

Grace Foods UK Limited

Annual report and financial statements
for the year ended 31 December 2013

Registered number 0094632

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Strategic report

The directors present their strategic report of the company for the year ended 31 December 2013

Business review and principal activities

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 £743,000 for the year (31 December 2012 profit of £506,000)

The net assets of the company as at 31 December 2013 were £37,873,000 (31 December 2012 £37,893,000)

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 risks including currency 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

Currency risk

The group within which the company operates 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

Strategic 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.

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 2013 were 39 days (31 December 2012 65 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.

Employee involvement and communication

We have engaged colleagues with great ideas and strive to involve our people with matters impacting on them. We receive feedback through employee opinion surveys, which form an important strategic tool across the Company, as they provide honest feedback that can drive business improvements. We value two-way communication, having a significant number of proactive employee forums in place, to ensure that we have an ongoing dialogue to involve colleagues with matters that are important to them. This is facilitated through elected employee representatives and, directly, in team meetings and larger briefings. We also encourage employee involvement in the wider performance of the Group through the share incentive plan which is open to all employees in the United Kingdom.

By the order of the Board



A R Martin

Company secretary

27 February 2014

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

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013

General information

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.

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

The ultimate parent company and controlling party is GraceKennedy Limited.

Future outlook

The external commercial environment is expected to remain competitive for 2014. 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 difficult trading conditions 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.

Dividends

The company does not recommend the payment of a dividend (31 December 2012: £nil).

Political and charitable donations

The company made no political or charitable donations during the year (31 December 2012: £nil).

Post balance sheet events

The directors do not consider there to be any important events affecting the company after the balance sheet date.

Financial instruments

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.

Directors' report (continued)

Directors

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

S Lankage
M Ranglin
D Wehby
D Orane
R Mack
J Miles (appointed 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 company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company.

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a role in maintaining its performance. The group encourages the involvement of employees by means of a performance based incentive scheme.

By the order of the Board



A R Martin
Company secretary

27 February 2014

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 judgements 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 confirm that they have complied with the above requirements in preparing the financial statements.

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, confirms 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.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, are proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By the order of the Board



A Martin
Company secretary

27 February 2014

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

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Grace Foods UK Limited comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account for the year then ended,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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). In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility.

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

Other matters on which we are required to report by exception (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 ISAs (UK & 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.



Wendy Russell (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
27 February 2014

Profit and loss account

For the year ended 31 December 2013

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Other operating income		11,071	10,613
Staff costs	4	(3,270)	(3,017)
Other external charges		(6,781)	(6,188)
Depreciation and other amounts written off tangible and intangible fixed assets	8	(248)	(371)
Operating profit	2	772	1,037
Interest payable and similar charges	5	(29)	(531)
Profit on ordinary activities before taxation		743	506
Tax on profit on ordinary activities	6	(763)	(682)
Loss for the financial year	16	(20)	(176)

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 for either the current or preceding year

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

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

The notes on pages 10 to 19 form part of these financial statements

Balance sheet

As at 31 December 2013

		31 December Note 2013 £'000	31 December 2012 £'000
Fixed assets			
Tangible assets	8	1,507	1,548
Investments	7	<u>10,886</u>	<u>10,886</u>
		12,393	12,434
Current assets			
Stocks	9	49	53
Debtors	10	<u>40,825</u>	<u>41,263</u>
		40,874	41,316
Creditors: amounts falling due within one year	11	<u>(15,394)</u>	<u>(15,857)</u>
Net current assets		<u>25,480</u>	<u>25,459</u>
Total assets less current liabilities		<u>37,873</u>	<u>37,893</u>
Net assets		<u>37,873</u>	<u>37,893</u>
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>(15,585)</u>	<u>(15,565)</u>
Total shareholders' funds	15	<u>37,873</u>	<u>37,893</u>

These financial statements on page 8 to 19 were approved by the Board of directors on 27 February 2014 and were signed on its behalf by



R Mack
Director

Registered number 0094632

Notes to the financial statements

For the year ended 31 December 2013

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 company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the company as an individual undertaking and not about its group

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.

Other operating income

Other operating income represents amounts invoiced to group companies for distribution and administration services. This is recognised in the period 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 fuel purchased for the use of the company's distribution fleet. Where necessary provision is made for obsolete, slow moving and defective stocks.

2. Operating profit

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Operating profit is stated after charging		
Auditors' remuneration - audit	25	30
Auditors' remuneration - tax services	35	60
Auditors' remuneration - other services	79	-
Depreciation of owned tangible fixed assets	248	371
Hire of plant and machinery - operating leases	307	301
Hire of other assets - operating leases	1,025	1,028

3. Remuneration of directors

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Aggregate emoluments	297	286
Company contributions to money purchase pension schemes	83	57
	<u>380</u>	<u>343</u>

	Number of directors 31 December 2013	31 December 2012
Retirement benefits accruing to the following number of directors under Money purchase schemes	<u>3</u>	<u>3</u>

£129,000 (2012: £159,000) was paid to the 1 director (2012: 2) of Funnybones Foodservice Limited, Chadha Oriental Foods 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 2013 £'000	Year ended 31 December 2012 £'000
Highest paid director		
Aggregate emoluments	200	163
Company contributions to money purchase pension schemes	33	22
	<u>233</u>	<u>185</u>

4. Staff costs

The aggregate recharged payroll cost was as follows

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Wages and salaries	2,843	2,620
Social security costs	271	256
Other pension costs (note 17)	156	141
	<u>3,270</u>	<u>3,017</u>

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

	Number of employees	
	31 December 2013	31 December 2012
By activity.		
Sales and administration	41	43
Distribution	55	52
	<u>96</u>	<u>95</u>

5. Interest payable and similar charges

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Bank interest payable	<u>29</u>	<u>531</u>

Notes to the financial statements (continued)

6. Tax on profit on ordinary activities

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
a) Analysis of charge in year		
Current tax:		
UK corporation tax on profit for the year	551	319
Adjustments in respect of prior years	(17)	2
Total current tax (note 6 (b))	534	321
Deferred tax		
Origination and reversal of timing differences	163	356
Change in tax rates or laws	50	57
Adjustments in respect of previous periods	16	(52)
Total deferred tax movement (see note 12))	229	361
Total tax on profit on ordinary activities	763	682

b) Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5%). The differences are explained below

	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
Profit on ordinary activities before taxation	743	506
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (31 December 2012 24.5%)	173	124
<i>Effects of</i>		
Expenses/(income) not deductible/(taxable) for tax purposes	63	551
Adjustments in respect of prior years	(17)	2
Utilisation of tax losses	-	(439)
Accelerated capital allowances	(152)	61
Other timing differences	(47)	22
Transfer pricing	514	-
Total current tax charge	534	321

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 23.25%.

In addition to the changes in rates of Corporation tax above, further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. UK deferred tax is therefore recognised at 21% for timing differences expected to reverse prior to 1 April 2015 and at 20% post that date.

Notes to the financial statements (continued)

7. Fixed asset investments

	Shares in group companies £'000	Unquoted trade investments £'000	Total £'000
Cost			
At 1 January 2013	21,678	197	21,875
At 31 December 2013	21,678	197	21,875
Impairments			
At 1 January 2013	10,989	-	10,989
At 31 December 2013	10,989	-	10,989
Net book value			
At 31 December 2013	10,689	197	10,886
At 31 December 2012	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 2013	1,942	3,056	7	5,005
Additions	-	207	-	207
At 31 December 2013	1,942	3,263	7	5,212
Accumulated depreciation				
At 1 January 2013	880	2,570	7	3,457
Charged in the year	78	170	-	248
At 31 December 2013	958	2,740	7	3,705
Net book value				
At 31 December 2013	984	523	-	1,507
At 31 December 2012	1,062	486	-	1,548

9. Stocks

	31 December 2013 £'000	31 December 2012 £'000
Raw materials and consumables	49	53

10 Debtors

	31 December 2013 £'000	31 December 2012 £'000
Amounts owed by group undertakings	39,749	39,808
Prepayments and accrued income	730	880
Deferred taxation (note 12)	346	575
	40,825	41,263

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Included within these amounts are group tax relief receivable balances.

Notes to the financial statements (continued)

11. Creditors' amounts falling due within one year

	31 December 2013 £'000	31 December 2012 £'000
Bank loans and overdrafts	3,729	4,811
Trade creditors	719	1,105
Amounts owed to group undertakings	10,334	9,543
Other creditors including taxation and social security	148	132
Other creditors	336	266
Corporation tax payable	128	-
	<u>15,394</u>	<u>15,857</u>

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

12. Deferred taxation

	31 December 0 £'000	31 December 0 £'000
At 1 January	575	945
Charge for the year	(213)	(413)
Adjustment in respect of prior years	(16)	43
At 31 December	<u>346</u>	<u>575</u>

	31 December £'000 £'000	31 December £'000 £'000
The elements of deferred taxation are as follow		
Accelerated capital allowances	340	541
Trading losses	6	34
Deferred tax asset	<u>346</u>	<u>575</u>

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 2013, the total guarantees outstanding amounted to £11,857,000 (31 December 2012 £11,452,000)

Notes to the financial statements (continued)

14. Called up share capital

	31 December 2013 £'000	31 December 2012 £'000
<i>Authorised</i>		
Equity 220,386,208 (31 December 2012 220,386,208) ordinary shares of £0.25 each	55,097	55,097
6,957,780 (31 December 2012 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 2012 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 2013	39,938	13,520	(15,565)	37,893
Loss for the financial year	-	-	(20)	(20)
At 31 December 2013	<u>39,938</u>	<u>13,520</u>	<u>(15,585)</u>	<u>37,873</u>

16. Reconciliation of movements in shareholders' funds

	31 December 2013 £'000	31 December 2012 £'000
Loss for the financial year	(20)	(176)
Opening shareholders' funds	37,893	38,069
Closing shareholders' funds	<u>37,873</u>	<u>37,893</u>

Notes to the financial statements (continued)

17. Commitments

Annual commitments under non-cancellable operating leases are as follows

	31 December 2013		31 December 2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
Within one year	-	107	-	5
In the second to fifth years inclusive	1,025	142	911	244
	1,025	249	911	249

18. 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 £156,000 (31 December 2012: £141,000).

Contributions amounting to £32,000 (31 December 2012: £nil) were payable to the scheme at the end of the financial year and are included in creditors.

19. 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.