

Grace Foods UK Limited

Directors' report and financial statements
for the year ended 31 December 2012

Registered number 0094632



Contents

Directors' report	1
Statement of directors' responsibilities	4
Independent auditors' report to the members of Grace Foods UK Limited	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

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 profit on ordinary activities before taxation of £506,000 for the year (31 December 2011 loss of £2,361,000)

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 2013. 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 year.

Dividends

The directors do not recommend the payment of a dividend (31 December 2011: £nil).

Directors

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

J Brennan resigned 31 December 2012
E Burton resigned 31 December 2012
S Lankage
M Ranglin
D Wehby
D Orane
R Mack

J Miles was appointed as a director of Grace Foods UK Limited on 22 February 2013.

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 2011: £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 2012 were 65 days (31 December 2011 54 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

Grace House
Bessemer Road
Welwyn Garden City
Hertfordshire
England
AL7 1HW

22 March 2013

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each 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.

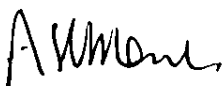
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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
England
AL7 1HW

22 March 2013

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 2012 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 Statement of Directors' Responsibilities 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 2012 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



Wendy Russell (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

St Albans

22 March 2013

Profit and loss account

For the year ended 31 December 2012

	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Other operating income		10,613	11,231
Staff costs	4	(3,017)	(2,855)
Other external charges		(6,188)	(6,611)
Depreciation of tangible fixed assets	8	(371)	(389)
Amounts written off investments	7	-	(3,000)
Operating profit/(loss)	2	1,037	(1,624)
Interest payable and similar charges	5	(531)	(737)
Profit/(loss) on ordinary activities before taxation		506	(2,361)
Tax on profit/(loss) on ordinary activities	6	(682)	(373)
Loss for the financial year	15	(176)	(2,734)

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 2012

	Note	31 December 2012 £'000	31 December 2011 £'000
Fixed assets			
Tangible assets	8	1,548	1,772
Investments	7	<u>10,886</u>	<u>10,886</u>
		12,434	12,658
Current assets			
Stocks	9	53	41
Debtors	10	<u>41,263</u>	<u>42,188</u>
		41,316	42,229
Creditors: amounts falling due within one year	11	<u>(15,857)</u>	<u>(15,900)</u>
Net current assets		25,459	26,329
Total assets less current liabilities		37,893	38,987
Creditors: amounts falling after due after more than one year	12	<u>-</u>	<u>(918)</u>
Net assets		37,893	38,069
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>(15,565)</u>	<u>(15,389)</u>
Total shareholders' funds	15	37,893	38,069

These financial statements on page 6 to 17 were approved by the Board of directors on 22 March 2013 and were signed on its behalf by



R Mack
Director

Registered number 0094632

Notes to the financial statements

For the year ended 31 December 2012

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, Hertfordshire, 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 2012 £'000	Year ended 31 December 2011 £'000
Operating loss is stated after charging		
Auditors' remuneration - audit	30	30
Auditors' remuneration - tax services	60	56
Depreciation of owned tangible fixed assets	371	389
Hire of plant and machinery - operating leases	301	341
Hire of other assets - operating leases	1,028	1,026
Impairment of investments	-	3,000
	<u>3,790</u>	<u>4,842</u>

3. Remuneration of directors

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Aggregate emoluments	286	395
Company contributions to money purchase pension schemes	57	49
	<u>343</u>	<u>444</u>

	Number of directors 31 December 2012	Number of directors 31 December 2011
Retirement benefits accruing to the following number of directors under Money purchase schemes	<u>3</u>	<u>3</u>

£159,167 was paid to the 2 directors (2011: 2) of Funnybones Foodservice Limited and Enco Products Limited whose costs are borne by this entity.

Notes to the financial statements (continued)

3. Remuneration of directors (continued)

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Highest paid director		
Aggregate emoluments	163	105
Company contributions to money purchase pension schemes	22	19
	<u>185</u>	<u>124</u>

4 Staff costs

The aggregate recharged payroll cost was as follows

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Wages and salaries	2,620	2,475
Social security costs	256	251
Other pension costs (note 19)	141	129
	<u>3,017</u>	<u>2,855</u>

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

	Number of employees	
	31 December 2012	31 December 2011
By activity.		
Sales and administration	43	44
Distribution	52	56
	<u>95</u>	<u>100</u>

5. Interest payable and similar charges

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Bank interest payable	531	687
Arrangement fees	-	50
	<u>531</u>	<u>737</u>

Notes to the financial statements (continued)

6. Tax on profit/(loss) on ordinary activities

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
a) Analysis of charge in year		
Current tax:		
UK corporation tax on profit/(loss) for the year	319	(119)
Adjustments in respect of prior years	2	-
Total current tax (note 6 (b))	321	(119)
Deferred tax:		
Origination and reversal of timing differences	356	383
Change in tax rates or laws	57	90
Adjustments in respect of previous periods	(52)	19
Provision for unrecoverable deferred tax	-	-
Total deferred tax (see note 6c))	361	492
Total tax on profit/(loss) on ordinary activities	682	373

b) Factors affecting the tax charge for the current year

The current tax credit for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Profit/(loss) on ordinary activities before taxation	506	(2,361)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (31 December 2011 26.5%)	124	(625)
<i>Effects of</i>		
Expenses/(income) not deductible/(taxable) for tax purposes	551	890
Adjustments in respect of prior years	2	-
Utilisation of tax losses	(439)	(447)
Accelerated capital allowances	61	64
Other timing differences	22	(1)
Total current tax charge	321	(119)

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
c) Deferred tax		
At 1 January	945	1,430
Charge for the year	(413)	(466)
Adjustments in respect of prior years	43	(19)
At 31 December	575	945

Notes to the financial statements (continued)

6. Tax on loss on ordinary activities (continued)

The deferred tax asset at 31 December 2011 and 31 December 2012 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 2012	21,678	197	21,875
Disposal	-	-	-
At 31 December 2012	21,678	197	21,875
Impairments			
At 1 January 2012	10,989	-	10,989
Disposal	-	-	-
At 31 December 2012	10,989	-	10,989
Net book value			
At 31 December 2012	10,689	197	10,886
At 31 December 2011	10,689	197	10,886

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

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 2012	1,942	3,053	7	5,002
Additions	-	147	-	147
Disposals	-	(144)	-	(144)
At 31 December 2012	1,942	3,056	7	5,005
Accumulated depreciation				
At 1 January 2012	802	2,421	7	3,230
Charged in the year	78	293	-	371
Disposals	-	(144)	-	(144)
At 31 December 2012	880	2,570	7	3,457
Net book value				
At 31 December 2012	1,062	486	-	1,548
At 31 December 2011	1,140	632	-	1,772

9 Stocks

	31 December 2012 £'000	31 December 2011 £'000
Raw materials and consumables	53	41

10. Debtors

	31 December 2012 £'000	31 December 2011 £'000
Amounts owed by group undertakings	39,808	40,387
Prepayments and accrued income	880	875
Deferred taxation (note 6c)	575	926
	41,263	42,188

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 2012 £'000	31 December 2011 £'000
Bank loans and overdrafts	4,811	4,606
Trade creditors	1,105	1,023
Amounts owed to group undertakings	9,543	9,134
Taxation and social security	132	689
Other creditors	266	448
	<u>15,857</u>	<u>15,900</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 2012 £'000	31 December 2011 £'000
Bank loan	-	900
Other creditors	<u>-</u>	<u>18</u>
	<u>-</u>	<u>918</u>
In more than one year, but not more than two years	-	918
In more than two years, but not more than five years	-	-
In more than five years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>918</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 secured by a fixed and floating charge over the assets of the company. At 31 December 2012, the total guarantees outstanding amounted to £11,452,000 (31 December 2011 £11,837,000)

Notes to the financial statements (continued)

14. Called up share capital

	31 December 2012 £'000	31 December 2011 £'000
<i>Authorised</i>		
Equity 220,386,208 (31 December 2011 220,386,208) ordinary shares of £0 25 each	55,097	55,097
6,957,780 (31 December 2011 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 (31 December 2011 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 2012	39,938	13,520	(15,389)	38,069
Loss for the financial year	-	-	(176)	(176)
At 31 December 2012	39,938	13,520	(15,565)	37,893

16. Reconciliation of movement in shareholders' funds

	31 December 2012 £'000	31 December 2011 £'000
Loss for the financial year	(176)	(2,734)
Opening shareholders' funds	38,069	40,803
Closing shareholders' funds	37,893	38,069

Notes to the financial statements (continued)

17. Commitments

Annual commitments under non-cancellable operating leases are as follows

	31 December 2012		31 December 2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	-	5	-	7
In the second to fifth years inclusive	911	244	911	212
Over five years	-	-	-	-
	911	249	911	219

18. Derivative financial instruments

The mark to market valuations of the outstanding interest rate swaps at 31 December 2011 and 31 December 2012 are as follows

	31 December 2012 £'000	31 December 2011 £'000
Interest rate swaps - liabilities	-	(259)

The group had used derivatives to manage the risk associated with fluctuating interest rates on its long term borrowings. These derivatives expired on 30 September 2012 and were not renewed.

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2012 were £nil (as at 31 December 2011 £5,866,000).

At 31 December 2012, the fixed interest rates are 5.75% (at 31 December 2011 - 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 £54,000 (31 December 2011 £129,000).

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 financial statements of this company are available to the public and may be obtained from Chief Corporate Secretary, GraceKennedy Limited, 73 Harbour Street, Kingston, Jamaica.