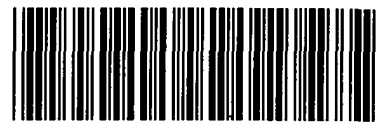


# **Grace Foods UK Limited**

Annual report and financial statements  
for the year ended 31 December 2014

Registered number 0094632

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## Contents

Strategic report	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report to the members of Grace Foods UK Limited	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

## Strategic report

The directors present their strategic report of the company for the year ended 31 December 2014.

### 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 £1,462,000 for the year (31 December 2013: profit of £743,000).

The net assets of the company as at 31 December 2014 were £10,964,000 (31 December 2013: £37,873,000).

### 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.

### 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 2014 were 60 days (31 December 2013: 39 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.

On behalf of the Board



A R Martin

Company secretary

27/02/15

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 2014.

### 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 2015. 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

A first interim dividend of £578,000 was paid on 27 November 2014 (31 December 2013: £nil).

A second interim dividend of £578,000 was paid on 22 December 2014 (31 December 2013: £nil).

A dividend of £27,129,960 was paid on 10 October 2014 in respect of the intercompany debt waiver (31 December 2013: £nil).

### Political and charitable donations

The company made no political or charitable donations during the year (31 December 2013: £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

on its purchases on a group basis. These forward contracts are transacted through a fellow group undertaking.

### 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

## **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 (resigned 31 December 2014)  
A Coult (appointed 22 July 2014 )  
A Reader (appointed 22 July 2014)  
A Polding (appointed 22 July 2014)  
G Shirley (appointed 20 February 2015)

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 employee's by means of a performance based incentive scheme.

### **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.

## Directors' report (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 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 each director is 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 a director 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.

On behalf of the Board



A Martin  
Company secretary

27/02/15

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**

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### **Our opinion**

In our opinion, Grace Foods UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **What we have audited**

Grace Foods UK Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- the Profit and Loss Account for the year then ended; and
- 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 the preparation of the financial statements 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.

## **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Strategic Report and the Directors' 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**

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### **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.

### **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.

## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

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.

# ***Independent auditors' report to the members of Grace Foods UK Limited (continued)***

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) ("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.

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## **What an audit of financial statements involves**

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Robert Girdlestone (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
27 February 2015

## Profit and loss account

For the year ended 31 December 2014

	Note	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Other operating income		11,339	11,071
Other external charges		(7,113)	(6,781)
Staff costs	4	(3,622)	(3,270)
Income from fixed asset investments		1,167	-
Depreciation and other amounts written off tangible and intangible fixed assets	8	(295)	(248)
<b>Operating profit</b>	2	<b>1,476</b>	772
Interest payable and similar charges	5	(14)	(29)
<b>Profit on ordinary activities before taxation</b>		<b>1,462</b>	743
Tax on profit on ordinary activities	6	(85)	(763)
<b>Profit/(loss) for the financial year</b>	16	<b>1,377</b>	(20)

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 profit/(loss) for the current and preceding year are derived wholly from continuing operations.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial years stated above and their historical cost equivalents.

The notes on pages 9 to 18 form part of these financial statements.

## Balance sheet

As at 31 December 2014

		31 December Note 2014 £'000	31 December 2013 £'000
<b>Fixed assets</b>			
Tangible assets	8	1,500	1,507
Investments	7	<u>11,656</u>	<u>10,886</u>
		<b>13,156</b>	<b>12,393</b>
<b>Current assets</b>			
Stocks	9	65	49
Debtors	10	<u>3,048</u>	<u>40,825</u>
		<b>3,113</b>	<b>40,874</b>
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,305)</u>	<u>(15,394)</u>
<b>Net current (liabilities)/assets</b>		<u><b>(2,192)</b></u>	<u><b>25,480</b></u>
<b>Total assets less current liabilities</b>		<b>10,964</b>	<b>37,873</b>
<b>Net assets</b>		<u><b>10,964</b></u>	<u><b>37,873</b></u>
<b>Capital and reserves</b>			
Called up share capital	15	-	39,938
Share premium account	16	-	13,520
Profit and loss account	16	<u>10,964</u>	<u>(15,585)</u>
<b>Total shareholders' funds</b>	17	<u><b>10,964</b></u>	<u><b>37,873</b></u>

These financial statements on page 7 to 18 were approved by the Board of directors on 27/02/15 and were signed on its behalf by:



R Mack  
Director

Registered number: 0094632

## Notes to the financial statements

For the year ended 31 December 2014

### 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.

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 2014 £'000	Year ended 31 December 2013 £'000
Operating profit is stated after charging		
Auditors' remuneration - audit	28	25
Auditors' remuneration - tax services	67	35
Auditors' remuneration - other services	33	79
Depreciation of owned tangible fixed assets:	295	248
Hire of plant and machinery - operating leases	298	307
Hire of other assets - operating leases	936	1,025

### 3. Remuneration of directors

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Aggregate emoluments	392	297
Company contributions to money purchase pension schemes	85	83
	<u>477</u>	<u>380</u>

	Number of directors 31 December 2014	Number of directors 31 December 2013
Retirement benefits accruing to the following number of directors under:		
Money purchase schemes	<u>4</u>	<u>3</u>

## Notes to the financial statements (continued)

### 3. Remuneration of directors (continued)

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
<b>Highest paid director</b>		
Aggregate emoluments	240	200
Company contributions to money purchase pension schemes	38	33
	<u>278</u>	<u>233</u>

### 4. Staff costs

The aggregate recharged payroll cost was as follows:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Wages and salaries	3,160	2,843
Social security costs	273	271
Other pension costs (note 19)	189	156
	<u>3,622</u>	<u>3,270</u>

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

	Number of employees	
By activity:	31 December 2014	31 December 2013
Sales and administration	42	41
Distribution	58	55
	<u>100</u>	<u>96</u>

### 5. Interest payable and similar charges

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Bank interest payable	<u>14</u>	<u>29</u>

## Notes to the financial statements (continued)

### 6. Tax on profit on ordinary activities

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
a) Analysis of charge in year		
<b>Current tax:</b>		
UK corporation tax on profit for the year	(31)	551
Adjustments in respect of prior years	(4)	(17)
Total current tax (note 6 (b))	(35)	534
<b>Deferred tax:</b>		
Origination and reversal of timing differences	117	163
Change in tax rates or laws	(8)	50
Adjustments in respect of previous years	11	16
Total deferred tax movement (see note 13)	120	229
Total tax on profit on ordinary activities	85	763

#### b) Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Profit on ordinary activities before taxation	1,462	743
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (31 December 2013: 23.25%)	314	173
<i>Effects of:</i>		
Expenses not deductible/(taxable) for tax purposes	64	63
Adjustments in respect of prior years	(4)	(17)
Dividend income	(251)	-
Accelerated capital allowances	(119)	(152)
Other timing differences	(39)	(47)
Transfer pricing	-	514
Total current tax charge	(35)	534

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 21.49%.

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 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)

### 4. Remuneration of directors

For the year ended 31 December 2014 and the prior year, salary costs for 2 directors (2013: 2) have been recharged to Chadha Oriental Foods Limited as their remuneration has been paid by the immediate parent undertaking, Grace Foods UK Limited. For all other directors their time spent on each subsidiary cannot be defined and is therefore disclosed in the relevant financial statements in accordance with Companies Act 2006.

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Directors emoluments	176	173
Company contributions to money purchase pension schemes	15	14
	<u>191</u>	<u>187</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £89,000 (31 December 2013: £88,000) and company pension contributions of £7,000 (31 December 2013: £7,000) were made to a money purchase scheme on his behalf.

	Number of directors 31 December 2014	31 December 2013
Retirement benefits accruing to the following number of directors under: Money purchase schemes	<u>2</u>	<u>2</u>

### 5. Staff costs

For the year ended 31 December 2014 and the prior year, all staff were employed by a separate group company, Grace Foods UK Limited, and salary costs have been recharged to Chadha Oriental Foods Limited in respect of these employees.

	Number of employees 31 December 2014	31 December 2013
By activity		
Sales and administration	<u>5</u>	<u>5</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2014 £'000	Year ended 31 December 2013 £'000
Wages and salaries	253	240
Social security costs	33	26
Other pension costs	13	11
	<u>299</u>	<u>277</u>

## Notes to the financial statements (continued)

### 8. Tangible fixed assets

	Long leasehold properties £'000	Plant, equipment, fixtures and fittings £'000	Vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	1,942	3,263	7	5,212
Additions	-	288	-	288
Disposals	(100)	(120)	-	(220)
<b>At 31 December 2014</b>	<b>1,842</b>	<b>3,431</b>	<b>7</b>	<b>5,280</b>
<b>Accumulated depreciation</b>				
At 1 January 2014	958	2,740	7	3,705
Charged in the year	123	172	-	295
Disposals	(100)	(120)	-	(220)
<b>At 31 December 2014</b>	<b>981</b>	<b>2,792</b>	<b>7</b>	<b>3,780</b>
<b>Net book value</b>				
<b>At 31 December 2014</b>	<b>861</b>	<b>639</b>	<b>-</b>	<b>1,500</b>
At 31 December 2013	984	523	-	1,507

### 9. Stocks

	31 December 2014 £'000	31 December 2013 £'000
Raw materials and consumables	65	49

### 10. Debtors

	31 December 2014 £'000	31 December 2013 £'000
Amounts owed by group undertakings	2,007	39,749
Deferred taxation (note 13)	226	346
Prepayments and accrued income	815	730
	<b>3,048</b>	<b>40,825</b>

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. Dividends	31 December 2014 £	31 December 2013 £
<b>Equity - Ordinary</b>		
Interim paid	1,156,000	-
Final proposed	-	-
	<u>1,156,000</u>	<u>-</u>

12. Creditors: amounts falling due within one year	31 December 2014 £'000	31 December 2013 £'000
Bank loans and overdrafts	3,363	3,729
Trade creditors	1,169	719
Amounts owed to group undertakings	-	10,334
Other taxation and social security	151	148
Other creditors	622	336
Corporation tax payable	-	128
	<u>5,305</u>	<u>15,394</u>

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

13. Deferred taxation	2014 £'000	2013 £'000
At 1 January	346	575
Charge for the year	(109)	(213)
Adjustment in respect of prior years	(11)	(16)
<b>At 31 December</b>	<u>226</u>	<u>346</u>

The elements of deferred taxation are as follow:	2014 £'000	2013 £'000
Accelerated capital allowances	218	340
Trading losses	8	6
Deferred tax asset	<u>226</u>	<u>346</u>

## 14. 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 2014, the total guarantees outstanding amounted to £9,249,000 (31 December 2013: £11,857,000).

## Notes to the financial statements (continued)

### 15. Called up share capital

	31 December 2014 £'000	31 December 2013 £'000
<i>Authorised</i>		
Equity: 220,386,208 (31 December 2013: 220,386,208) ordinary shares of £0.25 each	55,097	55,097
6,957,780 (31 December 2013: 6,957,780) non voting deferred convertible shares of 0.04p each	3	3
	<u>55,100</u>	<u>55,100</u>
<i>Allotted and fully paid</i>		
Equity: 4 (31 December 2013: 159,753,511) ordinary shares of £0.25 each	-	39,938

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.

On 10 October 2014, by means of a Solvency Statement under Section 643 of the Companies Act 2006, the Company reduced its share capital. No rights were varied as a result of this capital reduction.

### 16. Reserves

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2014	39,938	13,520	(15,585)	37,873
Profit for the financial year	-	-	1,377	1,377
Dividend paid	-	-	(28,286)	(28,286)
Recapitalisation	(39,938)	(13,520)	53,458	-
<b>At 31 December 2014</b>	<u>-</u>	<u>-</u>	<u>10,964</u>	<u>10,964</u>

### 17. Reconciliation of movements in shareholders' funds

	31 December 2014 £'000	31 December 2013 £'000
Profit/(loss) for the financial year	1,377	(20)
Dividend paid	(28,286)	-
Opening shareholders' funds	37,873	37,893
<b>Closing shareholders' funds</b>	<u>10,964</u>	<u>37,873</u>

## Notes to the financial statements (continued)

### 18. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	31 December 2014		31 December 2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	208	-	107
In the second to fifth years inclusive	918	36	1,025	142
	<b>918</b>	<b>244</b>	<b>1,025</b>	<b>249</b>

### 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 £189,000 (31 December 2013: £156,000).

Contributions amounting to £42,000 (31 December 2013: £32,000) were payable to the scheme at the end of the financial year and are 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.