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MCN Investments Ltd

FINANCIAL STATEMENTS

for the year ended

31 December 2010

Company Registration No 03147030

MCN Investments Ltd
FINANCIAL STATEMENTS

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Directors	BR Cardy GJ Brasser J Koster
Secretary	WJ Pendleton
Registered Office	Atherton Road Aintree Liverpool L9 7AQ
Bankers	HBOS Douglas House 117 Foregate Street Chester CH1 1HE
Solicitors	DWF LLP 5 St Paul's Square Old Hall Street Liverpool L3 9AE
Auditor	Baker Tilly UK Audit LLP Chartered Accountants No 1 Old Hall Street Liverpool L3 9SX

MCN Investments Ltd
DIRECTORS' REPORT

The directors present their report and financial statements of MCN Investments Ltd for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company

The principal activity of the trading subsidiary company Trigon Snacks Limited is the manufacture and marketing of snack foods

REVIEW OF THE BUSINESS

The year under review has been satisfactory, given the competitive nature of the snack nut market and the ongoing problem of increased raw material costs which impacted the business as the year progressed Volumes and price rises were achieved to offset these raw material price changes but there was a time lag which impacted profits for a couple of months The sales team continue to be successful at increasing the selling prices to cover raw material price increases which are impacting all processors

The group continues to invest in new product development and in the efficiency of its manufacturing operations The benefits of the investment are being realised through both improved productivity and reduced wastage There is an active program in place to achieve further cost efficiencies, with focus on continued improvement in productivity, reducing wastage and improving energy efficiency In addition, overheads continue to be tightly controlled

Significant improvements have also been seen in the 'on time in full' delivery performance and the group has achieved its aim of providing the highest levels of customer service across the entire extensive product offering with record service levels to our customers

Additional resources have also been devoted to sales and marketing activities to enable the group to maintain its sales level and margin performance despite intense competition through focus on developing added value products which are difficult to replicate In particular, new branded products have been listed in UK supermarkets during 2010 and a greater spread of customers has been achieved

Review of 2010 Results

Turnover in the year was £21,966,779 a significant increase of £3,742,795 on the £18,223,984 achieved in the previous year Overall gross profit margin rates reduced however from 9 5% to 7 3% due to increased raw material costs and the time lag in reflecting these costs in new pricing

Distribution costs amounted to 3 14% of turnover compared to 3 05% in the previous year

Administrative expenses, which include marketing, and new product development costs, fell to 3 58% of turnover from 5 21%

Staff costs included in the figures above reduced to 14 22% of turnover compared to 16 95% in 2009

Profit before interest, tax, amortisation and depreciation was £634,231 (2009 £763,387) After depreciation, amortisation and interest, the group recorded a profit on ordinary activities before taxation in the year of £37,446 (2009 £123,019)

Capital expenditure in the year was £390,383 (2009 £314,855)

Stocks of finished goods for re-sale were higher than last year at £702,555 (2009 £485,383) Stocks of raw materials were also higher than last year at £2,313,249 (2009 £1,467,434) The higher stock position was planned as it will enable the group to take advantage of better purchases of raw materials in a rising market

Total assets less current liabilities increased by £311,821 to £2,039,765 Total bank borrowing at the year end was considerably down at £1,597,887 (2009 £2,119,086)

Pensions

The Trigon Snacks Pension Scheme, which with effect from 6 April 1997, provided future service benefits on a money purchase basis, was closed to new members on 1 October 2008 The Scheme was replaced by a Group Personal Pension Plan managed by Aviva The last valuation of the Trigon Snacks Pension Scheme was on 31 March 2008 and the actuarial opinion on that date was that the value of the assets was 100% of the liabilities of the scheme

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Through continued investment in new product development and staying close to our customers requirements we have continued to generate growth through new customers

Operationally the business continues to improve manufacturing efficiency and deliver excellent "on time in full" customer service

Our aim is to deliver improved profit performance versus 2010 and we are currently on track to achieve this objective

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements

The directors do not recommend the payment of a dividend (2009 £nil)

PRINCIPAL RISKS AND UNCERTAINTIES

Price risk

The price risk for the group is if its selling prices do not match the movements in the cost of raw materials purchased

The group buys nuts and fruit on forward contracts whenever it can This mitigates the risk of sudden unforeseen higher commodity costs These commodities cannot be bought on a futures market so considerable experience and knowledge is required to interpret the many reports on crop, weather, plantings and demand The buying team has over 30 years experience and use this experience to ascertain when and how much to contract The group uses this information to determine likely future costs up to a year in advance and applies these costs to determine selling prices on a regular basis These revised selling prices are communicated to our customers and the risk in them not being accepted is slight as raw materials make up a large portion of the finished goods cost and our competitors will also be revising their selling prices The price risk is therefore mitigated by constant monitoring of raw material prices and applying changes to selling prices where necessary to maintain margins

Credit risk
At any one time, the group has outstanding debts due from customers The failure of an individual large customer to honour its debts or a general worsening of overdue debts could have a material impact on cash flow and results The group maintains contact with customers and regularly reviews limits, terms and aged debtors

Liquidity risk
The group policy is to have internally generated cash and committed bank facilities to satisfy working capital requirements in the near to medium term

Cash flow
Cash flow forecasts are prepared weekly and any facilities reviewed to cover any foreseeable funding requirements with an allowance for unforeseen events

FOREIGN CURRENCY FLUCTUATIONS

The group's local currency is pounds sterling but many of the purchases are from suppliers in the United States These purchases are denominated in US dollars As a result, the group is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and US dollars The group seeks to reduce this risk by entering into forward contracts

At the year end there were US Dollar forward currency contracts in place for $9,340,710 (2009 £8,615,000) The unrealised loss on these contracts at 31 December 2010 was £46,213 (2009 £46,653 gain)

KEY PERFORMANCE INDICATORS

The group has established key performance indicators to measure the progress of the group in achieving both its business objectives and strategy The Board reviews performance against these at monthly meetings

The principal performance measures are summarised below

Sales turnover
Our aim is to increase turnover each year through a combination of growth in volume and increased sales of higher value added items, with specific attention to new products

To focus on sales growth, the group measures sales to new customers, sales of new products to existing customers as well as the retention of existing customers comparing them against budget and prior year

Sales margin
Our aim is to increase or maintain margins each year This is an indicator of the extent to which productivity gains and sales of higher value added products have been able to offset any cost increases In addition the principal cost elements are measured as a proportion of sales

Delivering value to customers
Our aim is to deliver added value to our customers through quality and product innovation We aim to maintain a high standard of customer service and measure weekly the level of 'On time in full' performance

Employee skills and morale
Our aim is to recruit and retain sufficient skilled and motivated employees to meet the needs of the business The required skills have been defined and are regularly re-assessed with targets set for the number of these skills per employee These form the basis for recruitment and training The requirements to meet the group's policies, procedures and practices together with assessing any training needs are achieved by periodic appraisals of employees

Cash generation
Our aim is to generate sufficient cash to service the costs of capital and future taxation liabilities and to enable profitable re-investment in the business In addition to profit targets, measures of capital expenditure and working capital are also in place, including the number of days in relation to sales represented by stock and debtors

RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the group's performance

Global political and economic conditions
Demand for the group's products is ultimately a function of economic confidence and prosperity Whilst the snack industry is forecast to continue to grow, growth can be interrupted by natural disasters, wars and acts of terrorism as well as by lower disposable incomes

The group has a wide customer base mainly in the UK and a wide range of nut and fruit based snack products and it is the group's intention to widen that customer base thus minimising the impact of any single event

Commercial relationships
The group benefits from close commercial relationships with a number of key customers and suppliers The loss of any of these key customers or suppliers, or a significant worsening in commercial terms could have a material impact on results The group devotes significant resources to supporting these relationships to ensure they continue to operate satisfactorily Wherever practical, the group endeavours to maintain more than one source of a particular supply

Competitors
The group operates in a competitive market Design and product innovation, technical advances or the intensification of price competition could all affect the group's results

The group invests significant resources in engineering, marketing and research and development in order to ensure the introduction of both new products and improved production processes to remain at the forefront of developments The group continually works to streamline its cost base to ensure it remains competitive

Maintaining high quality
The group has an established reputation for the quality of its products and suitability of its premises to manufacture such products The group has established policies and operating procedures which are periodically subject to both internal and external audit These audits, usually undertaken by professional bodies, often lead to recommendations and failure to comply with a recommendation could mean losing a customer Measurements are given to the senior management team to ascertain the level of progress made against such recommendations The Directors are aware that any lowering of quality standards that is not quickly rectified could significantly damage the group's reputation and performance

Health and safety
A significant number of the group's employees work in a manufacturing environment in close proximity to machinery In addition to the possible injury to individuals, serious accidents could result in prosecution and fines and damage the reputation and performance of the group

The group works to identify and minimise all Health and Safety risks in order to provide a safe and healthy workplace for employees and visitors Risk assessments and workplace training is undertaken in all areas of the business The group is committed to providing a safe working environment and serious accidents are reviewed at Board level

Energy and raw materials
The group's products contain a number of raw materials and its operations require significant levels of energy, notably gas and electricity Any increases or volatility in prices or any prolonged interruption in supply could have a material impact on the group's results The group regularly undertakes purchasing reviews and uses forwarding buying or other contractual means where appropriate to manage the risks

DIRECTORS

The following directors have held office since 1 January 2010

BR Cardy
GJ Brasser
J Koster

Third party indemnity provision for the benefit of the directors was in force during the financial year

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that 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 to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office

By order of the board

WJ Pendleton
Secretary

29 September 2011

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 group and the company and of the profit or loss of the group and the company 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 the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 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 MCN INVESTMENTS LTD

We have audited the group and parent company financial statements (the "financial statements") on pages 8 to 27 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 auditors
As more fully explained in the Directors' Responsibilities Statement set out 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
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 2010 and of the group's profit 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 matters 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

Mr E Robert Aitken BA ACA (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
No 1 Old Hall Street
Liverpool
L3 9SX

30 September 2011

MCN Investments Ltd
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	1	21,966,779	18,223,984
Cost of sales		(20,357,699)	(16,499,103)
GROSS PROFIT		1,609,080	1,724,881
Distribution costs		(689,045)	(555,758)
Administrative expenses		(786,907)	(949,443)
OPERATING PROFIT		133,128	219,680
Interest payable and similar charges	2	(95,682)	(96,661)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	37,446	123,019
Taxation	5	(24,889)	-
PROFIT FOR THE FINANCIAL YEAR	18	12,557	123,019

The turnover and operating profit for the year arises from the group's continuing operations

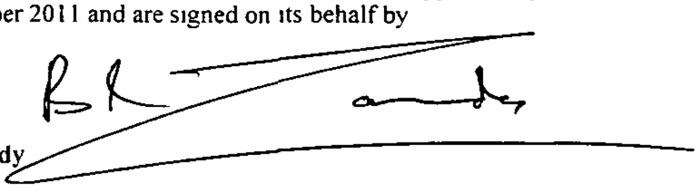
No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

MCN Investments Ltd
CONSOLIDATED BALANCE SHEET
As at 31 December 2010

Company Registration No 03147030

	Note	2010 £	2010 £	2009 £	2009 £
FIXED ASSETS					
Intangible assets	7		3,408		12,000
Tangible assets	8		2,002,845		2,104,973
			2,006,253		2,116,973
CURRENT ASSETS					
Stocks	10	3,015,804		1,952,817	
Debtors	11	2,903,594		2,745,538	
Cash at bank and in hand		1,055		490	
		5,920,453		4,698,845	
CREDITORS Amounts falling due within one year	12	(6,239,805)		(5,431,306)	
NET CURRENT LIABILITIES			(319,352)		(732,461)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,686,901		1,384,512
CREDITORS Amounts falling due after more than one year	13		(264,943)		-
Deferred taxation	15		(24,889)		-
NET ASSETS			1,397,069		1,384,512
CAPITAL AND RESERVES					
Called up share capital	16		6,598,804		6,598,804
Share premium account	17		200,376		200,376
Profit and loss account	18		(5,402,111)		(5,414,668)
SHAREHOLDERS' FUNDS			1,397,069		1,384,512

The financial statements on pages 8 to 27 were approved by the board of directors and authorised for issue on 29 September 2011 and are signed on its behalf by



BR Cardy
Director

MCN Investments Ltd
COMPANY BALANCE SHEET
As at 31 December 2010

Company Registration No 03147030

	Note	2010 £	2010 £	2009 £	2009 £
FIXED ASSETS					
Investments	9		1,257,821		1,257,821
CREDITORS Amounts falling due within one year	12	(352,866)		(447,710)	
NET CURRENT LIABILITIES			(352,866)		(447,710)
TOTAL ASSETS LESS CURRENT LIABILITIES			904,955		810,111
CREDITORS Amounts falling due after more than one year	13		-		-
NET ASSETS			904,955		810,111
CAPITAL AND RESERVES					
Called up share capital	16		6,598,804		6,598,804
Share premium account	17		200,376		200,376
Profit and loss account	18		(5,894,225)		(5,989,069)
SHAREHOLDERS' FUNDS			904,955		810,111

The financial statements on pages 8 to 27 were approved by the board of directors and authorised for issue on 29 September 2011 and are signed on its behalf by

BR Cardy
Director

MCN Investments Ltd
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2010

	Note	2010 £	2010 £	2009 £	2009 £
CASH INFLOW FROM OPERATING ACTIVITIES	21		990,340		1,310.624
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(81,481)		(88,331)	
Interest element of finance lease rental payments		(4,769)		(8,330)	
Other financing costs		-		(7 000)	
CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(86,250)		(103,661)
TAXATION			-		-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		(390,383)		(314,855)	
Sale of tangible fixed assets		14 000		5,800	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(376,383)		(309,055)
CASH INFLOW BEFORE FINANCING			527,707		897,908
FINANCING					
Repayment of shareholder loan		-		(10,000)	
New loans		530,951		-	
Repayment of loans		(93,447)		-	
Capital element of finance lease rental payments		(39,919)		(64,202)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			397,585		(74,202)
INCREASE IN CASH IN THE YEAR	22		925,292		823,706

MCN Investments Ltd

CONSOLIDATED RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 2010

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12,557	123,019	94,844	(9,411)
Share premium deductions	-	(7,000)	-	(7,000)
NET ADDITION TO/(SUBTRACTION FROM) SHAREHOLDERS' FUNDS	12,557	116,019	94,844	(16,411)
Opening shareholders' funds	1,384,512	1,268,493	810,111	826,522
CLOSING SHAREHOLDERS' FUNDS	1,397,069	1,384,512	904,955	810,111

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

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

BASIS OF CONSOLIDATION
The consolidated financial statements incorporate those of MCN Investments Ltd and its subsidiary undertaking 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 2010

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

PROFIT FOR THE FINANCIAL YEAR
As permitted by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account

GOING CONCERN
The directors have concluded that it is appropriate to prepare the accounts on a going concern basis During 2011 the group has traded within its existing bank overdraft facilities Also during 2011 the group has sought new bank facilities which will more closely align the seasonal activity of the business These were agreed with a new bank in the latter part of 2011 They will take over all the existing banks facilities as well as providing working capital advances based on the group's cash requirements in its forward projections So the group can confirm the availability of current loan facilities for the foreseeable future subject to no change in the existing circumstances

INTANGIBLE FIXED ASSETS
Purchased licences and trademarks are capitalised at their fair value to the group on acquisition Amortisation is provided in equal annual instalments over the estimated useful lives of the assets, which is deemed to be 15 years

TANGIBLE FIXED ASSETS

All fixed assets are initially recorded at cost

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows

Long leasehold buildings	25 years
Plant and machinery	3 to 18 years

STOCKS
Stocks and work-in-progress are stated at the lower of cost and net realisable value Cost includes materials, direct labour and attributable overheads Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs

PREPAID ORIGINATION COSTS
Where the group incurs costs associated with the introduction of new products these costs are held in debtors and are amortised to the profit and loss account over the period of the introduction which is typically between 6-18 months

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 group's taxable profits and its 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 substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

LEASE ASSETS AND OBLIGATIONS
Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding leasing commitments are shown as obligations to the lessor

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding

All other 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 pension scheme The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

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

TURNOVER
Turnover, which is stated net of value added tax, represents amounts derived from the provision of goods and services which fall within the group's ordinary activities before the deduction of sales rebates and trade discounts

FINANCIAL INSTRUMENTS
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

1 SEGMENTAL REPORTING

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

An analysis of turnover is given below

	2010	2009
	£	£
United Kingdom	21,465,779	17,634,011
Rest of Europe	501,000	589,973
	21,966,779	18,223,984

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Bank loans, overdrafts and other loans repayable within five years	70,197	78,233
Interest payable on shareholders' loan stock	9,432	9,411
Interest payable on hire purchase agreements	4,769	9,017
Interest payable on other loans	11,284	-
	95 682	96,661

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009 As restated
Profit on ordinary activities before taxation is stated after charging/(crediting)	£	£
Depreciation and amounts written off tangible fixed assets		
Charge for the year		
- Owned assets	492,000	518,473
- Leased assets	511	16,642
Amortisation of intangible assets	8,592	8,592
(Profit)/loss on disposal of fixed asset	(14,000)	5,739
Foreign exchange gains	(175,903)	(156,256)
Rentals under operating leases		
- Hire of plant and machinery	81,982	69,865
- Land and buildings	100,135	100,135
Auditors' remuneration		
- audit services – parent company and consolidation	3,150	3,150
- audit services – subsidiary company	11,600	11,600
- audit of associated pension scheme	3,900	4,500
- tax compliance services	6,232	3,625

4 EMPLOYEES

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

	2010 Number	2009 Number
Production	109	100
Sales and distribution	13	12
Administration	8	8
	130	120

Staff costs for the above persons:

	2010 £	2009 £
Wages and salaries	2,733,540	2,723,585
Social security costs	258,997	245,697
Other pension costs	132,073	120,134
	3,124,610	3,089,416

4 EMPLOYEES (continued)

DIRECTORS	2010	2009
	£	£
Emoluments	162,106	159,650
Sums paid to third parties for directors' services	18,000	-
Money purchase pension contributions	12,132	5,565
	192,238	165,215

The number of directors to whom relevant benefits are accruing under company pension schemes was as follows

	2010	2009
	Number	Number
Money purchase pension schemes	1	1

5 TAXATION

	2010		2009	
	£	£	£	£
Current tax				
UK corporation tax on loss for the year	-		-	
Total current tax		-		-
Deferred tax				
Origination and reversal of timing differences	24,889		-	
Total deferred tax		24,889		-
Tax on loss on ordinary activities		24,889		-

The tax assessed for the year is lower (2009 lower) than the small company rate of corporation tax in the UK (21%) The differences are explained below

Factors affecting tax charge for the year	2010	2009
	£	£
Profit on ordinary activities before tax	37,446	123,019
Profit on ordinary activities multiplied by small company rate of corporation tax in the UK 21% (2009 21%)	7,864	25,834
Effects of		
Expenses not deductible for tax purposes	1,058	2,335
Difference between capital allowances for period and depreciation and amortisation	38,419	49,921
(Profit)/loss on disposal of eligible assets	(2,940)	1,205
Utilisation of tax losses	(45,523)	(81,271)
Expenses allowed for tax purposes	(859)	-
Non-trade loan relationship deficit	1,981	1,976
Current tax charge for the year	-	-

The parent company has non-trade loan relationship losses available to carry forward against future non-trade profits of approximately £152,000 (2009 £143,000) and excess management expenses available to carry forward against future profits of the same trade of £109,000 (2009 £109,000)

The subsidiary company has losses available to carry forward against future profits of the same trade of approximately £606,000 (2009 £823,000)

If the long leasehold property at Atherton Road, Aintree, Liverpool were to be sold for £825,000, being the current market value as valued by Edward Symmons, Chartered Surveyors, the potential capital loss available to carry forward against any future capital gains would be approximately £164,476

6 PARENT COMPANY PROFIT/(LOSS)

The parent company's profit after tax was £94,844 (2009 loss £9,411)

7 INTANGIBLE FIXED ASSETS

Group	Licence agreements £
Cost	
At beginning and end of year	129,200
Amortisation	
At beginning of year	117,200
Charge for the year	8,592
At end of year	125,792
Net book value	
At 31 December 2010	3,408
At 31 December 2009	12,000

8 TANGIBLE FIXED ASSETS

Group	Long leasehold buildings	Plant and machinery	Total
	£	£	£
Cost			
At beginning of year	989,476	5,466,907	6,456,383
Additions	117,027	273,356	390,383
At end of year	1,106,503	5,740,263	6,846,766
Accumulated depreciation			
At beginning of year	414,533	3,936,877	4,351,410
Charge for the year	37,056	455,455	492,511
At end of year	451,589	4,392,332	4,843,921
Net book value			
At 31 December 2010	654,914	1,347,931	2,002 845
At 31 December 2009	574,943	1,530,030	2,104,973

The net book value of plant and machinery includes £Nil (2009 £27,235) in respect of assets held under finance leases and hire purchase contracts The depreciation charge in respect of these assets was £511 (2009 £16,642)

On 31 March 2010 the long leasehold buildings were valued at an open market value of £825,000 by Edward Symmons (Chartered Surveyors and Property Consultants) This value has not been reflected in the above note

9 INVESTMENTS

Company	Investment in subsidiaries £
Cost	
At beginning and end of year	3,972,511
Provisions	
At beginning and end of year	2,714,690
Net book value	
At 31 December 2010	1,257,821
At 31 December 2009	1,257,821

The company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings

Subsidiary undertaking	*Country of registration*	*Principal activity*	*Class and percentage of shares held*
Trigon Snacks Limited	United Kingdom	Manufacture of snack foods	100% ordinary
The Boston Food Company Limited	United Kingdom	Dormant	100% ordinary
MCN Food Company Limited	United Kingdom	Dormant	100% ordinary

10 STOCKS

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Raw materials and consumables	2,313,249	1,467,434	-	-
Finished goods	702,555	485,383	-	-
	3,015,804	1,952,817	-	-

11 DEBTORS

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Trade debtors	2,621,141	2,436,161	-	-
Other debtors	1,083	27,590	-	-
Prepayments and accrued income	281,370	281,787	-	-
	2,903,594	2,745,538	-	-

12 CREDITORS Amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans and overdrafts	1,353,559	2,119,086	-	-
Other loans	300,328	289,992	289,992	289,992
Finance leases and hire purchase contracts	-	39,919	-	-
Trade creditors	3,603,978	2,097,104	-	-
Amounts due to group undertakings	-	-	-	104,276
Other taxation and social security costs	798,204	551,268	-	-
Other creditors	60,936	57,018	-	-
Accruals and deferred income	122,800	276,919	62,874	53,442
	6,239,805	5,431,306	352,866	447,710

Other loans includes an unsecured loan made by shareholders to the company which accrues interest at a rate of 2 5% over HBOS base rate and is repayable on demand subject to agreement with the bank £35,283 (2009 £25,851) is included in accruals and deferred income in respect of this interest Upon agreement with the bank a redemption premium of 30% will be payable As the loan is for no fixed term and repayment is not envisaged at present, no allowance has been made for the finance cost inherent within the repayment premium

Also included within other loans is a Carbon Trust loan The balance due within one year at the year end is £10,336 (2009 £Nil) and bears no interest The loan will mature in 2013

There is a debenture dated 26 April 1996 securing all monies, in favour of Bank of Scotland with a fixed and floating charge over all property and assets of the group

There is a legal charge dated 26 April 1996 securing all monies, in favour of Bank of Scotland over long leasehold buildings and a floating charge over all plant and machinery and fixtures and fittings

There is a debenture dated 28 February 2005 securing all monies, in favour of Vreedenlust Fund 2 B V , Brasland B V, Plantation U A, Brian Cardy and Duncan Hill, with a fixed and floating charge over all property and assets of the group

The obligations under finance leases and hire purchase contracts are secured over the assets to which they relate

12 CREDITORS Amounts falling due within one year (continued)

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans and overdrafts	1,353,559	2,119,086	-	-

13 CREDITORS Amounts falling due after more than one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans	244,328	-	-	-
Other loans	20,615	-	-	-
	264,943	-	-	-

Other loans relates to an interest free facility loan from The Carbon Trust repayable over three years The loan will mature in 2013

The following liabilities disclosed under creditors falling due after one year are secured by the company

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank loans	244,328	-	-	-

14 CREDITORS BANK LOAN

Creditors include a bank loan which is due for repayment as follows

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Amounts repayable				
In one year or less or on demand	162,224	-	-	-
In more than one year but not more than two years	168,555	-		
In more than two years but not more than five years	75,773	-	-	-
	406,552	-	-	-

Included within bank loans is a new facility obtained in the year for £500,000 and bears interest at a rate of 2 75% over base rate The term of the loan is three years and will mature in 2013

15 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Provision brought forward	-	-	-	-
Increase in provision	24,889	-	-	-
Provision carried forward	24,889	-	-	-

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Excess of taxation allowance over depreciation on fixed assets	24,889	-	-	-
	24,889	-	-	-

16 CALLED UP SHARE CAPITAL

	2010	2009
	£	£
Called up, allotted and fully paid		
1,900,000 ordinary shares of £1 each	1,900,000	1,900,000
4,698,804 new ordinary shares of £1 each	4,698,804	4,698,804
	6,598,804	6,598,804

In December 2009 a subscription agreement was signed with the following terms

- The company's Preference Shares and A Preference Shares were converted on a one-to-one basis into 2,998,235 New Ordinary Shares of £1 each
- The Preference Shareholders and the A Preference Shareholders agreed to waive all and any claims against the company to the Preference Shareholders' entitlement and all and any claims to dividends and interest on the Preference Shares and the A Preference Shares
- In consideration of the above waivers the company issued, fully paid, 1,700,569 New Ordinary Shares of £1 each

17 RESERVES

	Share premium account	
	Group	Company
	£	£
At beginning and end of year	200,376	200,376

18 PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
At beginning of year	(5,414,668)	(5,989,069)
Profit for the financial year	12,557	94,844
At end of year	(5,402,111)	(5,894,225)

19 CAPITAL COMMITMENTS

	Group	
	2010	2009
	£	£
Capital expenditure contracted for but not provided in the financial statements	-	30,100

The company has no capital commitments

20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2010, the group was committed to making the following payments during the next year under non-cancellable operating leases as follows

	2010		2009	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Expiring within one year	-	8,188	-	5,492
Expiring between two and five years	100,135	40,740	100,135	59,649
	100,135	48,928	100,135	65,141

The company has no commitments under operating leases

21 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2010	Group 2009
	£	£
Operating profit	133,128	219,680
Depreciation	492,511	535,115
Amortisation	8,592	8,592
(Profit)/loss on sale of fixed asset	(14,000)	5,739
Increase in stock	(1,062,987)	(112,041)
(Increase)/decrease in debtors	(158,056)	638,468
Increase in creditors	1,594,177	15,071
Translation differences	(3,025)	-
	990,340	1,310,624

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010	2009
	£	£
INCREASE IN CASH IN THE YEAR	925,292	823,706
Cash inflow from increase in debt and lease financing	(397,585)	74,202
Change in net debt resulting from cash flows	527,707	897,908
Translation differences	3,025	-
MOVEMENT IN THE YEAR	530,732	897,908
Net debt at beginning of year	(2,448,507)	(3,346,415)
NET DEBT AT END OF YEAR	(1,917,775)	(2,448 507)

23 ANALYSIS OF NET DEBT

	At 1 January 2010 £	Cashflow £	Other non-cash changes £	At 31 December 2010 £
Overdraft	(2,119,086)	924,727	3,025	(1,191,334)
Cash at bank and in hand	490	565	-	1,055
	(2,118,596)	925,292	3,025	(1,190,279)
Finance leases and hire purchase contracts	(39,919)	39,919	-	-
Debt due within one year	(289,992)	(172,561)	-	(462,553)
Debt due in greater than one year	-	(264,943)	-	(264,943)
Net debt	(2,448,507)	527,707	3,025	(1,917,775)

24 CONTINGENT LIABILITY

The company is part of a cross corporate guarantee dated 24 April 1996, together with other group companies, held by HBOS The company's contingent liability in respect of this guarantee is approximately £1 2 million

25 RETIREMENT BENEFITS

The group operates a defined contribution pension scheme The pension cost charge for the year represents contributions payable by the group and amounts to £132,073 (2009 £120,134) There were no outstanding or prepaid contributions at either the start or end of the year

26 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the MCN Investments Ltd group

Other related parties, their relationship and transactions are as follows

Party	**Relationship**	**Amount outstanding at 31 December 2010 & 2009**
Vreedenlust Fund 2BV	Shareholder	£128,000
Plantation UA	Shareholder	£90,000
Mr Cardy	Shareholder/ Director	£50,000

Interest of £9,432 was charged on the loan in the year and accrued interest payments made during the year totalled £Nil Remaining interest accrued as at the 31 December 2010 is £35,283 (2009 £25,851)

27 ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party