

JME AT HOME LIMITED
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JME Group Limited
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended
31 December 2012

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JME Group Limited

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JME Group Limited

COMPANY INFORMATION

DIRECTORS	J E Jackson Z J Jackson A G Mottershead	(Appointed 13 December 2012)
SECRETARY	J Dewar	
COMPANY NUMBER	06421386	
REGISTERED OFFICE	19/21 Nile Street London N1 7LL	
AUDITORS	Baker Tilly UK Audit LLP Marlborough House Victoria Road South Chelmsford Essex CM1 1LN	

JME Group Limited

DIRECTORS' REPORT

For the year ended 31 December 2012

The directors present their report and consolidated financial statements of JME Group Limited for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The group's principal activity continued to be that of the selling and marketing of kitchen and homeware products under a lifestyle range endorsed by Jamie Oliver

RESULTS AND DIVIDENDS

The results for the year are set out on page 8. No dividends were paid during the year (2011: £nil). An exceptional provision was made in respect of the downsizing of the business at the end of 2012.

REVIEW OF THE BUSINESS

The overall business plan for the group is to grow revenue in a profitable way. This plan is carried out through the 3 subsidiary companies that focus on managing the Selling, Logistics and Marketing parts of the business.

JME Group Limited provides a group holding company function providing central administration services to the subsidiary companies.

JME at Home Limited has faced challenging economic conditions in 2012, which has severely impacted both on sales and recruitment of consultants in the party plan business and sales in the wholesale business. A license was granted to Direct to Home Limited (a company operated by the previous management of Jamie at Home operation) to sell JME products through a party plan concept, and which took effect from 1st January 2013. Part of the strategy is to grow the JME sales of homeware, kitchenware and food into international markets.

JME Logistics Limited develops new products and sources them from a range of producers. They manage the delivery of these products into the UK, and warehouse the products for delivery to Direct to Home, wholesale and International customers. They also manage the pick and packing and secondary distribution of the sales orders received from the different sales channels.

JME Marketing Limited provides a marketing and web based communication network. The Marketing Company provided a range of incentives to encourage party hosts to hold parties. The Marketing Company also produces literature and various marketing tools which assist in the sales process.

In order to achieve the business aims of the group in the year, each subsidiary is set key targets for the various elements of their business. These KPI's are then translated into agreed costs to be charged to the other subsidiaries for the various services provided.

During 2012 a license was granted to launch Jamie Oliver at Home in the USA and Canada. This business will start selling in May 2013.

The strategy of the group is to license out the party plan sales to experienced party plan management. On the wholesale side we will look going forward whether to license out that side of the business from 1st January 2014.

JME Group Limited
DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2012

PRINCIPAL RISKS

The Directors consider the following to be the principal risks faced by the group

Economic conditions

The group's performance depends on the economic conditions and consumer confidence in the UK and overseas markets

Whilst we expect trading conditions to remain tough in 2013, the directors and management of the business will be very focused to provide excellent service and value to all of its customers to partly counter the risks posed by the challenging economic conditions

Key customers

Direct to Home Limited will be a significant debtor of JME at Home Limited and it will be important to monitor that business, so the group is not exposed to potential bad debts

Supply chain

The group focuses on the uniqueness of its products. It is exposed to potential supply chain disruptions due to the shipping delay and product quality issues. The group mitigates this risk through, effective supplier selection, supplier and factory audits, quality checks by our agents before shipping, on-going review of the freight forwarders and appropriate back-up supply chains

Financial risk management

The Board regularly reviews the financial requirements of the group and the risks associated therewith. The group does not use financial instruments for reducing interest rate risk.

Group operations are financed from the loan support from Jamie Oliver Limited

Currency risk

The Board regularly reviews the foreign currency requirements of the group and the risks associated therewith. The group does not use foreign exchange derivatives for hedging against currency risk, but buys foreign currency from the market at the spot rate or purchases surplus foreign currency holdings from Jamie Oliver Limited

JME Group Limited

DIRECTORS' REPORT (CONTINUED)

For the year ended 31 December 2012

KEY PERFORMANCE INDICATORS

Key performance indicators that the Board review on a weekly and monthly basis are

- Daily and Weekly Sales Reports comparing actual to budget
- Weekly Operating Cash Flows
- Monthly Management Accounts, comparing actuals against budget and last year
- A rolling twelve month cash flow
- Stock Risk Reports showing stock covers at risk against rate of sale

FUTURE DEVELOPMENTS

The group has reduced its risk by granting a license for the party plan products in the UK

The directors are also highly focused on developing and expanding the Wholesale channel both in the UK and the International Export Markets. We are in close negotiations with key UK and International retailers and distributors to deliver the JME brand of products to new international markets, as well as expanding our UK customer base

We have agreed terms to launch Jamie Oliver at Home into North America in May 2013. This will deliver a brand royalty and territory license fee from the end of 2013 onwards.

The group's aim is to continue to strengthen its market position and deliver the business into profitability and start paying off the Jamie Oliver Limited outstanding loan.

DIRECTORS

The following directors have held office since 1 January 2012

T Donovan	(Resigned 13 December 2012)
J E Jackson	
P D Foy	(Resigned 27 September 2012)
K T Claxton	(Resigned 31 December 2012)
Z J Jackson	
A G Mottershead	(Appointed 13 December 2012)

CHARITABLE DONATIONS

During the year the group made charitable donations of £497 (2011 £3,851)

QUALIFYING 3RD PARTY INDEMNITY PROVISIONS

Qualifying 3rd party indemnity provision is in place for the benefit of all directors of the group and was in place during the year to 31 December 2012

JME Group Limited
DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2012

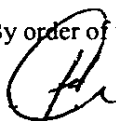
AUDITORS

The auditors, Baker Tilly UK Audit LLP, Chartered Accountants, have indicated their willingness to continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that this has been communicated to the auditor.

By order of the board



J Dewar
Secretary

14/5/2013

JME Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 the group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JME GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 28. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement on page 6, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2012 and of the group's loss for the year 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Baker Tilly UK Audit LLP
KERRY NORMAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Marlborough House

Victoria Road South

Chelmsford

Essex

CM1 1LN

15/5/13

JME Group Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2012

	Notes	2012 £	2011 £
TURNOVER	1	7,425,050	11,156,951
Cost of sales		(4,709,104)	(7,614,904)
GROSS PROFIT		2,715,946	3,542,047
Other operating expenses	2	(5,241,067)	(5,413,527)
OPERATING LOSS		(2,525,121)	(1,871,480)
Exceptional items	3	(1,293,375)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(3,818,496)	(1,871,480)
Taxation	7	(164,217)	(337,228)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	16	(3,982,713)	(2,208,708)


Turnover and Operating Loss are derived from the group's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with through the Profit and Loss Account

JME Group Limited
CONSOLIDATED BALANCE SHEET
As at 31 December 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	9	285,009	748,316
		<u>285,009</u>	<u>748,316</u>
CURRENT ASSETS			
Stocks	11	2,554,070	3,965,965
Debtors	12	642,859	1,156,033
Cash at bank and in hand		3,706	8,206
		<u>3,200,635</u>	<u>5,130,204</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(16,033,750)	(14,444,063)
NET CURRENT LIABILITIES		<u>(12,833,115)</u>	<u>(9,313,859)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(12,548,106)	(8,565,543)
NET LIABILITIES		<u>(12,548,106)</u>	<u>(8,565,543)</u>
CAPITAL AND RESERVES			
Called up share capital	15	2,000	2,000
Other reserves	16	(120)	(270)
Profit and loss account	16	(12,549,986)	(8,567,273)
SHAREHOLDERS' DEFICIT	17	<u>(12,548,106)</u>	<u>(8,565,543)</u>


The financial statements on pages 8 to 28 were approved by the board of directors and authorised for issue on 14/5/2013 and are signed on its behalf by


J E Jackson

JME Group Limited
COMPANY BALANCE SHEET
As at 31 December 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	9	282,391	521,515
Investments	10	3	3
		<u>282,394</u>	<u>521,518</u>
CURRENT ASSETS			
Debtors	12	21,109,945	14,211,213
Cash at bank and in hand		1,074	978
		<u>21,111,019</u>	<u>14,212,191</u>
CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(25,625,952)</u>	<u>(18,457,417)</u>
NET CURRENT LIABILITIES		<u>(4,514,933)</u>	<u>(4,245,226)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(4,232,539)</u>	<u>(3,723,708)</u>
NET LIABILITIES		<u><u>(4,232,539)</u></u>	<u><u>(3,723,708)</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	2,000	2,000
Other reserves	16	(120)	(270)
Profit and loss account	16	<u>(4,234,419)</u>	<u>(3,725,438)</u>
SHAREHOLDERS' DEFICIT	17	<u><u>(4,232,539)</u></u>	<u><u>(3,723,708)</u></u>

The financial statements on pages 8 to 28 were approved by the board of directors and authorised for issue on 14/5/2013 and are signed on its behalf by



J E Jackson

JME Group Limited
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2012

	Notes	2012 £	2011 £
Net cash inflow from operating activities	19	325,473	139,292
Capital expenditure	18 1	(329,973)	(132,166)
NET CASH (OUTFLOW)/INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND SERVICING OF FINANCE		(4,500)	7,126
(DECREASE)/INCREASE IN CASH IN THE YEAR	20, 21	(4,500)	7,126

JME Group Limited

ACCOUNTING POLICIES

For the year ended 31 December 2012

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of JME Group Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 December 2012.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost net of depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Leasehold improvements	Over the length of the lease
Plant and machinery	20% to 33 3% straight line
Computer equipment	33 3% straight line
Fixtures, fittings and equipment	20% straight line
Website development costs	Over the length of the website service agreement

INVESTMENTS

Long term investments are classified as fixed assets. Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

STOCKS

Stock is valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items. The group uses a standard cost method to value stock. Standard costs are reviewed regularly to ensure they remain reasonable by reference to actual cost.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

JME Group Limited

ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 December 2012

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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

LEASING

Leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

RETIREMENT BENEFITS

The group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

TURNOVER

Turnover represents the value, net of Value Added Tax, of goods sold to customers, and is recognised upon despatch.

GOING CONCERN

The Directors are of the opinion that the group is a going concern, on the basis that the Directors have considered the business activities as well as the group's principal risks and uncertainties. Based on the group's cash flow forecasts and projections, the Board is satisfied that the group will be able to operate within the funding limits provided by Jamie Oliver Limited for the foreseeable future. For these reasons the group continues to adopt the going concern basis in preparing its financial statements.

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1 TURNOVER

The turnover of the group for the year has been derived from its principal activity as follows

GEOGRAPHICAL MARKETS	2012 £	2011 £
United Kingdom	7,211,655	10,647,441
Other EC countries	4,000	411,790
Rest of the world	209,395	97,720
	<u>7,425,050</u>	<u>11,156,951</u>

2 OTHER OPERATING EXPENSES

	2012 £	2011 £
Distribution costs	622,289	738,810
Administration expenses	4,618,778	4,674,717
	<u>5,241,067</u>	<u>5,413,527</u>

3 COSTS OF FUNDAMENTAL RESTRUCTURING

During the year, the group undertook a program of fundamental restructuring to streamline its operations. The total cost of the restructuring amounted to £1,293,375 which is shown on the face of the profit and loss account on page 8

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

4	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2012 £	2011 £
	Loss is stated after charging		
	Depreciation of tangible assets		
	- Owned assets	266,626	225,425
	Impairment of tangible assets		
	- Owned assets	526,654	-
	Operating lease rentals		
	- Plant and machinery	-	-
	- Other	421,256	296,391
	Audit services		
	- statutory audit of parent and consolidated accounts	25,000	5,250
	Other services		
	The auditing of accounts of associates of the company pursuant to legislation		
	- audit of subsidiaries provided by Baker Tilly UK audit LLP	-	22,575
	Other services supplied pursuant to such legislation provided by associates of Baker Tilly UK Audit LLP		
	- Preparation of statutory accounts & tagging	9,550	9,025
	Other services relating to taxation		
	- Compliance services	4,800	7,110
	Loss on foreign exchange transactions	104,607	5,772
	Loss on disposal of tangible assets	-	13,686
		<u> </u>	<u> </u>

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

5 EMPLOYEES

The average monthly number of persons (including directors) employed by the group during the year was

	2012	2011
Office and management	11	16
Sales	20	22
Warehouse and production	34	44
	<u>65</u>	<u>82</u>

Staff costs for the above persons	2012 £	2011 £
Wages and salaries	1,596,021	1,996,132
Social security costs	129,830	199,965
Other pension costs	53,445	59,606
	<u>1,779,296</u>	<u>2,255,703</u>

6 DIRECTORS

In respect of the directors of JME Group Limited

	2012 £	2011 £
Emoluments for qualifying services	305,740	322,233
Company pension contributions to money purchase schemes	13,821	18,125
Redundancy costs	1,290	
	<u>320,851</u>	<u>340,358</u>

The number of directors to whom retirement benefits are accruing under money purchase schemes amounted to 2 (2011 3)

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

7 TAXATION	2012 £	2011 £
Current tax charge	-	-
UK Corporation tax on loss for the year	883	-
Adjustments in respect of previous years	883	-
Deferred tax	(165,100)	(337,228)
Current year credit	(164,217)	(337,228)
Tax on loss on ordinary activities		
Factors affecting the tax charge for the year		
The tax assessed for the period is higher than the standard rate of corporation tax in the UK (24%) The differences are explained below	(3,818,496)	(1,871,480)
Loss on ordinary activities before taxation		
Loss on ordinary activities multiplied by the standard rate of UK corporation tax of 24% (2011 28%) The differences are explained below	(916,439)	(524,014)
Effects of		
Expenses not deductible for tax purposes	25,639	5,118
Depreciation for the period in excess of capital allowances	25,060	9,506
Other tax adjustments	273	-
Adjustments to previous periods	883	-
Tax losses utilised	-	(16,429)
Tax losses carried forward	865,467	525,819
	917,322	524,014
CURRENT TAX CHARGE	883	-

During the year, as a result of the change in the UK main corporation tax rate from 24% to 23% that was substantively enacted during the year, and which will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the Autumn Budget The changes, which are expected to be enacted separately each year, propose to reduce the rate to 21% by 1 April 2014 The changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements

8 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £508,981 (2011 profit of £5,633)

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

9 TANGIBLE FIXED ASSETS

GROUP	Leasehold improvements £	Computer equipment and website development £	Plant and machinery £	Total £
COST				
At 1 January 2012	302,835	805,063	104,231	1,212,129
Additions	7,252	311,481	11,240	329,973
At 31 December 2012	310,087	1,116,544	115,471	1,542,102
DEPRECIATION				
At 1 January 2012	115,827	292,880	55,106	463,813
Charged in the year	57,745	175,033	33,848	266,626
Impairment	136,515	367,770	22,369	526,654
At 31 December 2012	310,087	835,683	111,323	1,257,093
NET BOOK VALUE				
At 31 December 2012	-	280,861	4,148	285,009
At 31 December 2011	187,008	512,183	49,125	748,316

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

9 TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY	Leasehold improvements £	Computer equipment and website development £	Plant and machinery £	Total £
COST				
At 1 January 2012	33,409	739,073	10,725	783,207
Additions	-	290,379	-	290,379
At 31 December 2012	33,409	1,029,452	10,725	1,073,586
DEPRECIATION				
At 1 January 2012	1,878	254,078	5,736	261,692
Charged in the year	7,425	149,041	2,145	158,611
Impairment	24,106	346,786	-	370,892
At 31 December 2012	33,409	749,905	7,881	791,195
NET BOOK VALUE				
At 31 December 2012	-	279,547	2,844	282,391
At 31 December 2011	31,531	484,995	4,989	521,515

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

10 FIXED ASSET INVESTMENTS

COMPANY	Shares in group undertakings £
COST	
At 1 January 2012 & 31 December 2012	3
	<u>3</u>
NET BOOK VALUE	
At 31 December 2011 & 31 December 2012	3
	<u>3</u>

Holdings of more than 20%

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

SUBSIDIARY UNDERTAKINGS

Company	Country of registration or incorporation	Principal activity	Shares held	
			Class	%
JME at Home Limited	United Kingdom	Selling of kitchenware and homeware products	Ordinary	100%
JME Logistics Limited	United Kingdom	Procurement, warehousing and distribution of kitchenware, homeware and food products	Ordinary	100%
JME Marketing Limited	United Kingdom	Marketing and advertising of kitchenware and homeware products	Ordinary	100%

All of the above subsidiary undertakings are exempt from audit under section 479A of the Companies Act 2006, and all have chosen to take advantage of the aforementioned exemption

In accordance with section 479C of the Companies Act 2006, JME Group Limited has provided a guarantee in respect of the liabilities of the subsidiary undertakings included within the consolidation

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

11 STOCKS	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Finished goods and goods for resale	2,554,070	3,965,965	-	-
12 DEBTORS	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	411,834	440,262	556	290
Amounts owed by subsidiary undertaking	-	-	21,093,637	14,185,645
Corporation tax	883	-	-	-
Other debtors	68,583	69,118	-	3,192
Prepayments	161,559	481,553	15,752	22,086
Deferred taxation (note 14)	-	165,100	-	-
	642,859	1,156,033	21,109,945	14,211,213
13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	386,762	756,174	22,916	119,083
Amounts owed to subsidiary undertaking	-	-	10,555,784	5,234,392
Other taxes and social security costs	170,777	370,170	39,479	67,633
Other creditors	15,028,676	13,118,081	14,938,198	13,017,596
Accruals	447,535	199,638	69,575	15,700
Deferred tax	-	-	-	3,013
	16,033,750	14,444,063	25,625,952	18,457,417

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

14 PROVISIONS FOR LIABILITIES

The deferred tax asset (included in debtors, note 12) is made up as follows

	GROUP £	COMPANY £
Balance at 1 January 2012	(165,100)	3,013
Profit and loss account	165,100	(3,013)
	<u>-</u>	<u>-</u>
Balance at 31 December 2012	<u>-</u>	<u>-</u>

Deferred taxation in the financial statements is made up as follows

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	46,154	73,977	43,314	49,048
Tax losses available	(46,154)	(239,077)	(43,314)	(46,035)
	<u>-</u>	<u>(165,100)</u>	<u>-</u>	<u>3,013</u>

At 31 December 2012, the group had unrelieved corporation tax losses of £12,294,317 (2011 £8,890,098) available to offset against future trading profits. A deferred tax asset of £46,154 (2011 £239,077) has been recognised in respect of £200,670 (2011 £956,307) of these losses being the amount expected to crystallise against trading profits (at a corporation tax rate of 23%) in 2013 and 2014

There is an unrecognised deferred tax asset (at a corporation tax rate of 23%) of £2,781,539 (2011 £1,983,448) in respect of the remaining £12,093,648 (2011 £7,933,790) of carried forward losses. Management will consider recognition of this asset in future periods based upon their projections of profits at that time.

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

15 SHARE CAPITAL	2012 £	2011 £
ALLOTTED, CALLED UP, FULLY PAID AND NIL PAID		
1,610 Ordinary shares of £1 each	1,610	1,610
250 (2011 100) Ordinary A shares of £1 each	250	100
140 (2011 290) Nil Paid Ordinary A shares of £1 each	140	290
	<u>2,000</u>	<u>2,000</u>
EQUITY SHARES		
1,610 Ordinary shares of £1 each	1,610	1,610
250 (2011 100) Ordinary A shares of £1 each	250	100
140 (2011 290) Nil Paid Ordinary A shares of £1 each	140	290
	<u>2,000</u>	<u>2,000</u>

The Ordinary shares are non-redeemable shares, with standard rights to voting, dividend participation and rights to participate in capital distribution upon winding up. The Ordinary A shares are non-redeemable shares, with standard rights to voting, dividend participation and rights to participate in capital distribution upon winding up. The Nil Paid Ordinary A shares are non-redeemable shares, with no rights to voting, no rights to dividend participation and no rights to participate in capital distribution upon winding up.

The Nil Paid Ordinary A shares do not vest, and accordingly remain not paid up, until certain profit related performance criteria are met. Until such time as the Nil Paid Ordinary A shares vest and are paid up, they are accounted for as treasury shares (see note 16).

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

16 RESERVES

GROUP	Other reserves (see below) £	Profit and loss account £
At 1 January 2012	(270)	(8,567,273)
Loss for the financial year	-	(3,982,713)
Movement during the year	150	-
At 31 December 2012	<u>(120)</u>	<u>(12,549,986)</u>

OTHER RESERVES

RESERVES FOR OWN SHARES

At 1 January 2012	(270)
Movement during the year	150
At 31 December 2012	<u>(120)</u>

COMPANY	Other reserves (see below) £	Profit and loss account £
At 1 January 2012	(270)	(3,725,438)
Loss for the financial year	-	(508,981)
Movement during the year	150	
At 31 December 2012	<u>(120)</u>	<u>(4,234,419)</u>

OTHER RESERVES

RESERVES FOR OWN SHARES

At 1 January 2012	(270)
Movement during the year	150
At 31 December 2012	<u>(120)</u>

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2012	2011
	£	£
GROUP		
Loss for the financial year	(3,982,713)	(2,208,708)
Movement on other reserves	150	20
	<u>(3,982,563)</u>	<u>(2,208,688)</u>
Net depletion in shareholders' deficit	(8,565,543)	(6,356,855)
Opening shareholders' deficit	<u>(12,548,106)</u>	<u>(8,565,543)</u>
Closing shareholders' deficit		
	2012	2011
	£	£
COMPANY		
(Loss)/profit for the financial year	(508,981)	5,633
Movement on other reserves	150	20
	<u>(508,831)</u>	<u>5,653</u>
Net (depletion in)/addition to shareholders' deficit	(3,723,708)	(3,729,361)
Opening shareholders' deficit	<u>(4,232,539)</u>	<u>(3,723,708)</u>
Closing shareholders' deficit		

18 CASH FLOWS

18.1 CAPITAL EXPENDITURE

	2012	2011
	£	£
Payments to acquire tangible fixed assets	<u>329,973</u>	<u>132,166</u>

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

19	RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2012 £	2011 £		
	Operating loss (after exceptional item)	(3,818,496)	(1,871,480)		
	Depreciation	266,626	225,425		
	Impairment of tangible fixed assets	526,654	-		
	Loss on disposal of fixed assets	-	13,686		
	Decrease in stocks	1,411,895	499,091		
	Decrease/(increase) in debtors	349,107	(328,228)		
	Increase in creditors	1,589,687	1,600,799		
		<u>325,473</u>	<u>139,293</u>		
20	ANALYSIS OF CHANGES IN CASH AND NET DEBT	1 January 2012	Cash flow	Other non- cash changes	31 December 2012
	Net cash				
	Cash at bank and in hand	<u>8,206</u>	<u>(4,500)</u>	<u>-</u>	<u>3,706</u>
21	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2012 £	2011 £		
	(Decrease)/increase in cash in the year	(4,500)	7,126		
	Opening net cash	<u>8,206</u>	<u>1,080</u>		
	CLOSING NET CASH	<u>3,706</u>	<u>8,206</u>		

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

22 COMMITMENTS UNDER OPERATING LEASES

GROUP

At 31 December 2012 the group was committed to making the following payments under non-cancellable operating leases

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within one year	219,050	8,400
Between two and five years	-	300,000
	<u>219,050</u>	<u>308,400</u>

COMPANY

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within one year	219,050	8,400
Between two and five years	-	300,000
	<u>219,050</u>	<u>308,400</u>

23 PENSION COSTS

DEFINED CONTRIBUTION SCHEME

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Contributions payable for the year	<u>53,445</u>	<u>59,606</u>	<u>16,260</u>	<u>19,002</u>

JME Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2012

24 RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group entities that are 100% owned

During the year the group undertook transactions with the following companies, all of which were under common control

Jamie Oliver Limited -

During the year sales were made to the value of £Nil (2011 £33,408), as well purchases from Jamie Oliver Limited for the value of £567,167 (2011 £493,037) At the year end £37,101 (2011 £123,978) was owed to Jamie Oliver Limited Loans have also been advanced to the group, at the year end £14,687,594 (2011 £12,767,597) was due to Jamie Oliver Limited

During the previous year 40 Nil paid Ordinary A shares of £1 each were transferred to J T Oliver at nominal value 20 of these shares had vested in 2010 and 20 shares vested upon transfer in 2011

25 COMPANY PROFIT AND LOSS ACCOUNT

As permitted by section 408 if the Companies Act 2006, the Company has not presented its own profit and loss account

26 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is deemed to be J T Oliver, by virtue of his majority shareholding

27 CONTINGENT LIABILITIES

A cross guarantee exists between Jamie Oliver Holdings Limited, Jamie Oliver Limited, Fresh One Productions Limited, Jamie Oliver Enterprises Limited, JME Group Limited, JME at Home Limited, JME Logistics Limited, JME Marketing Limited, Jamie Magazine Limited, Recipease Limited, Jamie Bianco Limited, Fresh Pictures Limited and Wood Fired Ovens by Jamie Oliver Limited The outstanding balance in relation to this bank facility is £2.3m (2011 £2.57m) This facility is secured by a fixed and floating charge over the group's assets

In accordance with section 479C of the Companies Act 2006, JME Group Limited has provided a guarantee in respect of the liabilities of the subsidiary undertakings included within the consolidation

28 CAPITAL COMMITMENTS

	2012	2011
	£	£
At 31 December 2012 the company had capital commitments as follows		
Contracted for but not provided in the financial statements	-	161,252