

Frank Wright Limited

**Directors' report and financial
statements**

Registered number 111524

31 December 2017

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Strategic report

The directors present their annual Strategic report, Directors' report and the audited financial statements for Frank Wright Limited (the Company) for the year ended 31 December 2017.

Activities

The principal activities of the Company consist of the manufacture, sale and distribution of animal feed supplements and associated products, together with haulage and transport services.

Development and performance of the business

Sales for the year increased by 4.7% to £111.2m (2016: £106.2m). The Company continues to operate in a market of low margins and highly volatile raw material prices where the Company is not always able to immediately pass through raw material price increases to the customer, even within the same accounting period. Gross margin decreased from 12.7% to 12.0% reflecting this volatility.

Such market characteristics are expected to persist into 2018 with consequent volatility in gross profit performance, which may be either favourable or unfavourable.

The Company continues to focus on the production of quality products and during the year have invested in significant capital expenditure to achieve this objective.

Monthly working capital requirements remained under close monitoring and control during the year.

The Company had net assets of £20,707,000 (2016: £17,207,000) at the balance sheet date after paying a dividend of £nil (2016: £4,000,000) in the year.

Principal risks and uncertainties

The Company operates comprehensive quality systems in order to produce high quality products in a market where deficiencies in product quality can have serious implications. The Company continues to increase their use of Information Technology to improve such systems.

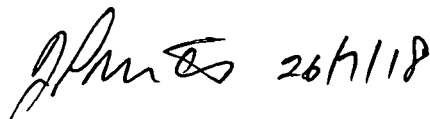
The market in which the Company operates continues to be challenging in terms of future growth and is very competitive. Raw material price changes can have a significant effect on profitability and the Company continues to endeavour to mitigate the impact of such changes on its operating results.

Key Performance Indicators (KPIs)

The Company monitors all aspects of its business through KPIs – both financial and non-financial.

Financial KPIs measure profitability, cost control and working capital control. Gross profit measurement and working capital levels continue to be the most critical KPIs for the Company. Non-financial KPIs measure qualitative aspects of the business including customer service and performance.

Approved by the Board of Directors and signed on behalf of the Board



J Pritchard
Director

Blenheim House
Blenheim Road
Ashbourne
Derbyshire
DE6 1HA

Directors' report

The directors present their Directors' report for the year ended 31 December 2017.

Dividends and transfers to reserves

The results for the year are shown in the profit and loss account on page 6.

No ordinary dividend was paid in the year (2016: £4,000,000).

The directors have proposed a final ordinary dividend in respect of the current financial year of £114.08 per ordinary share. This has not been included within creditors as it was not approved before the year end.

Total comprehensive income for the year was £3,500,000 (2016: £3,467,000), which was transferred to reserves.

Directors

The directors who have held office in the year are as follows:

A W Edwards (resigned 01 May 2018)

H de Wildt (resigned 01 May 2018)

The directors of the Company in office at the date of this statement are as follows:

J Pritchard (appointed 01 May 2018)

R Binnekamp (appointed 01 May 2018)

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Political contributions

No political donations were made in the year (2016: Nil).


Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board

 26/7/18

J Pritchard
Director

Blenheim House
Blenheim Road
Ashbourne
Derbyshire
DE6 1HA

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Frank Wright Limited

Opinion

We have audited the financial statements of Frank Wright Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of profit and loss account, balance sheet and statement of changed in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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[.]/[; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

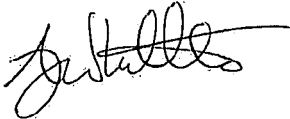
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.¹

The purpose of our audit work and to whom we owe our responsibilities

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.



26/07/2018

Antony Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters Square
Manchester
M2 3AE

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2017

	<i>Note</i>	2017 £'000	2016 £'000
Turnover	2	111,209	106,202
Cost of sales		(97,812)	(92,749)
Gross profit		13,397	13,453
Selling, distribution and establishment costs		(4,695)	(4,758)
Administrative expenses		(4,458)	(4,113)
Operating profit	5	4,244	4,582
Other interest receivable and similar income	6	366	389
Interest payable and similar charges	7	(249)	(326)
Profit on ordinary activities before taxation		4,361	4,645
Tax on profit on ordinary activities	8	(861)	(1,012)
Profit on ordinary activities after taxation		3,500	3,633
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Net change in fair value of cash flow hedges		(1)	(146)
Tax on other comprehensive income		1	(20)
Other comprehensive income for the year, net of income tax		-	(166)
Total comprehensive income for the year		3,500	3,467

The notes on pages 9 to 22 form an integral part of the financial statements.

Balance Sheet
 at 31 December 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Intangible assets	10	1,368		1,726	
Tangible assets	11	6,113		5,838	
Fixed asset investments	12	13,500		13,500	
			20,981		21,064
Current assets					
Stocks	13	10,060		8,384	
Debtors	14	30,402		30,573	
		40,462		38,957	
Creditors: amounts falling due within one year	15	(40,622)		(42,677)	
Net current liabilities			(160)		(3,720)
Total assets less current liabilities			20,821		17,344
Provisions for liabilities					
Deferred tax liability	17		(114)		(137)
Net assets			20,707		17,207
Capital and reserves					
Share capital	19		31		31
Profit and loss account			20,577		17,076
Other reserves			99		100
Equity shareholder's funds			20,707		17,207

These financial statements were approved by the Board of Directors on

 26/7/18

J Pritchard
 Director
 Company registered number: 111524

Statement of Changes in Equity
For the year ended 31 December 2017

	Called up share capital £000	Cash flow hedging reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	31	246	17,463	17,740
Profit for the year	-	-	3,633	3,633
Other comprehensive income	-	(146)	(20)	(166)
Total comprehensive income for the year	-	(146)	3,613	3,467
Transactions with owners, recorded directly in equity:				
Dividends	-	-	(4,000)	(4,000)
Balance at 31 December 2016	31	100	17,076	17,207
Profit for the year	-	-	3,500	3,500
Other comprehensive income	-	(1)	1	-
Total comprehensive income for the year	-	(1)	3,501	3,500
Transactions with owners, recorded directly in equity:				
Dividends	-	-	-	-
Balance at 31 December 2017	31	99	20,577	20,707

Notes

(forming part of the financial statements)

1 Accounting policies

Frank Wright Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2016/15 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101.

The Company's intermediate parent undertaking, Nutreco N.V includes the Company in its consolidated financial statements. The consolidated financial statements of Nutreco N.V are prepared in accordance with Dutch GAAP and are available to the public and may be obtained from Prins Frederiklaan 4, PO Box 299, 3800 AG Amersfoort, The Netherlands.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Nutreco N.V include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.
- IFRS 2 Share Based Payments in respect of group settled share based payments;

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Basis of preparation

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss.

Notes (continued)

1 Accounting policies (continued)

Going concern

The company has net current liabilities of £160,000 at 31 December 2017 (2016: £3,720,000).

The directors have prepared forecasts covering a period of 12 months from the date of signing these financial statements. The forecasts demonstrate that the company is able to operate within the available cash funds.

The directors note that there is a cash pooling arrangement in place with fellow Nutreco companies that provide the necessary available funds, and do not expect amounts owed to group undertakings to be recalled in a manner which is prejudicial to the going concern status of the business, due to clauses specified within the intercompany financing agreements.

For the reasons set out, there are no material uncertainties that cast significant doubt about the ability of the company to continue as a going concern that have been identified by the directors.

On this basis the directors consider that the company has access to sufficient funding to meet its financial liabilities as they fall due and have applied the going concern assumption in the preparation of these financial statements.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value.

Trade and other creditors

Trade and other creditors are recognised initially at fair value.

Investments in debt and equity securities

Fixed asset investments are stated at amortised cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Notes (continued)

1 Accounting policies (continued)

Cash flow hedges

For cash flow hedges, a derivative financial instrument is designated as a hedging instrument of the variability in cash flows attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and presented in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised in profit or loss.

If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised in comprehensive income are reclassified as profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

When a hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the cumulative gain or loss at that point remains in equity and is recognised in profit or loss, when the forecast transaction occurs in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

Intangible assets

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

Other intangible assets

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer relations	4 to 10 years
Computer software	4 to 10 years

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Buildings	2.5 – 10% on cost
Plant and machinery	10 – 25% on cost
Motor vehicles	10 – 30% on cost
Land is not depreciated	
Assets in the course of construction are not depreciated	

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price, less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Impairment excluding stocks and deferred tax assets

Assets that are subject to depreciation and amortisation are assessed at each balance sheet date to determine whether there is any indication for impairment. If any such indication exists, the asset's recoverable amount is tested.

Goodwill and assets with an indefinite useful life are not subject to amortisation and are tested for impairment once a year and whenever there is an indication for impairment.

An impairment loss is recognised for the amount by which the carrying amount of an asset, cash generating unit or group of cash generating units exceeds its estimated recoverable amount. Impairment losses recognised in respect of groups of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to groups of cash generating units and then to reduce the carrying amount of the other assets in the groups of cash generating units on a pro rata basis, but not below the fair value less costs of disposal or value in use of these assets.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use. The fair value less costs of disposal is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an orderly transaction between market participants after deducting the costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate, determined as a blended weighted average cost of capital per (groups of) cash-generating unit(s) that reflects the current market assessments of the time value of money and the risks of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the (groups of) cash generating unit to which the asset belongs.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1 Accounting policies (*continued*)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due, associated costs or the possible return of goods. Revenue from services is recognised when the service has been provided.

Notes (continued)

2 Turnover

	2017	2016
By Activity		
Sale of goods	106,559	101,871
Rendering of services	4,650	4,331
	<u>111,209</u>	<u>106,202</u>
By Geographical Market		
United Kingdom	86,277	83,138
Europe	20,564	19,169
Rest of the world	4,368	3,895
	<u>111,209</u>	<u>106,202</u>

3 Information regarding directors and employees

	2017 £'000	2016 £'000
Directors' remuneration and highest paid director		
Directors' emoluments	313	318
Pension costs	49	34
	<u>362</u>	<u>352</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £313,000 (2016: £318,000), and company pension contributions of £49,000 (2016: £34,000) were made to a defined contribution scheme on his behalf.

	2017 No.	2016 No.
Average number of persons employed		
Production and technical	172	166
Sales and marketing	9	9
Administration	21	21
	<u>202</u>	<u>196</u>
	<u>£'000</u>	<u>£'000</u>
Staff costs during the year (including directors)		
Wages and salaries	7,597	7,464
Social security costs	751	738
Pension costs	324	313
	<u>8,672</u>	<u>8,515</u>

Notes (continued)

4 Other operating income

	2017 £'000	2016 £'000
Profit on disposal of fixed assets	5	8

5 Expenses and auditor's remuneration

	2017 £'000	2016 £'000
Operating profit is stated after charging:		
Amortisation	370	368
Depreciation	623	561
Rentals under operating leases	156	185
Auditor's remuneration – audit of these financial statements	20	20

6 Other Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable from group undertakings	366	389
	<u>366</u>	<u>389</u>

7 Interest payable and similar charges

	2017 £'000	2016 £'000
Bank overdraft interest payable	4	2
Interest payable to group undertakings	245	324
	<u>249</u>	<u>326</u>

Notes (continued)

8 Tax on profit on ordinary activities

Recognised in the profit and loss account

	2017 £'000	2016 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	901	923
Adjustments in respect of prior periods	(18)	150
	<hr/>	<hr/>
	883	1,073
<i>Deferred taxation at 17% (2016: 19%)</i>		
Timing differences, origination and reversal	(22)	(61)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<hr/> 861 <hr/>	<hr/> 1,012 <hr/>

Recognised in comprehensive income

	2017 £'000	2016 £'000
Net change in fair value of cash flow hedges reclassified to profit or loss	(1)	20
	<hr/>	<hr/>
	<hr/> (1) <hr/>	<hr/> 20 <hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2016: higher) than the standard rate of corporation tax in the UK 19.25% (2016: 20%). The differences are explained below.

	2017 £'000	2016 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,361	4,645
Tax on profit on ordinary activities at standard rate (19.25%, 2016: 20%)	840	929
Factors affecting charge for the period:		
Other items	51	(67)
Previous years (under)/overprovided	(18)	150
Change in tax rate	(12)	-
	<hr/>	<hr/>
Total tax expense	<hr/> 861 <hr/>	<hr/> 1,012 <hr/>

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21 % to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax liability as at 31 December 2017 has been calculated based on the rate of 17%.

Notes (continued)

9 Dividends

	2017 £'000	2016 £'000
Equity dividend paid of £nil (2016: £130.38) per ordinary share	-	4,000

After the balance sheet date dividends of £114.08 per ordinary share were proposed by the directors. The dividends have not been provided for.

10 Intangible fixed assets

	Customer relations £'000	Computer software £'000	Total £'000
Cost			
At 1 January 2017	1,602	3,264	4,866
Additions for the year	-	12	12
At 31 December 2017	1,602	3,276	4,878
Accumulated amortisation			
At 1 January 2017	781	2,359	3,140
Charge for the year	231	139	370
At 31 December 2017	1,012	2,498	3,510
Net book value			
At 31 December 2017	590	778	1,368
At 1 January 2017	821	905	1,726

Notes (continued)

11 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2017	5,354	9,733	577	15,664
Additions	109	624	171	904
Disposals	-	-	(92)	(92)
At 31 December 2017	5,463	10,357	656	16,476
Accumulated depreciation				
At 1 January 2017	2,020	7,392	414	9,826
Charge for the year	133	445	45	623
Disposals	-	-	(86)	(86)
At 31 December 2017	2,153	7,837	373	10,363
Net book value				
At 31 December 2017	3,310	2,520	283	6,113
At 1 January 2017	3,334	2,341	163	5,838

12 Fixed asset investment

	2017 £'000	2016 £'000
Intercompany loan	13,500	13,500

On 20 June 2011, the Company made available a loan to Nutreco Limited for £13,500,000, repayable on 20 June 2016. During the period of the loan, interest is receivable at a rate of 3-months LIBOR+ 2.25%. On 20 June 2016, the loan agreement was renewed and is repayable on 20 June 2021.

13 Stock

	2017 £'000	2016 £'000
Raw materials and consumables	8,319	6,901
Finished goods and goods for resale	1,741	1,483
	10,060	8,384

Notes (continued)

14 Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	14,983	15,026
Amounts owed by group undertakings:	14,837	14,852
Other debtors	327	392
Financial instruments	99	101
Prepayments and accrued income	156	202
	<u>30,402</u>	<u>30,573</u>

The amount owed from the parent company attracts interest of between 0% and 1.5% for positive balances, and charges of between 1.4% and 3.0% for borrowings, repayable on demand.

15 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	16,902	16,265
Amounts owed to group undertakings:	20,356	24,133
Bank loans and overdrafts	239	1
Corporation tax	433	331
Other taxation and social security	306	290
Other creditors	925	717
Accruals and deferred income	1,461	940
	<u>40,622</u>	<u>42,677</u>

The amount owed to group undertakings has interest charged at 1 month LIBOR plus 2%.

16 Interest-bearing loans and borrowings

	2017 £000	2016 £000
Amounts falling due within one year:		
Bank overdraft	<u>239</u>	<u>1</u>

Notes (continued)

17 Deferred tax liabilities

	£'000
Balance at 1 January 2017	137
Charge in the year	(22)
Other Comprehensive Income	(1)
	<hr/>
Balance at 31 December 2017	114
	<hr/> <hr/>

The elements of deferred taxation are as follows:

	2017 £'000	2016 £'000
Capital allowances in advance of depreciation	95	117
Foreign currency cash flow	19	20
	<hr/>	<hr/>
Capital allowances in advance of depreciation	114	137
	<hr/> <hr/>	<hr/> <hr/>

18 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £324,000 (2016: £313,000).

19 Share capital

	2017 £'000	2016 £'000
Called up, allotted and fully paid 30,680 ordinary shares of £1 each	31	31
	<hr/>	<hr/>

20 Financial commitments

The Company had capital commitments at the year-end of £Nil (2016: £87,000).

Operating lease commitments

As at 31 December 2017 the Company was committed to making the following payments during the next year in respect of operating leases:

	Other 2017 £'000	Other 2016 £'000
Leases which expire:		
within one year	24	34
within two to five years	120	113
	<hr/>	<hr/>
	144	147
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

21 Reconciliation of movement in reserves

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Other comprehensive income – 2017

	Cash flow hedging reserve £'000	Total other comprehensive income £'000
Other comprehensive income		
Net change in fair value of cash flow hedges	(1)	(1)
	<u>(1)</u>	<u>(1)</u>
	<u>(1)</u>	<u>(1)</u>

Other comprehensive income – 2016

	Cash flow hedging reserve £'000	Total Other comprehensive income £'000
Other comprehensive income		
Net change in fair value of cash flow hedges	(146)	(146)
	<u>(146)</u>	<u>(146)</u>
	<u>(146)</u>	<u>(146)</u>

22 Financial instruments

The fair values of all financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows:

	Fair value 2017 £'000	Fair value 2016 £'000
Financial assets		
Derivatives used for hedging		
Foreign currency hedging contracts	99	100
Financial liabilities		
Derivatives used for hedging		
Foreign currency hedging contracts	-	-

Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts. The forward currency exchange contracts all have a maturity less than 12 months.

Notes *(continued)*

23 Ultimate parent company

The immediate parent company is Nutreco Limited, a company incorporated in England & Wales.

As at 31 December 2017, the company's ultimate parent undertaking is considered by the Company to be SHV Holdings N.V., a company incorporated in The Netherlands.

In the opinion of the Directors the company is controlled by SHV Holdings N.V.

Copies of SHV Holdings N.V.'s consolidated Financial Statements may be obtained from SHV Holdings N.V., Rijnkade 1, 3511 LC Utrecht, The Netherlands.