Registration number NI 47142

Knysna (N.I.) Limited

Abbreviated Accounts

For The Year Ended 31 March 2009

Cavanagh Kelly
Chartered Accountants and
Registered Auditors

Contents

Directors' report for the year ended 31 March 2009

The directors present their report and the accounts for the year ended 31 March 2009

Principal activity and review of the business

The principal activity of the company continues to be the manufacture and distribution of sauces and other related products The firm continues to be loss making due to the write off of exceptional items of Goodwill and interest on Loan Notes

Results and dividends

The results for the year are set out on page 3

The directors do not recommend payment of a final dividend

Directors and their interests

The directors who served during the year and their interests in the company are as stated below

	Class of share	31/03/09	01/04/08
Trevor Kells	Ordinary shares	-	-
Derek Doherty	Ordinary shares	-	-
Michael Haddock	Ordinary shares	-	-

Charitable and political contributions

During the year the company contributed £18.015 to charities

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year In preparing these the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986 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

Auditors

In accordance with Article 393 of the Companies (Northern Ireland) Order 1986, a resolution proposing that Cavanagh|Kelly be reappointed as auditors of the company will be put to the Annual General Meeting

This report is prepared in accordance with the special provisions of part VIII of the Companies (Northern Ireland) Order 1986 relating to medium sized companies

This report was approved by the Board on 5 January 2010 and signed on its behalf by

Michael Haddock
Director

Independent auditors' report to Knysna (N.I.) Limited under Paragraph 24 of Schedule 8 to the Companies (Northern Ireland) Order 1986

We have examined the abbreviated accounts set out on pages 3 to 16 together with the financial statements of Knysna (N I) Limited for the year ended 31 March 2009 prepared under Article 234 of the Companies (Northern Ireland) Order 1986

This report is made solely to the company, in accordance with Paragraph 24 of Schedule 8 to the Companies (Northern Ireland) Order 1986 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 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Article 254 of the Companies (Northern Ireland) Order 1986 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Articles 254(5) and (6) of the Order to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you

Basis of opinion

We have carried out the procedures we considered necessary to confirm. by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Articles 254(5) and (6) of the Companies (Northern Ireland) Order 1986 in respect of the year ended 31 March 2009, and the abbreviated accounts on pages 3 to 16 are properly prepared in accordance with that provision

Cavanagh|Kelly
Chartered Accountants & Registered Auditors

38 Northland Row
Dungannon
Co. Tyrone
BT71 6AP

5 January 2010

Abbreviated profit and loss account for the year ended 31 March 2009

	Notes	Continuing operations 2009 £	2008 £
Gross profit		**2,926,962**	**2,865,870**
Administrative expenses		(1,840,564)	(2,139,635)
Operating profit	**2**	**1,086,398**	**726,235**
Exceptional items	3	(1,035,472)	(1,157,949)
Profit/(loss) on ordinary activities before interest		**50,926**	**(431,714)**
Interest payable and similar charges	4	(582,925)	(871,376)
Loss on ordinary activities before taxation		**(531,999)**	**(1,303,090)**
Tax on loss on ordinary activities	7	(200,566)	180,558
Loss for the year		**(732,565)**	**(1,122,532)**
Accumulated loss brought forward		**(8,072,976)**	**(6,950,444)**
Accumulated loss carried forward		**(8,805,541)**	**(8,072,976)**

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 6 to 16 form an integral part of these financial statements.

Abbreviated balance sheet as at 31 March 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Intangible assets	8		-		1,028,267
Tangible assets	9		2,355,444		2,651,815
			2,355,444		**3,680,082**
Current assets					
Stocks	10	428,732		417,506	
Debtors	11	1,587,490		1,808,323	
Cash at bank and in hand		265,884		1,585,363	
		2,282,106		**3,811,192**	
Creditors: amounts falling due within one year	12	**(5,552,526)**		**(6,044,568)**	
Net current liabilities			**(3,270,420)**		**(2,233,376)**
Total assets less current liabilities			**(914,976)**		**1,446,706**
Creditors: amounts falling due after more than one year	13		(7,554,929)		(9,166,104)
Provisions for liabilities and charges	14		(335,634)		(353,576)
Deficiency of assets			**(8,805,539)**		**(8,072,974)**
Capital and reserves					
Called up share capital	15		2		2
Profit and loss account			(8,805,541)		(8,072,976)
Equity shareholders' funds	16		**(8,805,539)**		**(8,072,974)**

In preparing these abbreviated accounts we have relied on the exemptions for individual financial statements conferred by Section B of Part I of Schedule 8 of the Companies (Northern Ireland) Order 1986 on the grounds that the company is entitled to the benefit of those exemptions as a medium sized company

The abbreviated accounts were approved by the Board on 5 January 2010 and signed on its behalf by

Michael Haddock
Director

Trevor Kells
Director

The notes on pages 6 to 16 form an integral part of these financial statements.

Cash flow statement for the year ended 31 March 2009

	Notes	2009 £	2008 £
Reconciliation of operating profit/(loss) to net cash inflow from operating activities			
Operating profit / (loss) per accounts		50,926	(431,714)
Depreciation		442,369	464,364
(Profit)/loss on disposal		(8,910)	10,955
(Increase)/Decrease in stocks		(11,226)	(53,908)
Decrease in debtors		220,833	67,832
(Decrease)/Increase in Trade Creditors and Accruals		(206,142)	(174,019)
Amortisation Of Goodwill		1,028,267	1,028,267
Net cash inflow/(outflow) from operating activities		1,516,117	911,777

Cash flow statement

Net cash inflow/(outflow) from operating activities		1,516,117	911,777
Returns on investments and servicing of finance	19	(188,822)	(871,376)
Capital expenditure	19	(38,603)	(132,241)
		1,288,692	(91,840)
Financing	19	1,482,677	535,330
Increase/(decrease) in cash in the year		2,771,369	443,490

Reconciliation of net cash flow to movement in net debt (Note 20)

Increase/(decrease) in cash in the year	2,771,369	443,490
Cash outflow in debts and lease financing	(1,482,677)	(535,330)
Change in net debt resulting from cash flows	1,288,692	(91,840)
Movement in net debt in the year	1,288,692	(91,840)
Net debt at 1 April 2008	(12,585,404)	(12,493,564)
Net funds at 31 March 2009	(11,296,712)	(12,585,404)

1. Accounting policies

1 1. Accounting convention

The accounts are prepared under the historical cost convention

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

1.3. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 4 years

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Land and buildings	-	4% straight line
Leasehold properties	-	4% straight line
Plant and machinery	-	10% straight line
Fixtures, fittings and equipment	-	15% straight line
Motor vehicles	-	25% straight line
Office Equipment	-	33% straight line

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6. Stock

Stocks are stated at the lower of cost and net realisable value In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct production overheads based on a normal level of activity Net realisable value is based on normal selling price, less further costs expected to be incurred to completion and disposal

1.7 Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise

1.9. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date Transactions in foreign currencies are recorded at a rate set by the Financial Controller and this rate is used throughout the year All differences are taken to the Profit and Loss account

1.10. Group accounts

The company is entitled to the exemption under Article 256 of the Companies (Northern Ireland) Order 1986 from the obligation to prepare group accounts

1.11. Going concern

The accounts have been prepared on a going concern basis The Balance Sheet shows a deficiency of assets that can be primarily attributed to loan note capital and interest due to the company directors However, the directors remain committed to the success of the business and it is for this reason that the directors feel that the company does not have any going concern issues

2. Operating profit	**2009**	**2008**
	£	**£**
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	442,369	464.364
Loss on disposal of tangible fixed assets	-	10,955
Loss/(Profit) on foreign currencies	-	179,740
Operating lease rentals		
- Motor vehicles	17.201	19,250
and after crediting		
Profit/(Loss) on disposal of tangible fixed assets	8,910	-
Profit on foreign currencies	50,285	-
Government grants	2,652	-

3. Exceptional Items

	2009 £	2008 £
Provision for Powerplas Limited	-	129,682
Goodwill amortisation (note 9)	1,028,267	1,028,267
Intercompany balances written off	7,205	-
	1,035,472	1,157,949

4. Interest payable and similar charges

	2009 £	2008 £
On loans and overdrafts	155,722	202,653
Loan notes	394,103	627,645
Hire purchase interest	33,100	41,078
	582,925	**871,376**

5. Employees

Number of employees	**2009**	**2008**
The average monthly numbers of employees (including the directors) during the year were		
Production staff	24	31
Sales staff	10	12
Admin staff	14	10
	48	53

Employment costs	2009 £	2008 £
Wages and salaries	1,243,020	1,362,185
Social security costs	139,598	134,599
Other pension costs	37,640	44,737
	1,420,258	1,541,521

5.1. Directors' emoluments

	2009	2008
	£	£
Remuneration and other emoluments	212,651	208.073

6. Pension costs

The company operates a defined contribution pension scheme in respect of the employees The scheme and its assets are held by independent managers The pension charge represents contributions due from the company and amounted to £37,640(2008-£44.737)

7. Tax on loss on ordinary activities

Analysis of charge in period	2009 £	2008 £
Current tax		
UK corporation tax	218,508	-
Total current tax charge	**218,508**	-
Deferred tax		
Timing differences, origination and reversal	(17,942)	(180,558)
Total deferred tax	(17,942)	(180,558)
Tax on loss on ordinary activities	200,566	(180,558)

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28 per cent) The differences are explained below

	2009 £	2008 £
Loss on ordinary activities before taxation	(531,999)	(1,303,090)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (31 March 2008 28%)	(148,960)	(364,865)
Effects of:		
Expenses not deductible for tax purposes	7,311	40,091
Capital allowances for period in excess of depreciation	32,690	(8,337)
Utilisation of tax losses	(68,302)	(133,612)
Amortisation of goodwill	287,915	287,915
Loan note interest	110,349	175,741
(Profit) / loss on disposal	(2,495)	3,067
Current tax charge for period	218,508	-

8. Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2008	8,802,100
At 31 March 2009	8,802,100
Provision for diminution in value	
At 1 April 2008	7,773,833
Charge for year	1,028,267
At 31 March 2009	8,802,100
Net book values	
At 31 March 2009	-
At 31 March 2008	1,028,267

9. Tangible fixed assets

	Leasehold land and buildings £	Investment £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Office Equipment £	Total £
Cost							
At 1 April 2008	112,222	100	3,260,672	266,874	171,150	178,843	3,989,861
Additions	-	-	44,167	3,118	104,910	292	152,487
Disposals	-	-	-	-	(45,170)	-	(45,170)
At 31 March 2009	112,222	100	3,304,839	269,992	230,890	179,135	4,097,178
Depreciation							
At 1 April 2008	14,799	-	939,047	136,652	108,594	138,953	1,338,045
On disposals	-	-	-	-	(38,680)	-	(38,680)
Charge for the year	4,489	-	321,210	40,031	50,993	25,646	442,369
At 31 March 2009	19,288	-	1,260,257	176,683	120,907	164,599	1,741,734
Net book values							
At 31 March 2009	**92,934**	**100**	**2,044,582**	**93,309**	**109,983**	**14,536**	**2,355,444**
At 31 March 2008	97,423	100	2,321,625	130,222	62,556	39,890	2,651,816

Included above are assets held under finance leases or hire purchase contracts as follows

Asset description	2009 Net book value £	2009 Depreciation charge £	2008 Net book value £	2008 Depreciation charge £
Plant and machinery	522,599	174.691	687,473	125.287
Motor vehicles	92.543	27.222	137,396	88.619
	615,142	**201,913**	**824,869**	**213,906**

10. Stocks

	2009 £	2008 £
Raw materials and consumables	197,712	245,828
Finished goods and goods for resale	231,020	171.678
	428,732	**417,506**

11. Debtors

	2009 £	2008 £
Trade debtors	1,037,229	1.124,427
Amount owed by connected companies	475,277	568.315
Other debtors	65.399	105.997
Prepayments and accrued income	9,585	9,584
	1,587,490	**1,808,323**

12. Creditors: amounts falling due within one year	2009 £	2008 £
Bank overdrafts	633,711	1.659,036
Bank loan	461,104	439.768
Net obligations under finance leases and hire purchase contracts	171.390	164.396
Trade creditors	370,707	420,640
Amounts owed to connected companies	302,773	182.288
Corporation tax	218,508	-
Other taxes and social security costs	29.740	39.000
Accruals and deferred income	229.026	397,978
Loan note interest	3,135,567	2,741,462
	5,552,526	**6,044,568**

The bank loans and overdrafts are secured by a fixed and floating charge over all company assets present and future and personal guarantee's provided by the directors This is supported by a legal charge over the factory and extension at 34 Jubilee Road Newtownards

13. Creditors: amounts falling due after more than one year	2009 £	2008 £
Bank loan	2,311,616	2,282.605
Loan Notes	4.904.610	6,437,371
Net obligations under finance leases and hire purchase contracts	338,703	446.128
	7,554,929	**9,166,104**

The loan notes expire on 31 March 2011 The Notes are issued in amounts and multiples of £1 and rank pari passu with one another as a debt obligation of the Company

The Directors have confirmed that monies will only be withdrawn if the company has sufficient funds to meet repayments

14. Provisions for liabilities and charges

	Deferred taxation Total £
At 1 April 2008	353,576
Movements in the year	(17,942)
At 31 March 2009	335,634

15. Share capital

	2009 £	2008 £
Authorised equity		
100 Ordinary shares of 1 each	100	100
Allotted, called up and fully paid equity		
2 Ordinary shares of 1 each	2	2

Ultimate parent undertaking

Knysna (NI) Ltd is a wholly owned subsidiary of Knysna (Holdings) Ltd, a company registered in Northern Ireland

16. Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Loss for the year	(732,565)	(1,122,532)
Opening shareholders' funds	(8,072,974)	(6,950,442)
Closing shareholders' funds	(8,805,539)	(8,072,974)

17. Financial commitments

The company had no financial commitments at 31 March 2009 other than the hire purchase and loan agreements in place

18. Related party transactions

	2009	2008
	£	£
Claimsafe Ltd	(263,364)	(144,060)
Lifeline Finance (Ireland) Ltd	-	1.382
Killynether (Holdings) Ltd	-	825
GRS Distribution Ltd	(39.409)	(35,284)
Ockenden & Associates Ltd	103.246	180,314
Obarcs No 4 Ltd	366,173	382,851
Obarcs No 1	5.858	-

Trevor Kells and Michael Haddock are shareholders in Obarcs No4 Ltd. Claimsafe Ltd, Lifeline Finance (Ireland) Ltd and Killynether (Holdings) Ltd Killynether (Holdings) Ltd is the holding company of GRS Distribution Ltd Trevor Kells and Michael Haddock are also the shareholders in Killynether (Ireland) Ltd which has shares in Ockenden & Associates Ltd

Trevor Kells and Michael Haddock are the partners in Obarcs No 1 partnership

Knysna (NI) Limited had arm's length business transactions with GRS Distribution Ltd and Ockenden & Associates Ltd throughout the year

19. Gross cash flows

	2009 £	2008 £
Returns on investments and servicing of finance		
Interest paid	188,822	871,376
Capital expenditure		
Payments to acquire tangible assets	54,003	141,654
Receipts from sales of tangible assets	(15,400)	(9,413)
	38,603	132,241
Financing		
Movement on Bank Loans	(50,347)	(28,139)
Movement on loan notes	(1,532,761)	(791,946)
Movement on Hire purchase agreements	100,431	284,755
	1,482,677	535,330

20. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	1,585,363	(1,319,479)		265,884
Overdrafts	(1,659,036)	1,025,325		(633,711)
	(73,673)	(294,154)		(367,827)
Debt due within one year	(439,768)		(21,336)	(461,104)
Debt due after one year	(11,461,439)		1,503,751	(9,957,688)
Hire purchase contracts	(610,524)	-	100,431	(510,093)
	(12,511,731)	-	1,582,846	(10,928,885)
Net funds	(12,585,404)	(294,154)	1,582,846	(11,296,712)