

Registration number: 02896421

# Natures Way Foods Limited

Annual report and financial statements

for the period from 28 March 2015 to 1 April 2016

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# **Natures Way Foods Limited**

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## **Natures Way Foods Limited**

### **Company information**

<b>Directors</b>	RA Langmead
	DW Langmead
	SV Barratt
	R Parr
	B Jones
	SC Gilliland
	DG Williams
<b>Registered office</b>	Park Farm
	Chichester Road
	Selsey
	West Sussex
	PO20 9HP
<b>Solicitors</b>	Stevens & Bolton LLP
	Wey House
	Farnham Road
	Guildford
	Surrey
	GU1 4YD
<b>Bankers</b>	National Westminster Bank
	3 Hampshire Corporate Park
	Templars Way
	Chandlers Ford
	Hampshire
	SO53 3RY
<b>Auditor</b>	Deloitte LLP
	Chartered Accountants and Statutory Auditor
	2 New Street Square
	London
	United Kingdom
	EC4A 3BZ

## Natures Way Foods Limited

### Strategic report for the period from 28 March 2015 to 1 April 2016

The directors present their strategic report for the company for the 53 week period ended 1 April 2016.

The company prepares accounts each year to the Friday nearest the accounting reference date which this year results in a 53 week period.

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

#### Principal activity

The principal activity of the company comprise the processing and wholesale distribution of food products. There have not been any significant changes in the company's principal activities in the period under review.

#### Review of the business

This financial year has been challenging for the industry as a whole. Low or negative food inflation forms a difficult economic backdrop, putting pressure both on retailers and their suppliers. The company has expanded its product range during this financial year to drive forward turnover.

The results for the company are shown in the profit and loss account on page 9. The company's financial position is presented in the balance sheet on page 10.

The company's closing cash position is £4.6m (2015: £3.8m) which is considered sufficient for our liquidity and solvency requirements as set out within the liquidity risk section in this report and going concern section in the directors' report of these financial statements.

#### Key performance indicators (KPIs)

We measure our progress against the following KPIs which are considered to be indicative of the overall business performance of the group.

KPI:	Unit	2016	2015
Turnover	£m	153.80	135.80
Operating profit	£m	10.30	6.50
Operating margin	%	6.70	4.80

The movement year on year is reflective of the factors discussed in the above review of the business sub section, and the benefits accruing from a 53 week period to 1st April 2016.

#### Principal risks and uncertainties

The company continually monitors both the business and markets that it operates in. The main risks to the company are considered to be market demand, competition and external factors.

The company's activities expose it to a number of financial risks including credit risk, foreign currency risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the Board of directors, which provide principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

#### Foreign currency risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

The company uses foreign exchange forward contracts to hedge these exposures.

The company finances its operations with cash resources and borrowings. Interest rate risk is managed by linking the rate payable to the base rate and regularly reviewing market interest rates.

## **Natures Way Foods Limited**

### **Strategic report (continued) for the period from 28 March 2015 to 1 April 2016**

#### **Credit risk**

The company's principal financial assets are bank balances and cash, trade and other debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

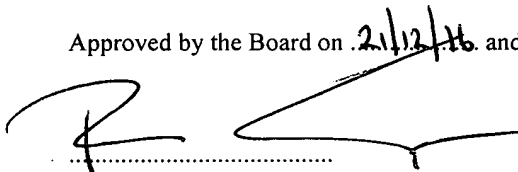
#### **Research and development**

During the period the company continued to develop products to meet the needs of its markets including the introduction of a number of new product lines. All expenditure has been charged to the profit and loss account as it arises.

#### **Future developments and events after the balance sheet date**

No significant events occurred subsequent to the end of the financial year which warrant inclusion in this annual report.

Approved by the Board on 21/12/16 and signed on its behalf by:



RA Langmead  
Director

## **Natures Way Foods Limited**

### **Directors' report for the period from 28 March 2015 to 1 April 2016**

The directors present their annual report, together with the audited financial statements for the 53 week period from 28 March 2015 to 1 April 2016.

The company prepares accounts each year to the Friday nearest the accounting reference date which this year results in a 53 week period.

Details of the principal activities, review of the business, principal risks and uncertainties, research and development and future developments and events after the balance sheet date can be found in the strategic report on pages 2 and 3 and form part of this report by cross reference.

#### **Directors**

The directors, who served throughout the period except as noted, were as follows:

RA Langmead

DW Langmead

SV Barratt

R Parr

B Jones

SC Gilliland

DG Williams

#### **Going concern**

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Having considered the current performance, the net current assets position and future trading prospects, the directors consider that there is adequate funding available to be able to meet the company's liabilities as they fall due. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2 of these financial statements.

#### **Dividends**

No dividends were proposed for the period (2015: £5m).

#### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

#### **Employee involvement**

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financials and economic factors affecting the performance of the group.

This is achieved through regular briefings to all departments in the company.

#### **Disabled employees**

Applicants for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities.

## **Natures Way Foods Limited**

### **Directors' report (continued) for the period from 28 March 2015 to 1 April 2016**

#### **Disabled employees (continued)**

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

#### **Employees and employment practice**

The company pursues an employment policy of equal opportunities and strives to follow best practice recruitment and selection. It does not discriminate on the grounds of race, nationality, sex, marital status, disability and religious or political beliefs.

#### **People and management**

The continuing success of the group is thanks to the strength of the group's employees. The board is grateful for the strong support and enthusiasm shown by staff in a successful period. The board looks forward to continuing to build and develop the business with them in the future.

#### **Health, safety and the environment**

The company takes health and safety extremely seriously. The company works to ensure that the best health and safety practices are carried out throughout the business and that employees work in a safe environment.

The company continuously monitors its impact on the environment, attempting to minimise where possible its activities affecting the environment.

In addition the company recognises it has an important role to play in the communities it operates in and has created a Corporate & Social Responsibility Plan to ensure that is achieved.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

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

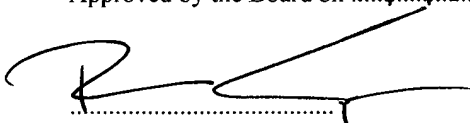
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

#### **Approval of reduced disclosures**

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Approved by the Board on 21/12/16... and signed on its behalf by:



RA Langmead  
Director

## **Natures Way Foods Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual 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 Financial Reporting Standard 102. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

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



## **Independent auditor's report to the members of Natures Way Foods Limited**

We have audited the financial statements of Natures Way Foods Limited for the period from 28 March 2015 to 1 April 2016, which comprise the profit and loss account, the balance sheet, the statement of changes in equity, and the related notes 1 to 24 set out on pages 9 to 27. 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) including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

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 (set out on page 6), 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 to the financial statements.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 April 2016 and of its profit for the period 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**

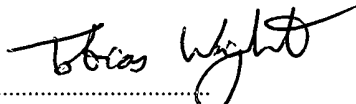
In our opinion the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of  
Natures Way Foods Limited (continued)**

**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.



.....  
Tobias Wright (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor

2 New Street Square  
London  
United Kingdom  
EC4A 3BZ

Date: 21<sup>st</sup> December 2016

# Natures Way Foods Limited

## Profit and loss account for the period from 28 March 2015 to 1 April 2016

	Note	28 March 2015 to 1 April 2016 £	29 March 2014 to 27 March 2015 £
Turnover	4	153,819,333	135,846,706
Cost of sales		<u>(120,669,885)</u>	<u>(111,534,388)</u>
Gross profit		33,149,448	24,312,318
Administrative expenses		<u>(22,821,372)</u>	<u>(17,751,910)</u>
Operating profit		10,328,076	6,560,408
Interest receivable and similar income	6	189,909	113,201
Interest payable and similar charges	7	<u>(111,272)</u>	<u>(171,655)</u>
Profit before fair value movements on forward currency contracts		10,406,713	6,501,954
Fair value of forward currency contracts		<u>925,563</u>	<u>(31,899)</u>
Profit on ordinary activities before taxation	5	11,332,276	6,470,055
Taxation on ordinary activities	11	<u>(3,157,463)</u>	<u>(2,281,869)</u>
Profit for the financial period		<u>8,174,813</u>	<u>4,188,186</u>

The above results were derived from continuing operations.

The company has no other comprehensive income or losses for the period other than the results above and therefore, no statement of comprehensive income is presented.

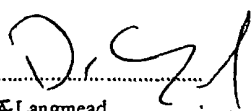
Natures Way Foods Limited

Balance sheet as at 1 April 2016

	Note	1 April 2016 £	27 March 2015 £
<b>Fixed assets</b>			
Tangible assets	12	<u>28,018,961</u>	<u>28,460,519</u>
<b>Current assets</b>			
Stocks	13	3,236,082	2,768,362
Debtors: amounts falling due within one year	14	21,706,859	21,442,106
Cash at bank and in hand		<u>4,585,903</u>	<u>3,807,663</u>
		<u>29,528,844</u>	<u>28,018,131</u>
Creditors: amounts falling due within one year	15	<u>(26,244,359)</u>	<u>(31,616,668)</u>
Net current assets/(liabilities)		<u>3,284,485</u>	<u>(3,598,537)</u>
Total assets less current liabilities		<u>31,303,446</u>	<u>24,861,982</u>
Creditors: amounts falling due after more than one year	16	(761,015)	(2,387,543)
Provisions for liabilities	17	<u>(46,074)</u>	<u>(152,895)</u>
Net assets		<u>30,496,357</u>	<u>22,321,544</u>
<b>Capital and reserves</b>			
Called-up share capital	18	150,000	150,000
Profit and loss account	18	<u>30,346,357</u>	<u>22,171,544</u>
Shareholders' funds		<u>30,496,357</u>	<u>22,321,544</u>

The financial statements of Natures Way Foods Limited (registration number: 02896421) were approved by the Board of directors and authorised for issue on 21/12/2016

They were signed on its behalf by:

DW   
~~BA~~ Langmead  
 Director

## Natures Way Foods Limited

### Statement of changes in equity for the period from 28 March 2015 to 1 April 2016

	<b>Called-up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 29 March 2014</b>	150,000	23,086,155	23,236,155
Changes on transition to FRS 102 (see note 24)	-	(102,797)	(102,797)
<b>At 29 March 2014 as restated</b>	150,000	22,983,358	23,133,358
Profit for the period	-	4,188,186	4,188,186
Dividends	-	(5,000,000)	(5,000,000)
<b>At 27 March 2015 (as restated)</b>	<u>150,000</u>	<u>22,171,544</u>	<u>22,321,544</u>
	<b>Called-up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 28 March 2015 (as restated)</b>	150,000	22,171,544	22,321,544
Profit for the period	-	8,174,813	8,174,813
<b>At 1 April 2016</b>	<u>150,000</u>	<u>30,346,357</u>	<u>30,496,357</u>

## **Natures Way Foods Limited**

### **Notes to the financial statements for the period from 28 March 2015 to 1 April 2016**

#### **1 General information**

The company is a private company limited by share capital incorporated in England and Wales and domiciled in United Kingdom.

The address of its registered office is:

Park Farm  
Chichester Road  
Selsey  
West Sussex  
PO20 9HP

The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The functional currency of Natures Way Foods Limited is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the company operates.

#### **2 Accounting policies**

##### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

##### **Statement of compliance**

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council.

##### **Basis of accounting**

These financial statements have been prepared under the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Natures Way Foods Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

##### **Going concern**

The company's business activities, together with a description of the financial position of the company, the principal risks and uncertainties and the factors likely to affect future development, performance and position are set out in the strategic report. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Having considered the current performance, the net current assets position and future trading prospects, the directors consider that there is adequate funding available to be able to meet the company's liabilities as they fall due. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 2 Accounting policies (continued)

##### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold property	over the term of the lease
Plant and machinery	3-10 years straight line
Furniture and fittings	3-10 years straight line

##### Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

## **Natures Way Foods Limited**

### **Notes to the financial statements for the period from 28 March 2015 to 1 April 2016**

#### **2 Accounting policies (continued)**

##### **Financial assets and liabilities (continued)**

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

##### **Tax**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.



## **Natures Way Foods Limited**

### **Notes to the financial statements for the period from 28 March 2015 to 1 April 2016**

#### **2 Accounting policies (continued)**

##### **Tax (continued)**

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### **Foreign currency**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

##### **Leases**

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

##### **Turnover**

The turnover shown in the profit and loss account represents the total amount receivable by the company for goods and services provided, excluding Value Added Tax. Revenue is recognised at the point of delivery, which is when the risk is transferred.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 2 Accounting policies (continued)

##### Defined contribution pension obligation

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 period.

#### 3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 4 Turnover

The analysis of the company's turnover by geographical market is set out below:

	28 March 2015 to 1 April 2016 £	29 March 2014 to 27 March 2015 £
<b>Turnover:</b>		
United Kingdom	151,988,352	134,250,481
Rest of Europe	1,830,981	1,596,225
	<u>153,819,333</u>	<u>135,846,706</u>

#### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	28 March 2015 to 1 April 2016 £	29 March 2014 to 27 March 2015 £
Depreciation of tangible fixed assets - owned by company	7,389,756	6,043,373
Operating lease expense - plant and machinery	522,069	438,962
Operating lease expense - other	24,635	34,306
Research and development cost	176,492	138,548
Foreign exchange difference	731,623	848,157
Fair value of forward currency contracts	(925,563)	31,899
(Gain)/loss on disposal of fixed assets	-	(20,933)

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 6 Other interest receivable and similar income

	28 March 2015 to 1 April 2016 £	29 March 2014 to 27 March 2015 £
Interest from group companies	149,005	106,098
Other interest	40,904	7,103
	<u>189,909</u>	<u>113,201</u>

#### 7 Interest payable and similar charges

	28 March 2015 to 1 April 2016 £	29 March 2014 to 27 March 2015 £
Bank loans and overdrafts	780	595
Finance leases and hire purchase contracts	110,492	171,060
	<u>111,272</u>	<u>171,655</u>

#### 8 Staff costs

	28 March 2015 to 1 April 2016 £	29 March 2014 to 27 March 2015 £
Wages and salaries	25,520,481	21,573,124
Social security cost	2,328,817	1,923,400
Pension cost	601,590	519,859
	<u>28,450,888</u>	<u>24,016,383</u>

The average monthly number of employees (including executive directors) was:

	28 March 2015 to 1 April 2016 No.	29 March 2014 to 27 March 2015 No.
Production	783	710
Administration and support	193	166
	<u>976</u>	<u>876</u>

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 9 Directors' remuneration

The directors' remuneration for the period was as follows:

	28 March 2015 to 1 April 2016	29 March 2014 to 27 March 2015
	£	£
Emoluments	893,839	718,390
Pension contributions	19,370	25,982
	<u>913,209</u>	<u>744,372</u>

RA Langmead and DW Langmead are remunerated via the ultimate parent company, Natures Way Foods Europe Limited for which the financial statements are publically available. It is not feasible to allocate the share of remuneration for services performed as directors of Natures Way Foods Limited.

During the period retirement benefits were accruing to 3 directors (2015:3) in respect of defined contribution pension schemes.

The highest paid director remunerated by Natures Way Foods Limited received remuneration of £424,264 from the group (2015: £308,726).

During the period the number of directors who were receiving benefits and shares incentive was as follows:

	28 March 2015 to 1 April 2016	29 March 2014 to 27 March 2015
	No.	No.
Directors eligible for shares	<u>7</u>	<u>7</u>

#### 10 Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £56,000 (2015: £50,000 ). See table below for analysis.

	28 March 2015 to 1 April 2016	29 March 2014 to 27 March 2015
	£	£
<b>Fees payable for the audit of the company's annual financial statements</b>	56,000	50,000
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
Other services relating to the financial statements compilation	<u>11,000</u>	<u>6,000</u>
	<u>67,000</u>	<u>56,000</u>

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 10 Auditor's remuneration (continued)

Fees payable for the audit of the company's annual financial statements include fees of £2,000 and £6,000 (2015: £1,800 and £5,350) in respect of the statutory audit of Natures Way Foods Investment Company Limited and Sun Salads Limited respectively.

#### 11 Taxation

The tax charge comprises:

	28 March 2015 to 1 April 2016 £	29 March 2014 to 27 March 2015 £
<b>Analysis of charges in the period</b>		
UK corporation tax	3,227,115	2,198,204
UK corporation tax adjustment to prior periods	37,169	(10,374)
<b>Total current tax</b>	<b>3,264,284</b>	<b>2,187,830</b>
<b>Deferred tax</b>		
Arising from origination and reversal of timing differences	(96,207)	86,930
Adjustment in respect of previous periods	(5,494)	11,248
Effect of changes in tax rate	(5,120)	(4,139)
<b>Total deferred tax</b>	<b>(106,821)</b>	<b>94,039</b>
<b>Total tax on profit on ordinary activities</b>	<b>3,157,463</b>	<b>2,281,869</b>

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2015: higher than the standard rate of corporation tax in the UK) of 20% (2015: 21%).

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	28 March 2015 to 1 April 2016 £	29 March 2014 to 27 March 2015 £
<b>Profit on ordinary activities before tax</b>	<b>11,332,276</b>	<b>6,470,055</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	2,266,455	1,358,712
Effects of:		
Expenses not deductible for tax purposes	923,262	926,422
Deferred tax expense (credit) relating to changes in tax rates or laws	(5,120)	(4,139)
Adjustments of tax charge in respect of prior periods	31,675	874
Effects of group relief/other reliefs	(58,809)	-
<b>Tax charge for the period</b>	<b>3,157,463</b>	<b>2,281,869</b>

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 11 Taxation (continued)

##### Factors that may affect future tax charges

The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the main rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020.

The March 2016 Budget Statement announced a further change to the UK Corporation tax rate which will now reduce the main rate of corporation tax to 17% from 1 April 2020. As the change has not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

#### 12 Tangible assets

	Leasehold property £	Plant and machinery £	Furniture and fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>					
At 28 March 2015	8,564,637	56,744,342	2,223,327	3,675,315	71,207,621
Assets under construction complete	-	-	3,675,315	(3,675,315)	-
Additions	1,631,204	2,507,958	1,953,970	855,066	6,948,198
At 1 April 2016	10,195,841	59,252,300	7,852,612	855,066	78,155,819
<b>Depreciation</b>					
At 28 March 2015	7,241,738	33,719,230	1,786,134	-	42,747,102
Charge for the period	678,704	5,559,449	1,151,603	-	7,389,756
At 1 April 2016	7,920,442	39,278,679	2,937,737	-	50,136,858
<b>Net book value</b>					
At 1 April 2016	2,275,399	19,973,621	4,914,875	855,066	28,018,961
At 27 March 2015	1,322,899	23,025,112	437,193	3,675,315	28,460,519

All leasehold property is held under short leases, defined as less than 50 years.

#### 13 Stocks

	1 April 2016 £	27 March 2015 £
Raw materials and consumables	2,755,269	2,571,943
Finished goods and goods for resale	480,813	196,419
	<u>3,236,082</u>	<u>2,768,362</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

# Natures Way Foods Limited

## Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

### 14 Debtors: amounts falling due within one year

	1 April 2016 £	27 March 2015 £
Trade debtors	12,154,445	11,999,592
Amount owed by group undertakings	4,709,918	7,744,615
Other debtors	3,288,083	1,125,259
Prepayments and accrued income	763,546	572,640
Derivative financial assets	790,867	-
	<u>21,706,859</u>	<u>21,442,106</u>

### 15 Creditors: amounts due within one year

	1 April 2016 £	27 March 2015 £
Trade creditors	7,636,079	9,152,619
Accruals and deferred income	10,229,442	9,450,046
Amounts owed to group undertakings	5,015,479	4,999,952
Social security and other taxes	604,308	546,372
Corporation tax	1,886,987	1,219,269
Other creditors	78,763	1,613,714
Derivative financial instruments	-	134,696
Bank loan and overdraft	793,301	4,500,000
	<u>26,244,359</u>	<u>31,616,668</u>

### 16 Creditors: amounts falling due after more than one year

	1 April 2016 £	27 March 2015 £
Bank loans	<u>761,015</u>	<u>2,387,543</u>

The bank loans are secured on the underlying plant and machinery assets of £2,681,331 (2015: £3,129,713) at a fixed rate of interest of 4.9% above the base rate.

The amounts are repayable as follows:

#### Bank loans

Between one and two years	761,015	839,404
Between two and five years	-	1,548,139
	<u>761,015</u>	<u>2,387,543</u>

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 17 Provisions

##### Deferred taxation

	1 April 2016 £	27 March 2015 £
At start of period	152,895	58,856
Adjustment in respect of prior year (FRS 102)	-	(6,380)
(Released during period)/charge in period	(101,327)	89,171
Adjustment in respect of prior periods	(5,494)	11,248
	<u>46,074</u>	<u>152,895</u>
<b>Deferred tax is provided as follows:</b>		
Accelerated capital allowances	65,660	175,295
Other short term timing differences	(14,418)	(16,020)
Non trading timing differences	(5,168)	(6,380)
	<u>46,074</u>	<u>152,895</u>

#### 18 Called-up share capital and reserves

##### Allotted, called-up and fully paid shares

	No.	1 April 2016 £	No.	27 March 2015 £
Ordinary shares of £0.01 each	<u>15,000,000</u>	<u>150,000</u>	<u>15,000,000</u>	<u>150,000</u>

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### 19 Financial commitments

The total of future minimum lease payments under non-cancellable operating lease are as follows:

	2016 £	2015 £
Within one year	2,511,010	2,918,152
Later than one year and not later than five years	6,438,645	7,902,941
Later than five years	<u>11,243,379</u>	<u>12,305,230</u>
	<u>20,193,034</u>	<u>23,126,323</u>



## **Natures Way Foods Limited**

### **Notes to the financial statements for the period from 28 March 2015 to 1 April 2016**

#### **20 Employee benefits**

##### **Defined contribution pension scheme**

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 01 April 16 was £601,590 (2015: £519,859).

Contributions totalling £88,368 (2015: £152,811) were payable to the scheme at the end of the period and are included in creditors.

#### **21 Related party transactions**

The company has taken advantage of the exemption available under FRS 102, section 33.1A, not to disclose transactions with wholly-owned members of the group headed by Natures Way Foods Europe Limited.

During the period the group paid rent of £974,332 (2015: £1,254,752) to DW Langmead, a director of the company.

During the period the company paid management charges and consultancy fees amounting to £2,091,667 (2015: £2,520,000) to Landlink Estates Limited (previously Langmead Estates Limited) and £28,375 (2015: £23,059) to Langmead Farms Limited. Both companies are controlled by DW Langmead, a director of the company.

During the period the company paid rent, management charges and consultancy fees amounting to £2,857,886 (2015: £3,371,515) to Kingsbridge Estates Limited, a company controlled by RA Langmead, a director of the company. During the period the company recharged costs of £7,598 (2015: £7,652) to Kingsbridge Estates Limited. At the end of the period Natures Way Foods Limited was owed £nil (2015: £600) and owed £15,805 (2015: £nil).

During the period the company sold goods and recharged costs amounting to £28,375 (2015: £23,094) and purchased raw materials and professional services totaling £7,923,270 (2015: £5,306,159) from companies owned or partly owned by DW Langmead, a director of Natures Way Foods Limited. At the end of the period Natures Way Foods Limited owed these companies £320,509 (2015: £983,483) and was owed £107,736 (2015: was owed £1,366).

During the period the company purchased raw materials of £1,124,361 (2015: £475,664) from Sun Salads Limited, a 90% subsidiary of Natures Way Investment Company Limited. The company also recharged costs to Sun Salads Limited of £445,091 (2015: £184,962) during the period. At the end of the period Natures Way Foods Limited owed Sun Salads Limited £246,643 (2015: £42,694) and was owed £18,489 (2015: was owed £476,935).

During the period the company purchased raw materials of £nil (2015: £500,321) from Sun Salads Espana, a 100% subsidiary of Sun Salads Limited. The company also recharged costs to Sun Salads Espana of £86,418 (2015: £nil) during the period. At the end of the period Natures Way Foods Limited was owed £1,629,464 (2015: £1,566,910). Sun Salads Espana S.L. is a member of a Producer Organisation in Spain and so these purchases are made via SAT Las Primicias, the producer organisation.

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 22 Derivative financial instruments

	1 April 2016 £	27 March 2015 £
<b>Assets</b>		
Forward foreign currency contracts	<u>790,867</u>	<u>-</u>
	1 April 2016 £	27 March 2015 £
<b>Liabilities</b>		
Forward foreign currency contracts	<u>-</u>	<u>134,696</u>

#### 23 Controlling party

The company is a 100% subsidiary of Natures Way Foods Investment Company. The company's ultimate parent company is Natures Way Foods Europe Limited. All entities are domiciled and incorporated in the United Kingdom. The registered office of the company's ultimate parent company is Park Farm, Chichester Road, Selsey, West Sussex, PO20 9HP. The ultimate controlling parties are DW Langmead and RA Langmead by virtue of their shareholding in Natures Way Foods Europe Limited.

The smallest and largest group of undertakings for which group financial statements have been drawn up is that headed by Natures Way Foods Europe Limited. Copies of the group financial statements can be obtained from Companies House.

#### 24 Transition to FRS 102

This is the first period that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the period ended 27 March 2015 and the date of transition to FRS 102 was therefore 29 March 2014.

The FRS 102 transitional adjustments are due to the fair value of the company's derivative financial instruments being recognised on the balance sheet and in the profit and loss account at the transition date, the prior period end date and the current period end date. The recognition of the derivative financial instruments had a tax impact and this has also been presented in the statements in this note.

# Natures Way Foods Limited

## Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

### 24 Transition to FRS 102 (continued)

#### Balance sheet at 29 March 2014

	Note	As originally reported £	FRS 102 transitional adjustments £	As restated £
<b>Fixed assets</b>				
Tangible assets	12	<u>24,741,821</u>	<u>-</u>	<u>24,741,821</u>
<b>Current assets</b>				
Stocks	13	2,486,948	-	2,486,948
Debtors: amounts falling due within one year	14	15,686,293	-	15,686,293
Cash at bank and in hand		<u>3,638,200</u>	<u>-</u>	<u>3,638,200</u>
		21,811,441	-	21,811,441
<b>Creditors: amounts falling due within one year</b>	15	<u>(20,126,593)</u>	<u>(102,797)</u>	<u>(20,229,390)</u>
<b>Net current assets/(liabilities)</b>		<u>1,684,848</u>	<u>(102,797)</u>	<u>1,582,051</u>
<b>Total assets less current liabilities</b>		26,426,669	(102,797)	26,323,872
<b>Creditors: amounts falling due after more than one year</b>	16	(3,131,658)	-	(3,131,658)
<b>Provisions for liabilities</b>	17	<u>(58,856)</u>	<u>-</u>	<u>(58,856)</u>
<b>Net assets/(liabilities)</b>		<u>23,236,155</u>	<u>(102,797)</u>	<u>23,133,358</u>
<b>Capital and reserves</b>				
Called-up share capital	18	150,000	-	150,000
Profit and loss account	18	<u>23,086,155</u>	<u>(102,797)</u>	<u>22,983,358</u>
<b>Shareholders' funds</b>		<u>23,236,155</u>	<u>(102,797)</u>	<u>23,133,358</u>

# Natures Way Foods Limited

## Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

### 24 Transition to FRS 102 (continued)

#### Balance sheet at 27 March 2015

	Note	As originally reported £	FRS 102 transitional adjustments £	As restated £
<b>Fixed assets</b>				
Tangible assets	12	28,460,519	-	28,460,519
<b>Current assets</b>				
Stocks	13	2,768,362	-	2,768,362
Debtors: amounts falling due within one year	14	21,442,106	-	21,442,106
Cash at bank and in hand		3,807,663	-	3,807,663
		28,018,131	-	28,018,131
<b>Creditors: amounts falling due within one year</b>	15	(31,481,972)	(134,696)	(31,616,668)
<b>Net current liabilities</b>		(3,463,841)	(134,696)	(3,598,537)
<b>Total assets less current liabilities</b>		24,996,678	(134,696)	24,861,982
<b>Creditors: amounts falling due after more than one year</b>	16	(2,387,543)	-	(2,387,543)
<b>Provisions for liabilities</b>		(159,275)	6,380	(152,895)
<b>Net assets/(liabilities)</b>		22,449,860	(128,316)	22,321,544
<b>Capital and reserves</b>				
Called-up share capital	18	150,000	-	150,000
Profit and loss account	18	22,299,860	(128,316)	22,171,544
<b>Shareholders' funds</b>		22,449,860	(128,316)	22,321,544

## Natures Way Foods Limited

### Notes to the financial statements for the period from 28 March 2015 to 1 April 2016

#### 24 Transition to FRS 102 (continued)

##### Profit and loss account for the period from 29 March 2014 to 27 March 2015

	Note	As originally reported £	FRS 102 transitional adjustments £	As restated £
Turnover	4	135,846,706	-	135,846,706
Cost of sales		<u>(111,534,388)</u>	<u>-</u>	<u>(111,534,388)</u>
<b>Gross profit</b>		24,312,318	-	24,312,318
Administrative expenses		<u>(17,751,910)</u>	<u>-</u>	<u>(17,751,910)</u>
<b>Operating profit</b>		6,560,408	-	6,560,408
Interest receivable and similar income	6	113,201	-	113,201
Interest payable and similar charges	7	(171,655)	-	(171,655)
Fair value forward currency contracts		<u>-</u>	<u>(31,899)</u>	<u>(31,899)</u>
<b>Profit on ordinary activities before taxation</b>	5	6,501,954	(31,899)	6,470,055
Taxation on ordinary activities	11	<u>(2,288,249)</u>	<u>6,380</u>	<u>(2,281,869)</u>
<b>Profit for the financial period</b>		<u><u>4,213,705</u></u>	<u><u>(25,519)</u></u>	<u><u>4,188,186</u></u>