


Registered number: 00980392

**SHIRE FOODS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

COMPANIES HOUSE

MONDAY



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**SHIRE FOODS LIMITED**

**COMPANY INFORMATION**

<b>DIRECTORS</b>	M Tzirki N Lander J Lander
<b>COMPANY SECRETARY</b>	M Tzirki
<b>REGISTERED NUMBER</b>	00980392
<b>REGISTERED OFFICE</b>	Tachbrook Road Leamington Spa Warwickshire CV31 3SF
<b>INDEPENDENT AUDITOR</b>	Grant Thornton UK LLP Statutory Auditor 1020 Eskdale Road IQ Winnersh Wokingham Berkshire RG41 5TS

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**SHIRE FOODS LIMITED**

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## SHIRE FOODS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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

#### PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of food manufacture, distribution and wholesale

#### BUSINESS REVIEW

The company has incurred losses of under £0.5 million in the year, compared to over £1 million for the previous 7 month period. This reflects the restructuring undertaken in reducing the cost base as well as new product launches and customer wins, however the trading environment remains challenging.

#### RESULTS

The loss for the year, after taxation, amounted to £463,874 (2011 - loss £1,034,558)

#### DIRECTORS

The directors who served during the year were

M Tzirki  
N Lander  
J Lander

#### DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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,
- 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.

**SHIRE FOODS LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

**AUDITOR**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on *26 September 2013* and signed on its behalf

*N Lander*

.....  
**N Lander**  
Director

## **SHIRE FOODS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHIRE FOODS LIMITED**

We have audited the financial statements of Shire Foods Limited for the year ended 31 December 2012, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet, the Cash flow statement 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' responsibilities statement, 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.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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.

**SHIRE FOODS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHIRE FOODS LIMITED**

**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

*Grant Thornton UK LLP*

James Rogers (Senior Statutory Auditor)

for and on behalf of

**Grant Thornton UK LLP**

Statutory Auditor

Reading

Date

*30 September 2013*

**SHIRE FOODS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
<b>TURNOVER</b>	1	<b>6,165,659</b>	<b>4,547,905</b>
Cost of sales		<u>(5,671,900)</u>	<u>(3,391,785)</u>
<b>GROSS PROFIT</b>		<b>493,759</b>	<b>1,156,120</b>
Distribution costs		<u>(430,743)</u>	<u>(1,284,974)</u>
Administrative expenses		<u>(374,140)</u>	<u>(823,631)</u>
<b>OPERATING LOSS</b>	4	<b>(311,124)</b>	<b>(952,485)</b>
Interest payable and similar charges	5	<u>(152,750)</u>	<u>(82,073)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(463,874)</b>	<b>(1,034,558)</b>
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>	14	<b><u>(463,874)</u></b>	<b><u>(1,034,558)</u></b>

All amounts relate to continuing operations

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



**SHIRE FOODS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>(463,874)</b>	<b>(1,034,558)</b>
Unrealised surplus/(deficit) on revaluation of tangible fixed assets	-	(260,000)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>(463,874)</b>	<b>(1,294,558)</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
<b>REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(463,874)</b>	<b>(1,034,558)</b>
Realisation of valuation gains of previous periods	3,218	1,877
<b>HISTORICAL COST LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(460,656)</b>	<b>(1,032,681)</b>
<b>HISTORICAL LOSS FOR THE YEAR AFTER TAXATION</b>	<b>(460,656)</b>	<b>(1,032,681)</b>

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

**SHIRE FOODS LIMITED**  
**REGISTERED NUMBER 00980392**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Intangible assets	7		10,958		11,617
Tangible assets	8		5,586,358		5,814,667
			<u>5,597,316</u>		<u>5,826,284</u>
<b>CURRENT ASSETS</b>					
Stocks	9	370,639		281,449	
Debtors	10	1,394,569		1,059,954	
Cash at bank and in hand		25,573		118,637	
			<u>1,790,781</u>	<u>1,460,040</u>	
<b>CREDITORS</b> , amounts falling due within one year	11		<u>(2,960,120)</u>	<u>(3,231,670)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,169,339)</u>		<u>(1,771,630)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,427,977		4,054,654
<b>CREDITORS</b> , amounts falling due after more than one year	12		<u>(2,211,904)</u>		<u>(1,374,707)</u>
<b>NET ASSETS</b>			<u><u>2,216,073</u></u>		<u><u>2,679,947</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		333,978		333,978
Share premium account	14		396,968		396,968
Revaluation reserve	14		535,750		542,720
Capital redemption reserve	14		3,333		3,333
Profit and loss account	14		946,044		1,402,948
<b>SHAREHOLDERS' FUNDS</b>	15		<u><u>2,216,073</u></u>		<u><u>2,679,947</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*26 September 2013*



**N Lander**  
 Director

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

**SHIRE FOODS LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
Net cash flow from operating activities	18	1,093,299	(531,382)
Returns on investments and servicing of finance	19	(152,750)	(82,072)
Capital expenditure and financial investment	19	(110,668)	(63,378)
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>829,881</b>	<b>(676,832)</b>
Financing	19	(816,679)	857,555
<b>INCREASE IN CASH IN THE YEAR</b>		<b>13,202</b>	<b>180,723</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

		Year ended 31 December 2012 £	7 months ended 31 December 2011 £
Increase in cash in the year		13,202	180,723
Cash outflow from decrease in debt and lease financing		816,679	(323,276)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>		<b>829,881</b>	<b>(142,553)</b>
Net debt at 1 January 2012		(2,912,089)	(2,769,536)
<b>NET DEBT AT 31 DECEMBER 2012</b>		<b>(2,082,208)</b>	<b>(2,912,089)</b>

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

## SHIRE FOODS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

#### 1 ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with applicable accounting standards

##### 1.2 Going concern

The directors have secured the financial support of the parent company and believe that the financial performance of the company is sufficient to ensure that its support will continue for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting.

##### 1.3 Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

The company generates turnover from food manufacturing and distribution. Sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods. There are no service obligations attached to the sale of goods.

##### 1.4 Trademarks

Trademarks, being the amount paid for trademark usage rights, are being amortised evenly over their estimated useful life of ten years.

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	1.5% on cost
Plant and machinery	-	4-15% on cost
Fixtures and fittings	-	15% on cost
Computer equipment	-	33% on cost

##### 1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Raw materials are valued at purchase price and the costs of ordinarily interchangeable items are assigned using a weighted average cost formula. The cost of finished goods comprises raw materials directly attributable to the manufacturing process based on product specification and packaging cost. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**1 ACCOUNTING POLICIES (continued)**

**1.7 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

**1.8 Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**1.9 Operating leases**

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**2. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
Wages and salaries	1,152,472	1,125,762
Social security costs	90,394	92,089
	<u>1,242,866</u>	<u>1,217,851</u>

The average monthly number of employees, including the directors, during the year was as follows

	Year ended 31 December 2012 No.	7 months ended 31 December 2011 No
Production	44	85
Sales and marketing	7	9
Administration and management	8	11
	<u>59</u>	<u>105</u>

**3. DIRECTORS' REMUNERATION**

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
Remuneration	<u>84,000</u>	<u>54,400</u>

**4 OPERATING LOSS**

The operating loss is stated after charging

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
Amortisation - intangible fixed assets	1,859	-
Depreciation of tangible fixed assets		
- owned by the company	292,777	181,010
- held under finance leases	45,000	26,443
Auditor's remuneration	9,750	9,500
Operating lease rentals		
- plant and machinery	<u>1,200</u>	<u>81,100</u>

**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**5. INTEREST PAYABLE**

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
On bank loans and overdrafts	80,836	43,738
On other loans	8,921	15,920
On finance leases and hire purchase contracts	24,794	13,557
On invoice discounting facility	38,199	8,858
	<u>152,750</u>	<u>82,073</u>

**6. TAXATION**

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 21%). The differences are explained below

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
Loss on ordinary activities before tax	<u>(463,874)</u>	<u>(1,034,558)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 21%)	(113,649)	(217,257)
<b>Effects of</b>		
Expenses not deductible for tax purposes	-	13,650
Capital allowances and depreciation	82,712	30,660
Unrelieved tax losses carried forward	30,937	172,947
<b>Current tax charge for the year/period (see note above)</b>	<u>-</u>	<u>-</u>

**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**7. INTANGIBLE FIXED ASSETS**

	<b>Trademarks £</b>
<b>Cost</b>	
At 1 January 2012	18,586
Additions	1,200
	19,786
<b>Amortisation</b>	
At 1 January 2012	6,969
Charge for the year	1,859
	8,828
<b>Net book value</b>	
At 31 December 2012	10,958
At 31 December 2011	11,617

**8. TANGIBLE FIXED ASSETS**

	<b>Freehold property £</b>	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 January 2012	2,544,407	5,362,926	91,650	48,352	8,047,335
Additions	-	109,468	-	-	109,468
	2,544,407	5,472,394	91,650	48,352	8,156,803
<b>Depreciation</b>					
At 1 January 2012	123,448	1,983,358	83,468	42,394	2,232,668
Charge for the year	22,175	308,069	4,989	2,544	337,777
	145,623	2,291,427	88,457	44,938	2,570,445
<b>Net book value</b>					
At 31 December 2012	2,398,784	3,180,967	3,193	3,414	5,586,358
At 31 December 2011	2,420,959	3,379,568	8,182	5,958	5,814,667

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	<b>2012 £</b>	<b>2011 £</b>
Plant and machinery	687,911	732,911



**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

Cost or valuation at 31 December 2012 is as follows

	<b>Freehold property £</b>
<b>Cost</b>	<b>1,964,240</b>
<b>At valuation</b>	
31 May 2007	840,167
31 December 2011	<u>(260,000)</u>
	<u><b>2,544,407</b></u>

Freehold property was revalued by Colliers International on an open market value basis during October 2011. If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	<b>2012 £</b>	<b>2011 £</b>
Cost	1,964,240	1,964,240
Accumulated depreciation	<u>(119,740)</u>	<u>(100,783)</u>
Net book value	<u><b>1,844,500</b></u>	<u><b>1,863,457</b></u>

**9. STOCKS**

	<b>2012 £</b>	<b>2011 £</b>
Raw materials	230,350	158,253
Finished goods and goods for resale	140,289	123,196
	<u><b>370,639</b></u>	<u><b>281,449</b></u>

**10. DEBTORS**

	<b>2012 £</b>	<b>2011 £</b>
Trade debtors	1,318,531	988,932
Other debtors	36,726	31,815
Prepayments and accrued income	39,312	39,207
	<u><b>1,394,569</b></u>	<u><b>1,059,954</b></u>

**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**11. CREDITORS**

**Amounts falling due within one year**

	2012	2011
	£	£
Bank loans and overdrafts	675,059	799,430
Other loans	70,813	726,720
Net obligations under finance leases and hire purchase contracts	127,607	129,869
Trade creditors	311,471	1,258,854
Amounts owed to group undertakings	1,577,020	-
Other taxation and social security	33,615	140,888
Accruals and deferred income	164,535	175,909
	<b>2,960,120</b>	<b>3,231,670</b>
	<b>2,960,120</b>	<b>3,231,670</b>

**12. CREDITORS**

**Amounts falling due after more than one year**

	2012	2011
	£	£
Bank loans	1,052,405	1,065,236
Net obligations under finance leases and hire purchase contracts	181,897	309,471
Trade creditors	977,602	-
	<b>2,211,904</b>	<b>1,374,707</b>
	<b>2,211,904</b>	<b>1,374,707</b>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2012	2011
	£	£
Between one and five years	181,897	309,471
	<b>181,897</b>	<b>309,471</b>

Bank loans are secured by various fixed and floating charges over some or all of the company's assets  
Hire purchase and finance lease liabilities are secured by charges over the assets to which the agreements relate

**13. SHARE CAPITAL**

	2012	2011
	£	£
<b>Allotted, called up and fully paid</b>		
1,066,667 (2011 - 1,066,670) Ordinary shares of £0 10 each	106,667	106,667
1,890,321 (2011 - 1,890,320) 'A' Ordinary shares of £0 10 each	189,032	189,032
3,827,953 (2011 - 3,827,900) 'B' Ordinary shares of £0 01 each	38,279	38,279
	<b>333,978</b>	<b>333,978</b>
	<b>333,978</b>	<b>333,978</b>

**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**14 RESERVES**

	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £
At 1 January 2012	396,968	3,333	542,720	1,402,948
Loss for the year				(463,874)
Transfer between reserves			(6,970)	6,970
	<u>396,968</u>	<u>3,333</u>	<u>535,750</u>	<u>946,044</u>

**15 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
Opening shareholders' funds	2,679,947	3,440,226
Loss for the financial year/period	(463,874)	(1,034,558)
Shares issued during the year/period	-	227,311
Share premium on shares issued	-	396,968
Deficit on revaluation - freehold property	-	(260,000)
Capital contribution	-	(90,000)
	<u>2,216,073</u>	<u>2,679,947</u>

**16 OPERATING LEASE COMMITMENTS**

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012 £	2011 £
<b>Expiry date</b>		
Within 1 year	<u>-</u>	<u>6,877</u>

**17. CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS**

The directors consider Volvere plc to be parent company and the ultimate controlling party, by virtue of its majority stake in the company's shares

Volvere plc heads the largest and smallest group of undertakings for which consolidated accounts are prepared

At the year end the company owed £1,570,720 (2011 £726,720) to Volvere plc

During the year, the company purchased supplies from Volvere Central Services Limited (a fellow subsidiary) for £353,000 (2011 £nil) At the year end the company owed £6,300 to Volvere Central Services Limited

During the previous year, the company issued 1,599,999 'A' and 3,827,953 'B' shares to Volvere plc and 290,322 'A' shares to M Tzirki, a director

**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
Operating loss	(311,124)	(952,485)
Amortisation of intangible fixed assets	1,859	-
Depreciation and amortisation	337,777	207,453
(Increase)/decrease in stocks	(89,190)	126,113
Increase in debtors	(334,612)	(112,808)
Increase in creditors	1,488,589	200,345
	<u>1,093,299</u>	<u>(531,382)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>1,093,299</u></b>	<b><u>(531,382)</u></b>

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(127,956)	(68,515)
Hire purchase interest	(24,794)	(13,557)
	<u>(152,750)</u>	<u>(82,072)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b><u>(152,750)</u></b>	<b><u>(82,072)</u></b>

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(1,200)	-
Purchase of tangible fixed assets	(109,468)	(63,378)
	<u>(110,668)</u>	<u>(63,378)</u>
<b>Net cash outflow from capital expenditure</b>	<b><u>(110,668)</u></b>	<b><u>(63,378)</u></b>

	Year ended 31 December 2012 £	7 months ended 31 December 2011 £
<b>Financing</b>		
Issue of ordinary shares	-	534,279
Repayment of loans	(30,936)	(303,088)
Other new loans	-	726,720
Repayment of other loans	(655,907)	-
Repayment of finance leases	(129,836)	(100,356)
	<u>(816,679)</u>	<u>857,555</u>
<b>Net cash (outflow)/inflow from financing</b>	<b><u>(816,679)</u></b>	<b><u>857,555</u></b>

**SHIRE FOODS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**20 ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	118,637	(93,064)	-	25,573
Bank overdraft	(714,286)	106,266	-	(608,020)
	<u>(595,649)</u>	<u>13,202</u>	<u>-</u>	<u>(582,447)</u>
<b>Debt</b>				
Debts due within one year	(941,733)	658,498	17,776	(265,459)
Debts falling due after more than one year	(1,374,707)	158,181	(17,776)	(1,234,302)
	<u>(2,912,089)</u>	<u>829,881</u>	<u>-</u>	<u>(2,082,208)</u>
<b>Net debt</b>	<u>(2,912,089)</u>	<u>829,881</u>	<u>-</u>	<u>(2,082,208)</u>