

# **Pet Food Brands Limited**

Registered number 6005766

## **Directors' report and financial statements**

**For the year ended 25 June 2010**



# **PET FOOD BRANDS LIMITED**

## **COMPANY INFORMATION**

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**Directors**

P E Bieler  
J E Davies  
A C F Nissen  
A P G Raeburn  
J R Walgate (appointed 7 September 2010)

**Company secretary**

S W F Campbell

**Company number**

6005766

**Registered office**

Greenbank House  
Gladstone Street  
Blackburn  
Lancashire  
BB1 3ES

**Auditors**

Mazars LLP  
Chartered Accountants & Statutory Auditors  
Mazars House  
Gelderd Road  
Gildersome  
Leeds  
LS27 7JN

# **PET FOOD BRANDS LIMITED**

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# **PET FOOD BRANDS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 25 JUNE 2010**

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The directors present their report and the financial statements for the year ended 25 June 2010

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each 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 the group and of the profit or loss of the group 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 estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activities**

The principal activity of the group continued to be that of the manufacture and distribution of pet food.

The principal activity of Pet Food Brands Limited continued to be that of a holding company.

### **Business review**

During the year the Directors continued to develop the business in line with strategy.

Turnover increased by 8% to £18.2 million with growth achieved in all divisions and gross profit increased from 17.9% to 20.1% through increased manufacturing efficiency gains.

Administrative expenses increased by 19% to £1.2 million.

As a result of this improved performance profit before tax rose to £418,728 (2009 - £6,397).

The Directors are pleased with the progress made by the Group during the year and expect further growth during the year ahead.

### **Results**

The profit for the year, after taxation, amounted to £245,303 (2009 - loss £23,635).

# **PET FOOD BRANDS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 25 JUNE 2010**

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### **Directors**

The directors who served during the year were

P E Bieler  
J E Davies  
A C F Nissen  
A P G Raeburn  
J R Walgate (appointed 7 September 2010)

### **Qualifying third party indemnity provisions**

The directors have qualifying third party indemnity provisions in place throughout the year

### **Provision of information to auditors**

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 and the group's auditors are 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 information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information

### **Auditors**

The auditors, Mazars LLP, having been appointed in the year indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

This report was approved by the board on 18<sup>TH</sup> October 2010 and signed on its behalf



**S W F Campbell**  
Secretary

# **PET FOOD BRANDS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PET FOOD BRANDS LIMITED**

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We have audited the financial statements of Pet Food Brands Limited for the year ended 25 June 2010, which comprise the group Profit and Loss Account, the group and company Balance Sheets, the group 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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 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 (APB's) Ethical Standards for Auditors. 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 Auditors' 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.

### **Scope of the audit of the financial statements**

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

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 25 June 2010 and of the group's 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.

### **Opinion on the 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.

# **PET FOOD BRANDS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PET FOOD BRANDS LIMITED**

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### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

*Ian Wighton,*

Mazars LLP, Chartered Accountants (Statutory Auditors)

I G Wrightson (Senior Statutory Auditor)

Mazars House  
Gelderd Road  
Gildersome  
Leeds  
LS27 7JN

Date *22<sup>nd</sup> October 2010*

# PET FOOD BRANDS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 25 JUNE 2010

		Year ended 25 June 2010 £	Year ended 30 June 2009 - As restated £
	Note		
<b>Turnover</b>	<b>1,2</b>	18,244,433	16,891,606
Cost of sales		(14,581,354)	(13,863,929)
<b>Gross profit</b>		<b>3,663,079</b>	<b>3,027,677</b>
Distribution costs, selling and promotional expenses		(1,827,388)	(1,767,651)
Administrative expenses		(1,186,042)	(997,630)
Other operating income	<b>3</b>	38,758	40,394
<b>Operating profit</b>	<b>4</b>	<b>688,407</b>	<b>302,790</b>
Interest receivable		-	628
Interest payable	<b>7</b>	(269,679)	(297,021)
<b>Profit on ordinary activities before taxation</b>		<b>418,728</b>	<b>6,397</b>
Tax on profit on ordinary activities	<b>8</b>	(173,425)	(30,032)
<b>Profit/(loss) for the financial year</b>	<b>18</b>	<b>245,303</b>	<b>(23,635)</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and Loss Account

The notes on pages 9 to 22 form part of these financial statements

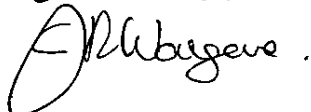
**PET FOOD BRANDS LIMITED**

Registered number 6005766

**CONSOLIDATED BALANCE SHEET  
AS AT 25 JUNE 2010**

	Note	£	25 June 2010 £	£	30 June 2009 £
<b>Fixed assets</b>					
Tangible fixed assets	9		5,578,093		6,266,908
<b>Current assets</b>					
Stocks	11	1,432,588		1,444,436	
Debtors	12	3,720,611		3,708,873	
Cash at bank and in hand		131,999		26,461	
			5,285,198	5,179,770	
<b>Creditors</b> , amounts falling due within one year	13	(5,775,391)		(6,090,557)	
<b>Net current liabilities</b>			(490,193)		(910,787)
<b>Total assets less current liabilities</b>			5,087,900		5,356,121
<b>Creditors</b> , amounts falling due after more than one year	14		(2,225,681)		(2,857,106)
<b>Provisions for liabilities</b>					
Deferred tax	15		(644,638)		(516,207)
<b>Accruals and deferred income</b>	16		(94,770)		(105,300)
<b>Net assets</b>			2,122,811		1,877,508
<b>Capital and reserves</b>					
Called up share capital	17		90		90
Share premium account	18		496,456		496,456
Profit and loss account	18		1,626,265		1,380,962
<b>Shareholders' funds</b>	20		2,122,811		1,877,508

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
18<sup>th</sup> October 2010.



**J R Walgate**  
Director

The notes on pages 9 to 22 form part of these financial statements

# PET FOOD BRANDS LIMITED

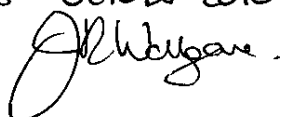
Registered number 6005766

## COMPANY BALANCE SHEET AS AT 25 JUNE 2010

	Note	£	25 June 2010 £	£	30 June 2009 £
<b>Fixed assets</b>					
Fixed asset investments	10		994,749		994,749
<b>Current assets</b>					
Debtors	12	-		83,068	
Cash at bank		7,949		8,260	
		<u>7,949</u>		<u>91,328</u>	
<b>Creditors</b> , amounts falling due within one year	13	(496,646)		(88,980)	
<b>Net current (liabilities)/assets</b>			(488,697)		2,348
<b>Total assets less current liabilities</b>			506,052		997,097
<b>Creditors</b> , amounts falling due after more than one year	14		(241,932)		(650,375)
<b>Net assets</b>			<u>264,120</u>		<u>346,722</u>
<b>Capital and reserves</b>					
Called up share capital	17		90		90
Share premium account	18		496,456		496,456
Profit and loss account	18		(232,426)		(149,824)
<b>Shareholders' funds</b>	20		<u>264,120</u>		<u>346,722</u>

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

18<sup>th</sup> October 2010



**J R Walgate**  
Director

The notes on pages 9 to 22 form part of these financial statements

# PET FOOD BRANDS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 25 JUNE 2010

	Note	Year ended 25 June 2010 £	Year ended 30 June 2009 £
Net cash flow from operating activities	21	1,199,325	520,790
Returns on investments and servicing of finance	22	(269,679)	(297,372)
Capital expenditure and financial investment	22	(119,251)	(695,000)
<b>Cash inflow/(outflow) before financing</b>		<b>810,395</b>	<b>(471,582)</b>
Financing	22	(730,355)	21,000
<b>Increase/(Decrease) in cash in the year</b>		<b>80,040</b>	<b>(450,582)</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 25 JUNE 2010

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
Increase/(Decrease) in cash in the year	80,040	(450,582)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	730,355	(21,000)
<b>Movement in net debt in the year</b>	<b>810,395</b>	<b>(471,582)</b>
Net debt at 1 July 2009	(5,350,195)	(4,878,613)
<b>Net debt at 25 June 2010</b>	<b>(4,539,800)</b>	<b>(5,350,195)</b>

The notes on pages 9 to 22 form part of these financial statements

# **PET FOOD BRANDS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010**

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### **1. Accounting Policies**

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

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

#### **1.2 Basis of consolidation**

The financial statements consolidate the accounts of Pet Food Brands Limited, its subsidiary undertaking ('subsidiary')

#### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

#### **1.4 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life

#### **1.5 Tangible fixed assets and depreciation**

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

Freehold property	-	2% straight line
Plant & machinery	-	5% and 10% straight line and 15% reducing balance
Motor vehicles	-	25% straight line
Fixtures & fittings	-	20% straight line
Office equipment	-	12.5% and 25% straight line

#### **1.6 Investments**

Investments in subsidiaries are valued at cost less provision for impairment

#### **1.7 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### **1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 1. Accounting Policies (continued)

#### 1.9 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

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 discounted

#### 1.10 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred

#### 1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

### 2. Turnover

A geographical analysis of turnover is as follows

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
United Kingdom	17,468,433	16,230,606
Rest of European Union	776,000	661,000
	<u>18,244,433</u>	<u>16,891,606</u>

### 3. Other operating income

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
Royalty receivable	23,165	23,863
Government grants receivable	10,530	11,700
Sundry income	5,063	4,831
	<u>38,758</u>	<u>40,394</u>

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 4. Operating profit

The operating profit is stated after charging/(crediting)

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
Amortisation - intangible fixed assets	-	53,398
Depreciation of tangible fixed assets		
- owned by the group	494,915	466,356
- held under finance leases	172,184	117,000
Auditors' remuneration	10,000	11,036
Auditors' remuneration - non-audit	7,364	800
Difference on foreign exchange	(171,888)	(106,224)
Research and development expenditure written off	14,155	12,481
	<u>                    </u>	<u>                    </u>

### 5 Staff costs

Staff costs, including directors' remuneration, were as follows

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
Wages and salaries	2,557,879	2,494,687
Social security costs	214,017	206,278
Other pension costs	52,480	50,333
	<u>                    </u>	<u>                    </u>
	2,824,376	2,751,298
	<u>                    </u>	<u>                    </u>

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

	Year ended 25 June 2010 No.	Year ended 30 June 2009 No.
Administrative and selling	22	22
Production and distribution	110	120
	<u>                    </u>	<u>                    </u>
	132	142
	<u>                    </u>	<u>                    </u>

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 6 Directors' remuneration

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
Emoluments	220,404	133,727
Company pension contributions to money purchase pension schemes	7,792	-

During the year retirement benefits were accruing to 1 director (2009 - NIL) in respect of money purchase pension schemes

The highest paid director received remuneration of £110,430 (2009 - £104,298)

### 7. Interest payable

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
On bank loans and overdrafts	68,568	79,729
On other loans	82,476	96,708
On finance leases and hire purchase contracts	71,672	68,959
Other interest payable	46,963	51,625
	269,679	297,021

### 8. Taxation

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	44,994	-
<b>Deferred tax</b> (see note 15)		
Origination and reversal of timing differences	128,431	30,032
<b>Tax on profit on ordinary activities</b>	173,425	30,032

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

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### 8 Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK (28%) The differences are explained below

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
Profit on ordinary activities before tax	418,728	6,397
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 21%)	117,244	1,343
<b>Effects of:</b>		
Expenses not deductible for tax purposes	16,760	19,657
Capital allowances for year in excess of depreciation	(4,088)	(52,000)
Utilisation of tax losses	(124,392)	31,000
Loss on disposal of fixed asset	39,470	-
<b>Current tax charge for the year (see note above)</b>	<b>44,994</b>	<b>-</b>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 9. Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost</b>					
At 1 July 2009	795,946	8,606,053	32,450	222,500	9,656,949
Additions	-	61,106	-	91,309	152,415
Disposals	-	(397,411)	(27,500)	(138,426)	(563,337)
At 25 June 2010	795,946	8,269,748	4,950	175,383	9,246,027
<b>Depreciation</b>					
At 1 July 2009	183,887	3,017,148	28,738	160,268	3,390,041
Charge for the year	15,919	628,278	1,238	21,664	667,099
On disposals	-	(248,066)	(27,500)	(113,640)	(389,206)
At 25 June 2010	199,806	3,397,360	2,476	68,292	3,667,934
<b>Net book value</b>					
At 25 June 2010	596,140	4,872,388	2,474	107,091	5,578,093
At 30 June 2009	612,059	5,588,905	3,712	62,232	6,266,908

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

Group	25 June 2010 £	30 June 2009 £
Plant and machinery	1,475,263	1,627,000
Furniture, fittings and equipment	60,172	-
	<u>1,535,435</u>	<u>1,627,000</u>

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 10 Fixed asset investments

#### Subsidiary undertakings

The following were subsidiary undertakings of the company

Name	Class of shares	Holding
Pets Choice Limited	Ordinary	100%

The aggregate of the share capital and reserves as at 25 June 2010 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Pets Choice Limited	2,853,440	327,905
		Shares in group undertakings £
Company Cost or valuation		
At 1 July 2009 and 25 June 2010		994,749

### 11 Stocks

	Group		Company	
	25 June 2010 £	30 June 2009 £	25 June 2010 £	30 June 2009 £
Raw materials	705,359	671,123	-	-
Finished goods and goods for resale	727,229	773,313	-	-
	1,432,588	1,444,436	-	-

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 12. Debtors

	<u>Group</u>		<u>Company</u>	
	25 June 2010 £	30 June 2009 £	25 June 2010 £	30 June 2009 £
<b>Due after more than one year</b>				
Amounts owed by group undertakings	-	-	-	83,068
<b>Due within one year</b>				
Trade debtors	3,477,366	3,399,518	-	-
Prepayments and accrued income	243,245	309,355	-	-
	<u>3,720,611</u>	<u>3,708,873</u>	<u>-</u>	<u>83,068</u>

### 13. Creditors: Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	25 June 2010 £	30 June 2009 £	25 June 2010 £	30 June 2009 £
Debenture loans	390,225	-	390,225	-
Bank loans and overdrafts	509,963	650,514	-	-
Other loans	33,324	33,324	-	-
Net obligations under finance leases and hire purchase contracts	294,483	284,477	-	-
Trade creditors	1,854,665	2,746,977	-	-
Corporation tax	44,994	-	-	-
Social security and other taxes	519,129	464,257	-	-
Invoice discounting facility	1,712,267	1,609,552	-	-
Other creditors	46,438	57,720	-	-
Accruals and deferred income	369,903	243,736	106,421	88,980
	<u>5,775,391</u>	<u>6,090,557</u>	<u>496,646</u>	<u>88,980</u>

The bank loans and overdrafts are secured by way of a fixed and floating charge over certain assets of the company

The other loan bears no interest, is repayable by installments over 36 months and is secured against the asset to which it relates to

Amounts due under hire purchase contracts are secured on the assets to which they relate

The amounts advanced from the factored debts are secured against the trade debts to which they relate

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 14. Creditors. Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>25 June</u>	<u>30 June</u>	<u>25 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	£	£	£	£
Debenture loans	798,018	1,448,393	-	650,375
Bank loans	609,281	791,698	-	-
Net obligations under finance leases and hire purchase contracts	324,238	558,698	-	-
Trade creditors	469,151	-	-	-
Amounts owed to group undertakings	-	-	241,932	-
Other creditors	24,993	58,317	-	-
	<u>2,225,681</u>	<u>2,857,106</u>	<u>241,932</u>	<u>650,375</u>

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	<u>25 June</u>	<u>30 June</u>	<u>25 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	£	£	£	£
Repayable by instalments	<u>798,018</u>	<u>798,018</u>	<u>-</u>	<u>-</u>

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

	<u>Group</u>		<u>Company</u>	
	<u>25 June</u>	<u>30 June</u>	<u>25 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	£	£	£	£
Between one and five years	<u>324,238</u>	<u>558,698</u>	<u>-</u>	<u>-</u>

The bank loans and overdrafts are secured by way of a fixed and floating charge over certain assets of the company

The other loan bears no interest, is repayable by installments over 36 months and is secured against the asset to which it relates to

Amounts due under hire purchase contracts are secured on the assets to which they relate

The amounts advanced from the factored debts are secured against the trade debts to which they relate

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 15. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	<u>25 June</u>	<u>30 June</u>	<u>25 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	£	£	£	£
At beginning of year	516,207	516,207	-	-
Charge for the year	128,431	-	-	-
At end of year	<u>644,638</u>	<u>516,207</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	<u>Group</u>		<u>Company</u>	
	<u>25 June</u>	<u>30 June</u>	<u>25 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	£	£	£	£
Accelerated capital allowances	<u>644,638</u>	<u>516,207</u>	<u>-</u>	<u>-</u>

### 16 Accruals and deferred income

	<u>Group</u>		<u>Company</u>	
	<u>25 June</u>	<u>30 June</u>	<u>25 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	£	£	£	£
Grants	<u>94,770</u>	<u>105,300</u>	<u>-</u>	<u>-</u>

### 17. Share capital

	<u>25 June</u>	<u>30 June</u>
	<u>2010</u>	<u>2009</u>
	£	£
<b>Allotted, called up and fully paid</b>		
9,033 (2009 - 9,033) Ordinary shares of 1p each	<u>90</u>	<u>90</u>

### 18 Reserves

<b>Group</b>	<b>Share premium account</b>	<b>Profit and loss account</b>
	£	£
At 1 July 2009	496,456	1,380,962
Profit for the year		245,303
At 25 June 2010	<u>496,456</u>	<u>1,626,265</u>

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 18. Reserves (continued)

Company	Share premium account £	Profit and loss account £
At 1 July 2009	496,456	(149,824)
Loss for the year		(82,602)
At 25 June 2010	<u>496,456</u>	<u>(232,426)</u>

### 19. Prior year adjustment

A proportion of costs totaling £603,071 have been re-classified from cost of sales to distribution, selling and promotional expenses and administrative expenses

The result of this adjustment has been to increase gross profit in the prior period by £604,677 from £2,423,000 to £3,027,677. There is no effect on the operating profit in the prior period

### 20. Reconciliation of movement in shareholders' funds

Group	25 June 2010 £	30 June 2009 £
Opening shareholders' funds	1,877,508	1,901,143
Profit/(loss) for the year	<u>245,303</u>	<u>(23,635)</u>
Closing shareholders' funds	<u>2,122,811</u>	<u>1,877,508</u>

Company	25 June 2010 £	30 June 2009 £
Opening shareholders' funds	346,722	417,930
Loss for the year	<u>(82,602)</u>	<u>(71,208)</u>
Closing shareholders' funds	<u>264,120</u>	<u>346,722</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The loss for the year dealt with in the accounts of the company was £82,602 (2009 - £71,208)

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 21. Net cash flow from operating activities

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
Operating profit	688,407	302,790
Depreciation of tangible fixed assets	667,099	636,000
Impairments of fixed assets	-	(19,000)
Loss on disposal of tangible fixed assets	140,967	-
Government grants	(10,530)	(12,000)
Decrease/(increase) in stocks	11,848	(240,000)
Increase in debtors	(11,739)	(606,000)
(Decrease)/increase in creditors	(286,727)	459,000
<b>Net cash inflow from operating activities</b>	<b>1,199,325</b>	<b>520,790</b>

### 22. Analysis of cash flows for headings netted in cash flow statement

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
<b>Returns on investments and servicing of finance</b>		
Interest received	-	628
Interest paid	(198,007)	(246,000)
Hire purchase interest	(71,672)	(52,000)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(269,679)</b>	<b>(297,372)</b>
	Year ended 25 June 2010 £	Year ended 30 June 2009 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(152,415)	(732,000)
Sale of tangible fixed assets	33,164	37,000
<b>Net cash outflow from capital expenditure</b>	<b>(119,251)</b>	<b>(695,000)</b>

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

### 22. Analysis of cash flows for headings netted in cash flow statement (continued)

	Year ended 25 June 2010 £	Year ended 30 June 2009 £
<b>Financing</b>		
Repayment of loans	(245,751)	(73,000)
Repayment of debenture loans	(260,150)	199,000
Repayment of finance leases	(224,454)	(105,000)
<b>Net cash (outflow)/inflow from financing</b>	<b>(730,355)</b>	<b>21,000</b>

### 23. Analysis of changes in net debt

	1 July 2009 £	Cash flow £	Other non-cash changes £	25 June 2010 £
Cash at bank and in hand	26,461	105,538	-	131,999
Bank overdraft	(404,790)	77,217	-	(327,573)
Proceeds of factored debts	(1,609,552)	(102,715)	-	(1,712,267)
	<u>(1,987,881)</u>	<u>80,040</u>	<u>-</u>	<u>(1,907,841)</u>
<b>Debt.</b>				
Debts due within one year	(563,525)	730,355	(1,067,252)	(900,422)
Debts falling due after more than one year	(2,798,789)	-	1,067,252	(1,731,537)
<b>Net debt</b>	<b><u>(5,350,195)</u></b>	<b><u>810,395</u></b>	<b><u>-</u></b>	<b><u>(4,539,800)</u></b>

### 24 Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the company to the fund and amounted to £52,480 (2009 - £50,333). Contributions totalling £3,066 (2009 - £6,000) were payable to the fund at the balance sheet date and are included in creditors.

# PET FOOD BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 JUNE 2010

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### 25. Operating lease commitments

At 25 June 2010 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	25 June 2010	30 June 2009
Group	£	£
Expiry date:		
Between 2 and 5 years	197,200	-
After more than 5 years	-	197,000

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### 26. Related party transactions

The company has taken advantage of the exemption in the Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company, Pet Food Brands Limited

Transactions with related parties subsisted during the year within the subsidiary, Pets Choice Limited as noted below

Mr J E Davies, a director of the company, has an interest in Davies Property Group and Rustrock Limited. Mr A P G Raeburn, a director of the company, has an interest in May & Raeburn Limited. All transactions were undertaken on an arms length basis

Rent was charged to the company by Davies Property Group of £112,724 (2009 - £113,873). No balances were outstanding at the year end

Sales were made to Rustrock Limited of £47,174 (2009 - £28,831). As at 25th June 2010, the company was owed £13,398 (2009 - £3,845)

During the year, royalties received from May & Raeburn Limited amounted to £23,165 (2009 - £23,863) and purchases/ commissions from May & Raeburn Limited amounted to £469,169 (2009 - £415,871). As at the year end an amount of £469,151 (2009 - £310,000) was owed to May & Raeburn Limited