at bank and in hand		<u>7,443</u>	<u>14,056</u>
		<u>3,755,473</u>	<u>2,215,369</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>(4,193,932)</u>	<u>(2,343,859)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(438,459)</u>	<u>(128,490)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>635,357</u>	<u>1,025,877</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	<u>(356,668)</u>	<u>(1,933,716)</u>
		<u>278,689</u>	<u>(907,839)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	15	<u>780,002</u>	2
Profit and loss account		<u>(501,313)</u>	<u>(907,841)</u>
<b>SHAREHOLDERS' FUNDS/(DEFICIT)</b>	16	<u>278,689</u>	<u>(907,839)</u>

These financial statements were approved by the directors and authorised for issue on 5 March 2012, and are signed on their behalf by



S Housecroft  
Director

Company Registration Number 04352824

The notes on pages 10 to 18 form part of these financial statements.

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **CASH FLOW STATEMENT**

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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	<b>Note</b>	<b>Period from 3 Jan 10 to 2 Jul 11 £</b>	<b>Year to 2 Jan 10 £</b>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>17</b>	<b>(739,633)</b>	<b>(238,386)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>17</b>	<b>(108,499)</b>	<b>(41,252)</b>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>17</b>	<b>(120,170)</b>	<b>(52,581)</b>
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(968,302)</b>	<b>(332,219)</b>
<b>FINANCING</b>	<b>17</b>	<b>961,689</b>	<b>287,342</b>
<b>DECREASE IN CASH</b>	<b>17</b>	<b>(6,613)</b>	<b>(44,877)</b>

**The notes on pages 10 to 18 form part of these financial statements.**

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# **NORTHUMBRIAN FINE FOODS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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### **1 ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention

#### **Going concern**

The company prepares detailed forecasts and cash flows on a rolling 12 month basis. In addition, it assesses the risks and opportunities associated with the underlying assumptions behind the forecasts, applying sensible and prudent sensitivity to establish the funding and trading requirements of the business going forward.

With the completion of post year end re-financing, including the introduction of new equity investment and the re-financing as detailed in post balance sheet events, the ongoing risks to the going concern status of the business are significantly reduced, and the resulting balance sheet has been strengthened significantly. Taking into account the business risks, investment and re-financing of the business, and the availability of invoice financing and asset loan facilities, when considered alongside the forecasts and prospects of the company, the directors believe that there is no significant doubt about the ability of the company to continue as a going concern for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Turnover**

Turnover represents the invoiced value of sales exclusive of value added tax and overseas sales taxes. Revenue is recognised on delivery of goods. All turnover is originated in the United Kingdom and ROI.

The company has only one significant class of business being the manufacture and sale of biscuits and snacks.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	10% reducing balance
Fixtures & Fittings	-	20% reducing balance
Equipment	-	33% straight line

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due provision against obsolete and slow-moving items. The term "cost" includes ingredients, packaging, production wages and an appropriate proportion of attributable production overheads.

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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### **1. ACCOUNTING POLICIES *(continued)***

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### **Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### **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.

#### **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.

### **2. TURNOVER**

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

An analysis of turnover is given below.

	<b>Period from 3 Jan 10 to 2 Jul 11 £</b>	<b>Year to 2 Jan 10 £</b>
United Kingdom	<b><u>16,914,208</u></b>	<b><u>10,256,896</u></b>

# NORTHUMBRIAN FINE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011

### 3 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting)

	Period from 3 Jan 10 to 2 Jul 11 £	Year to 2 Jan 10 £
Depreciation of owned fixed assets	200,721	134,144
Auditor's remuneration		
- as auditor	11,500	25,538
Operating lease costs		
- Other	515,618	349,464
Net loss on foreign currency translation	8,814	3,603
Exceptional items (Debt Waiver)	<u>(1,564,729)</u>	<u>—</u>

The exceptional item relates to debt written off as part of the sale and purchase of Northumbrian Fine Foods from Burtons Northumbrian Acquisitions Limited by NFF Ventures Limited

### 4 PARTICULARS OF EMPLOYEES

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

	Period from 3 Jan 10 to 2 Jul 11 No	Year to 2 Jan 10 No
Number of production staff	146	143
Number of administrative staff	10	9
Number of management staff	3	3
	<u>159</u>	<u>155</u>

The aggregate payroll costs of the above were

	Period from 3 Jan 10 to 2 Jul 11 £	Year to 2 Jan 10 £
Wages and salaries	4,745,643	2,804,116
Social security costs	378,463	207,067
	<u>5,124,106</u>	<u>3,011,183</u>

### 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	Period from 3 Jan 10 to 2 Jul 11 £	Year to 2 Jan 10 £
Remuneration receivable	<u>513,444</u>	<u>129,375</u>

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

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### **5 DIRECTORS' REMUNERATION *(continued)***

Remuneration of highest paid director.

	<b>Period from 3 Jan 10 to 2 Jul 11 £</b>	<b>Year to 2 Jan 10 £</b>
Total remuneration (excluding pension contributions)	<b><u>173,306</u></b>	<b><u>-</u></b>

### **6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Period from 3 Jan 10 to 2 Jul 11 £</b>	<b>Year to 2 Jan 10 £</b>
Interest payable on bank borrowing	<b>56,969</b>	<b>16,176</b>
Other similar charges payable	<b>51,674</b>	<b>25,076</b>
	<b><u>108,643</u></b>	<b><u>41,252</u></b>

### **7 TAXATION ON ORDINARY ACTIVITIES**

**Factors affecting current tax charge**

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 27.67% (2010 - 28%)

	<b>Period from 3 Jan 10 to 2 Jul 11 £</b>	<b>Year to 2 Jan 10 £</b>
Profit/(loss) on ordinary activities before taxation	<b><u>406,528</u></b>	<b><u>(149,604)</u></b>
Profit/(loss) on ordinary activities by rate of tax	<b>112,486</b>	<b>(41,889)</b>
Expenses not deductible for tax purposes	<b>4,150</b>	<b>-</b>
Capital allowances for period in excess of depreciation	<b>(39,815)</b>	<b>37,560</b>
Unrelieved tax losses	<b>356,087</b>	<b>4,329</b>
Debt waiver not taxable	<b><u>(432,908)</u></b>	<b><u>-</u></b>
Total current tax	<b><u>-</u></b>	<b><u>-</u></b>

# NORTHUMBRIAN FINE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011

### 8. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>				
At 3 January 2010	1,734,322	89,198	42,364	1,865,884
Additions	96,514	7,716	15,940	120,170
<b>At 2 July 2011</b>	<b>1,830,836</b>	<b>96,914</b>	<b>58,304</b>	<b>1,986,054</b>
<b>DEPRECIATION</b>				
At 3 January 2010	634,732	34,421	42,364	711,517
Charge for the period	175,273	19,048	6,400	200,721
<b>At 2 July 2011</b>	<b>810,005</b>	<b>53,469</b>	<b>48,764</b>	<b>912,238</b>
<b>NET BOOK VALUE</b>				
<b>At 2 July 2011</b>	<b>1,020,831</b>	<b>43,445</b>	<b>9,540</b>	<b>1,073,816</b>
At 2 January 2010	1,099,590	54,777	—	1,154,367

### 9 STOCKS

	2 Jul 11 £	2 Jan 10 £
Raw materials and packaging	761,316	502,843
Finished goods	349,926	360,861
	<b>1,111,242</b>	<b>863,704</b>

### 10. DEBTORS

	2 Jul 11 £	2 Jan 10 £
Trade debtors	2,234,063	1,136,872
Amounts owed by group undertakings	40,000	—
Prepayments and accrued income	362,725	200,737
	<b>2,636,788</b>	<b>1,337,609</b>

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

### **11 CREDITORS: Amounts falling due within one year**

	<b>2 Jul 11</b>	<b>2 Jan 10</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>106,666</b>	112,658
Trade creditors	<b>1,495,059</b>	1,131,783
Other taxation and social security	<b>269,319</b>	156,234
Other creditors	<b>1,783,770</b>	757,764
Accruals and deferred income	<b>539,118</b>	185,420
	<b><u>4,193,932</u></b>	<b><u>2,343,859</u></b>

Interest rates on the above vary between 2% and 4 5% (2010 2% and 4 5%) and are also driven by LIBOR. The invoice discounting creditor is secured against trade debtors.

### **12 CREDITORS: Amounts falling due after more than one year**

	<b>2 Jul 11</b>	<b>2 Jan 10</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>106,667</b>	168,987
Amounts owed to group undertakings	<b>-</b>	1,564,729
Other creditors	<b>250,001</b>	200,000
	<b><u>356,668</u></b>	<b><u>1,933,716</u></b>

### **13 COMMITMENTS UNDER OPERATING LEASES**

At 2 July 2011 the company had annual commitments under non-cancellable operating leases as set out below

	<b>2 Jul 11</b>		<b>2 Jan 10</b>	
	<b>Land and buildings</b>	<b>Other Items</b>	<b>Land and buildings</b>	<b>Other Items</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire				
Within 1 year	<b>341,142</b>	-	-	-
Within 2 to 5 years	<b>-</b>	<b>3,594</b>	<b>341,132</b>	<b>16,704</b>
	<b><u>341,142</u></b>	<b><u>3,594</u></b>	<b><u>341,132</u></b>	<b><u>16,704</u></b>

### **14 RELATED PARTY TRANSACTIONS**

During the period from 3 January 2010 to 28 February 2011 the company was a wholly owned subsidiary of Burton's Northumbrian Acquisitions Limited. The following related party transactions occurred during this period-

On 28 February 2011, inter-company debt of £1.56m due to Burton's Northumbrian Acquisitions Limited was waived as part of the sale agreement and term loans totalling £450,000 were rescheduled. Of this £250k was due to Duke Street General Partner Limited, the ultimate parent company during that period.

During the period from 1 March 2011 to 30 June 2011 the company was a wholly owned subsidiary of NFF Ventures Limited. The company paid £40,000 expenses on behalf of NFF Ventures Limited during the period, all of which was outstanding at the period end.

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

### **15. SHARE CAPITAL**

#### **Authorised share capital:**

	<b>2 Jul 11</b>	<b>2 Jan 10</b>
	<b>£</b>	<b>£</b>
400 Ordinary £0 005 shares of £0 005 each	<b>2</b>	<b>2</b>
780,000 (2010 - 98) Ordinary shares of £1 each	<b>780,000</b>	<b>98</b>
	<b><u>780,002</u></b>	<b><u>100</u></b>

#### **Allotted, called up and fully paid:**

	<b>2 Jul 11</b>		<b>2 Jan 10</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
400 Ordinary £0 005 shares of £0 005 each	<b>400</b>	<b>2</b>	<b>400</b>	<b>2</b>
780,000 Ordinary shares (2010 - -) (2010 - Nil paid) of £1 each	<b>780,000</b>	<b>780,000</b>	<b>-</b>	<b>-</b>
	<b><u>780,400</u></b>	<b><u>780,002</u></b>	<b><u>400</u></b>	<b><u>2</u></b>

On the 28 February 2011 the authorised share capital was increased from £100 divided into 98 ordinary shares of £1 each and 400 ordinary shares of £0 005 each to £780,002 divided into 780,000 ordinary shares of £1 each and 400 ordinary shares of £0 005 each by the creation of 779,902 ordinary shares of £1. The 780,000 ordinary shares were then issued.

### **16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2 Jul 11</b>	<b>2 Jan 10</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) for the financial period	<b>406,528</b>	<b>(149,604)</b>
New ordinary share capital subscribed	<b>780,000</b>	<b>-</b>
Net addition/(reduction) to shareholders' deficit	<b>1,186,528</b>	<b>(149,604)</b>
Opening shareholders' deficit	<b>(907,839)</b>	<b>(758,235)</b>
Closing shareholders' funds/(deficit)	<b><u>278,689</u></b>	<b><u>(907,839)</u></b>

### **17. NOTES TO THE CASH FLOW STATEMENT**

#### **RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**

	<b>Period from 3 Jan 10 to 2 Jul 11</b>	<b>Year to 2 Jan 10</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss)	<b>515,027</b>	<b>(108,352)</b>
Depreciation	<b>200,721</b>	<b>134,144</b>
(Increase)/decrease in stocks	<b>(247,538)</b>	<b>231,948</b>
(Increase)/decrease in debtors	<b>(1,299,179)</b>	<b>706,346</b>
Increase/(decrease) in creditors	<b>1,656,065</b>	<b>(1,202,472)</b>
Debt waiver	<b>(1,564,729)</b>	<b>-</b>
Net cash outflow from operating activities	<b><u>(739,633)</u></b>	<b><u>(238,386)</u></b>

# **NORTHUMBRIAN FINE FOODS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011**

### **17 NOTES TO THE CASH FLOW STATEMENT (continued)**

#### **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	Period from 3 Jan 10 to 2 Jul 11 £	Year to 2 Jan 10 £
Interest received	144	-
Interest paid	(108,643)	(41,252)
Net cash outflow from returns on investments and servicing of finance	<u>(108,499)</u>	<u>(41,252)</u>

#### **CAPITAL EXPENDITURE**

	Period from 3 Jan 10 to 2 Jul 11 £	Year to 2 Jan 10 £
Payments to acquire tangible fixed assets	(120,170)	(52,581)
Net cash outflow from capital expenditure	<u>(120,170)</u>	<u>(52,581)</u>

#### **FINANCING**

	Period from 3 Jan 10 to 2 Jul 11 £	Year to 2 Jan 10 £
Issue of equity share capital	780,000	-
Repayment of bank loans	(68,312)	(112,658)
Net inflow/(outflow) from long-term trade creditors	250,001	-
Repayment of long-term amounts owed to group undertakings	-	400,000
Net cash inflow from financing	<u>961,689</u>	<u>287,342</u>

#### **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2 Jul 11 £	2 Jan 10 £
Decrease in cash in the period	(6,613)	(44,877)
Net cash outflow from bank loans	68,312	112,658
Net cash (inflow) from/outflow from long-term trade creditors	(250,001)	-
Net cash outflow from/(inflow) from long-term amounts owed to group undertakings	<u>1,564,729</u>	<u>(400,000)</u>
Change in net debt resulting from cash flows	1,376,427	(332,219)
Other differences	200,000	(200,000)
Movement in net debt in the period	<u>1,576,427</u>	<u>(532,219)</u>
Net debt at 3 January 2010	(2,032,318)	(1,500,099)
Net debt at 2 July 2011	<u>(455,891)</u>	<u>(2,032,318)</u>

# NORTHUMBRIAN FINE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 3 JANUARY 2010 TO 2 JULY 2011

### 17 NOTES TO THE CASH FLOW STATEMENT *(continued)*

#### ANALYSIS OF CHANGES IN NET DEBT

	At 3 Jan 2010 £	Cash flows £	Other changes £	At 2 Jul 2011 £
Net cash				
Cash in hand and at bank	14,056	(6,613)	—	7,443
Debt				
Debt due within 1 year	(112,658)	5,992	—	(106,666)
Debt due after 1 year	(1,933,716)	1,377,048	200,000	(356,668)
	<u>(2,046,374)</u>	<u>1,383,040</u>	<u>200,000</u>	<u>(463,334)</u>
Net debt	<u>(2,032,318)</u>	<u>1,376,427</u>	<u>200,000</u>	<u>(455,891)</u>

### 18. POST BALANCE SHEET EVENTS

Subsequent to the company's period end Northumbrian Fine Foods Limited has completed a re-financing exercise on 2nd March 2012. A outcome of this re-finance has been to remove the previous long term liabilities in Duke Street, Burtons and SGS and give additional cash after restructure of £290,000

The restructure included the provision of new equity share capital of £350,000 in NFF Ventures Ltd, subscribed by existing investors and management. There also took place the waiver of a £250,000 loan from Duke Street, the repayment of a £200,000 term loan from Burtons Foods Ltd and the removal of NFF's obligations to provide a rent deposit in the future.

GE Commercial Finance continue to provide invoice financing and asset finance facilities, with covenants on the asset loan having been reset. The invoice financing arrangement continues to offer a facility that adapts to the size of the business.

With the provision of new capital and restructuring as detailed above the resulting balance sheet has been strengthened significantly, providing the company with the stability required to capitalise on its growth opportunities.

### 19. ULTIMATE PARENT COMPANY

From 2 January 2010 to 28 February 2011 the company was a wholly owned subsidiary of Burtons Northumbrian Holdings Limited. The ultimate parent and controlling company for this period was Duke Street General Partner Limited.

On 28 February 2011 NFF Ventures Limited, a new company, acquired the entire issued share capital. This is the ultimate parent and controlling company at the period end.