

Grace Foods UK Limited

Directors' report and financial statements
for the year ended 31 December 2011

Registered number 0094632

WEDNESDAY



A1EV065Z

A22

08/08/2012

#231

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities	3
Independent auditors' report to the members of Grace Foods UK Limited	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2011

Principal activities and business review

Grace Foods UK Limited's (the "company") principal activity during the year was that of a holding company and provider of warehousing and distribution to the GK Foods (UK) Limited group of companies

The results for the company show a loss on ordinary activities before taxation of £2,361,000 for the year (31 December 2010 loss of £2,590,000)

Principal risks and uncertainties

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

There are several contracts and key agency agreements for the supply of key products and services in the UK to which the company is a party and these are managed to ensure that action can be taken to mitigate any risks that arise

Additionally, as a holding company it carries the risk of impairment of its' investment

The company's holding company in the UK has appointed the GraceKennedy group internal audit team to carry out a program of audits based upon the company's assessment of its business risks and the internal controls that are currently in place

Financial risk management

The company is exposed to a variety of financial risk including price risk and credit risk

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee. The policies set by the directors are implemented by the company's finance department

Price risk

The company uses forward contracts to manage the risk associated with fluctuating exchange rates on its purchases on a group basis. These forward contracts are transacted through a fellow group undertaking

The company uses interest rate swaps to manage the risk associated with fluctuating interest rates on its' senior debt

Credit risk

The company has implemented policies that require appropriate checks on potential and existing customers before sales are made. The amount of exposure to any individual customer is subject to a limit which is reassessed periodically by the directors, in conjunction with the company's credit insurers

Future outlook

The external commercial environment is expected to remain competitive for 2012. However, the directors remain confident that the company will be able to maintain its current level of performance in the future

The company will face challenges arising from the current economic recession which are expected to continue for the foreseeable future. The directors will maintain policies to adapt to these changing conditions and to ensure the company's long term future alongside receiving the continued support from the ultimate parent company

Directors' report (continued)

Key Performance Indicators ("KPI's")

The directors of Grace Foods UK Limited, the immediate parent undertaking, consider profitability, working capital and supply chain performance to be the key KPI's within the Group. The Group's operations are managed on an operating company basis using these KPI's. Profitability and working capital performance are deemed to be satisfactory and are shown within the financial statements. Supply chain performance has also been satisfactory in the period.

Dividends

The directors do not recommend the payment of a dividend (31 December 2010: £nil).

Directors

The directors who held office during the year and up to the date of signing these accounts were as follows:

J Brennan
E Burton
S Lankage
M Ranglin
D Wehby
D Orane appointed 9 February 2011
R Mack appointed 1 June 2011

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Employees

The directors give full and fair consideration for all applications for employment. They are committed to on-going training and career development of employees.

The directors attach a high priority to maintaining communications with all employees and encouraging a common awareness of the financial and economic factors affecting the company. Regular meetings are held with senior management and employees' representatives, so their views can be taken into account on matters concerning them.

The company's policy is to keep employees informed of events relevant to their employment. Safety matters are the subject of detailed consultation with the employees' representatives.

It is the policy of the company to offer disabled persons, having regard to their particular abilities, the same training, career development and promotion prospects as are available to other employees.

Political and charitable donations

The company made no political or charitable donations during the year (31 December 2010: £nil).

Directors' report (continued)

Creditor payment policy

For all trade creditors, it is the company's policy to

- agree the terms of payment at the start of business with that supplier,
- ensure that suppliers are aware of the terms of payment, and
- pay in accordance with its contractual and other legal obligations

Trade creditor days for the year ended 31 December 2011 were 53.5 days (31 December 2010 56.6 days) based on the ratio of Company trade creditors at the end of the year to the amounts invoiced during the year by trade creditors

By the order of the Board



A R Martin
Company secretary

26 July 2012

Grace House
Bessemer Road
Welwyn Garden City
Herts
AL7 1HW

Statement of directors' responsibilities

The directors are responsible for the 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 year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each director in office at the date the directors' report is approved, that

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) 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 the company's auditors are aware of that information.

By the order of the Board



A Martin
Company secretary

Grace House
Bessemer Road
Welwyn Garden City
Hertfordshire
AL7 1HW

26 July 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRACE FOODS UK LIMITED

We have audited the financial statements of Grace Foods UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or we have not received all the information and explanations we require for our audit.



James French (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
26 July 2012

Profit and loss account

For the year ended 31 December 2011

	Note	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Other operating income		11,231	10,972
Staff costs	4	(2,855)	(3,170)
Other external charges		(6,611)	(6,114)
Depreciation of tangible fixed assets	8	(389)	(417)
Amounts written off investments	7	(3,000)	(3,132)
Operating loss	2	(1,624)	(1,861)
Interest payable and similar charges	5	(737)	(729)
Loss on ordinary activities before taxation		(2,361)	(2,590)
Tax on loss on ordinary activities	6	(373)	246
Loss for the financial year	15	(2,734)	(2,344)

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

The results for the current and preceding year are derived wholly from continuing operations

There is no material difference between the result on ordinary activities before taxation and the result for the years stated above and their historical cost equivalents

Balance sheet

As at 31 December 2011

	Note	31 December 2011 £'000	31 December 2010 £'000
Fixed assets			
Tangible assets	8	1,772	2,082
Investments	7	<u>10,886</u>	<u>13,886</u>
		12,658	15,968
Current assets			
Stocks	9	41	24
Debtors	10	<u>42,188</u>	<u>54,577</u>
		42,229	54,601
Creditors: amounts falling due within one year	11	<u>(15,900)</u>	<u>(27,513)</u>
Net current assets		26,329	27,088
Total assets less current liabilities		38,987	43,056
Creditors: amounts falling after due after more than one year	12	<u>(918)</u>	<u>(2,253)</u>
Net assets		38,069	40,803
Capital and reserves			
Called up share capital	14	39,938	39,938
Share premium account	15	13,520	13,520
Profit and loss account	15	<u>(15,389)</u>	<u>(12,655)</u>
Total shareholders' funds	15	38,069	40,803

These financial statements on page 5 to 17 were approved by the Board of directors on 26 July 2012 and were signed on its behalf by



R Mack
Director

Registered number 0094632

Notes to the financial statements

For the year ended 31 December 2011

1. Accounting policies

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

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below. The directors believe the going concern basis to be appropriate as the ultimate parent undertaking has agreed to provide sufficient funds for the company to meet its liabilities as they fall due and for at least twelve months. Under Financial Reporting Standard 1 (revised 1996) 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of GraceKennedy Limited the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of GraceKennedy Limited, within which this company is included, can be obtained from GraceKennedy Limited, 73 Harbour Street, Kingston, Jamaica.

The principal activity of the company during the year continued to be that of a holding company and provider of management services. Grace Foods UK Limited is a private limited company incorporated and domiciled in England and Wales. The registered address is Grace House, Bessemer Road, Welwyn Garden City, Herts, AL7 1HW.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Notes to the financial statements (continued)

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Post retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Investments

Investments are stated at cost unless a provision is necessary for any impairment in value. Such provisions are charged to the profit and loss account. Investments are reviewed for impairment if changes in circumstances indicate the carrying value may not be recoverable.

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to group companies for distribution and administration services. Turnover is recognised at the date on which the services are provided.

Financial guarantee contracts

Where the company enters into financial guarantee contracts to guarantee indebtedness of the other companies within the group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Tangible fixed assets and accumulated depreciation

Tangible fixed assets are valued at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold properties	-	over the life of the lease
Plant, equipment, fixtures and fittings	-	10-20% per annum
Vehicles	-	25% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value and consist of finished goods purchased for resale. Where necessary provision is made for obsolete, slow moving and defective stocks.

2. Operating loss

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Operating loss is stated after charging		
Auditors' remuneration - audit	30	27
Auditors' remuneration - tax services	56	26
Depreciation of owned tangible fixed assets	389	417
Hire of plant and machinery - operating leases	341	331
Hire of other assets - operating leases	1,026	1,037
Impairment of investments	3,000	3,132
	<u>3,802</u>	<u>5,010</u>

3. Remuneration of directors

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Aggregate emoluments	395	344
Company contributions to money purchase pension schemes	49	41
	<u>444</u>	<u>385</u>

	Number of directors 31 December 2011	31 December 2010
Retirement benefits accruing to the following number of directors under Money purchase schemes	<u>3</u>	<u>3</u>

A salary in respect of a director was borne by a separate company within the GraceKennedy group for 5 months of the year. The amount of this was £63,000.

Notes to the financial statements (continued)

3. Remuneration of directors (continued)

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Highest paid director		
Aggregate emoluments	105	161
Company contributions to money purchase pension schemes	19	21
	<u>124</u>	<u>182</u>

4. Staff costs

The aggregate recharged payroll cost was as follows

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Wages and salaries	2,475	2,836
Social security costs	251	237
Other pension costs (note 19)	129	97
	<u>2,855</u>	<u>3,170</u>

The average monthly number of employees during the year was made up as follows

	Number of employees	
	31 December 2011	31 December 2010
By activity:		
Sales and administration	44	48
Distribution	56	64
	<u>100</u>	<u>112</u>

5 Interest payable and similar charges

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Bank interest payable	687	678
Arrangement fees	50	51
	<u>737</u>	<u>729</u>

Notes to the financial statements (continued)

6. Tax on loss on ordinary activities

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
a) Analysis of charge in year		
Current tax:		
UK corporation tax on loss for the year	(119)	(449)
Adjustments in respect of prior years	-	73
Total current tax (note 6 (b))	(119)	(376)
Deferred tax:		
Origination and reversal of timing differences	383	(273)
Change in tax rates or laws	90	58
Adjustments in respect of previous periods	19	-
Provision for unrecoverable deferred tax	-	345
Total deferred tax (see note 6c))	492	130
Total tax on loss on ordinary activities	373	(246)

b) Factors affecting the tax charge for the current year

The current tax credit for the year is lower (2010 higher) than the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Loss on ordinary activities before taxation	(2,361)	(2,590)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (31 December 2010 28%)	(625)	(725)
<i>Effects of</i>		
Expenses/(income) not deductible/(taxable) for tax purposes	890	447
Adjustments in respect of prior years	-	73
Utilisation of tax losses	(447)	-
Accelerated capital allowances	64	66
Other timing differences	(1)	(237)
Total current tax charge	(119)	(376)

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
c) Deferred tax		
At 31 December 2010	1,430	1,196
Transferred from group companies	-	364
Charge for the year	(466)	215
Adjustments in respect of prior years	(19)	-
Provision for unrecoverable deferred tax	-	(345)
At 31 December 2011	945	1,430

Notes to the financial statements (continued)

6 Tax on loss on ordinary activities (continued)

The deferred tax asset at 31 December 2010 and 31 December 2011 relates to tax losses carried forward

7. Fixed asset investments

	Shares in group companies £'000	Unquoted trade investments £'000	Total £'000
Cost			
At 1 January 2011	24,678	197	24,875
Disposals	(3,000)	-	(3,000)
At 31 December 2011	21,678	197	21,875
Impairments			
At 1 January 2011	10,989	-	10,989
At 31 December 2011	10,989	-	10,989
Net book value			
At 31 December 2011	10,689	197	10,886
At 31 December 2010	13,689	197	13,886

The directors believe that the carrying value of the investments is supported by their underlying net assets

Unquoted trade investment

The company holds 6% of the share capital of Renuka Agrifoods Limited (formerly Coco Lands Limited) registered in Sri Lanka under a joint venture agreement

Details of the investments in which the company holds 20% or more of the beneficial interest in the nominal value of any class of share capital are as follows

Principal subsidiary undertakings	% ordinary shares held	Nature of business
Enco Products Limited	100%	Distributor of speciality food
Chadha Oriental Foods Limited	100%	Distributor of oriental food
Funnybones Foodservice Limited	100%	Distributor of American, Cajun and Tex-Mex dishes

All of the subsidiary undertakings are incorporated in England and Wales

During the year, WTF Services Limited was liquidated and the carrying value of the investment was written off

Notes to the financial statements (continued)

8. Tangible fixed assets

	Long leasehold properties £'000	Plant, equipment, fixtures and fittings £'000	Vehicles £'000	Total £'000
Cost				
At 1 January 2011	1,942	3,213	18	5,173
Additions	-	84	-	84
Disposals	-	(244)	(11)	(255)
At 31 December 2011	1,942	3,053	7	5,002
Accumulated depreciation				
At 1 January 2011	724	2,350	17	3,091
Charged in the year	78	311	-	389
Disposals	-	(240)	(10)	(250)
At 31 December 2011	802	2,421	7	3,230
Net book value				
At 31 December 2011	1,140	632	-	1,772
At 31 December 2010	1,218	863	1	2,082

9. Stocks

	31 December 2011 £'000	31 December 2010 £'000
Raw materials and consumables	41	24

10. Debtors

	31 December 2011 £'000	31 December 2010 £'000
Amounts owed by group undertakings	40,387	52,178
Prepayments and other accrued income	875	969
Deferred taxation (note 6c)	926	1,430
	42,188	54,577

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

Notes to the financial statements (continued)

11. Creditors: amounts falling due within one year

	31 December 2011 £'000	31 December 2010 £'000
Bank loans and overdrafts	4,606	5,472
Trade creditors	1,023	948
Amounts owed to group undertakings	9,134	20,701
Taxation and social security	689	268
Other creditors	448	124
	<u>15,900</u>	<u>27,513</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

12. Creditors: amounts falling due after more than one year

	31 December 2011 £'000	31 December 2010 £'000
Bank loan	900	2,220
Other creditors	<u>18</u>	<u>33</u>
	<u>918</u>	<u>2,253</u>
In more than one year, but not more than two years	918	1,353
In more than two years, but not more than five years	-	900
In more than five years	<u>-</u>	<u>-</u>
	<u>918</u>	<u>2,253</u>

The bank loan is payable in equal quarterly instalments and carries interest at LIBOR plus 3% and is secured by a fixed and floating charge over all assets and uncalled share capital, both present and future

13. Contingent liabilities

At 29 August 2007, the company, together with the parent undertaking and fellow subsidiary undertakings has guaranteed the borrowings of the parent undertaking and other fellow subsidiary undertakings. The guarantee is secured by a fixed and floating charge over the assets of the company. At 31 December 2011, the total guarantees outstanding amounted to £11,837,000 (31 December 2010 £9,779,000)

Notes to the financial statements (continued)

14. Called up share capital

	31 December 2011 £'000	31 December 2010 £'000
<i>Authorised</i>		
Equity 220,386,208 ordinary shares of £0.25 each	55,097	55,097
6,957,780 non voting deferred convertible shares of 0.05p each	3	3
	<u>55,100</u>	<u>55,100</u>
<i>Allotted and fully paid</i>		
Equity 159,753,511 ordinary shares of £0.25 each	<u>39,938</u>	<u>39,938</u>

The deferred convertible shares were established in 1997 to enable directors and full-time employees with the group to acquire by subscription or purchase deferred shares which are convertible into ordinary shares upon the attainment of certain performance criteria by the Group. In January 1999, the remuneration committee decided that no further deferred shares would be issued under the scheme and the last possible date for conversion was 31 March 2002. After that date, the company may buy the deferred shares at par.

15. Reserves

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2011	39,938	13,520	(12,655)	40,803
Loss for the financial year	-	-	(2,734)	(2,734)
At 31 December 2011	<u>39,938</u>	<u>13,520</u>	<u>(15,389)</u>	<u>38,069</u>

16. Reconciliation of movement in shareholders' funds

	31 December 2011 £'000	31 December 2010 £'000
Loss for the financial year	(2,734)	(2,344)
Opening shareholders' funds	40,803	43,147
Closing shareholders' funds	<u>38,069</u>	<u>40,803</u>

Notes to the financial statements (continued)

17. Commitments

Annual commitments under non-cancellable operating leases are as follows

	31 December 2011		31 December 2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	-	7	-	153
In the second to fifth years inclusive	911	212	911	116
Over five years	-	-	-	-
	911	219	911	269

18. Derivative financial instruments

The mark to market valuations of the outstanding interest rate swaps at 31 December 2011 and 31 December 2010 are as follows

	31 December 2011 £'000	31 December 2010 £'000
Interest rate swaps - liabilities	<u>(259)</u>	<u>(563)</u>

The group uses derivatives to manage the risk associated with fluctuating interest rates on its long term borrowings

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2010 were £5,866,000 (as at 31 December 2010 £7,052,000)

At 31 December 2011, the fixed interest rates are 5.75% (at 31 December 2010 - 5.75%) and the main floating rates are EURIBOR and LIBOR

19. Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £129,000 (31 December 2010 £97,000)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year included in creditors

20. Ultimate parent company and controlling party

The immediate parent undertaking is GK Foods UK Limited, incorporated in the UK

The ultimate parent company and controlling party is GraceKennedy Limited

The smallest and largest group in which the results of the company are consolidated is that headed by GraceKennedy Limited, incorporated in Jamaica. The consolidated accounts of this company are available to the public and may be obtained from Chief Corporate Secretary, GraceKennedy Limited, 73 Harbour Street, Kingston, Jamaica