

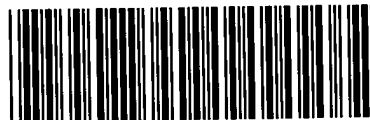
Company Registration No. 02896421

NATURES WAY FOODS LIMITED

Annual Report and Financial Statements

For the 52 week period ended 27 March 2015

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NATURES WAY FOODS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

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NATURES WAY FOODS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

RA Langmead
DW Langmead
SV Barratt
R Parr
SC Gilliland
DG Williams
BDR Jones

REGISTERED OFFICE

Park Farm
Chichester Road
Selsey
West Sussex
PO20 9HP

BANK

National Westminster Bank
3 Hampshire Corporate Park
Templars Way
Chandlers Ford
Hampshire
SO53 3RY

SOLICITOR

Stevens & Bolton LLP
Wey House
Farnham Road
Guildford
Surrey
GU1 4YD

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Mountbatten House
1 Grosvenor Square
Southampton
Hampshire
SO15 2BZ

NATURES WAY FOODS LIMITED

STRATEGIC REPORT

The directors present their Strategic Report for the Company for the 52 week period ended 27 March 2015.

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

Principal activities

The principal activities 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 8. The Company's financial position is presented in the Balance Sheet on page 9.

The Company's closing cash position is £3.8m (2014: £3.6m) which is considered sufficient for our liquidity and solvency requirements as set out within the Liquidity risk 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 is considered to be indicative of the overall business performance of the Group.

	52 week period ended 27 March 2015 £m	52 week period ended 28 March 2014 £m
Turnover	135.8	121.5
Operating Profit	6.6	4.9
Operating Margin (%)	4.8%	4.0%

The movement year on year is reflective of the factors discussed in the above Review of the business sub section.

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 and interest 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.

Credit risk

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

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.

NATURES WAY FOODS LIMITED

STRATEGIC REPORT (CONTINUED)

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.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

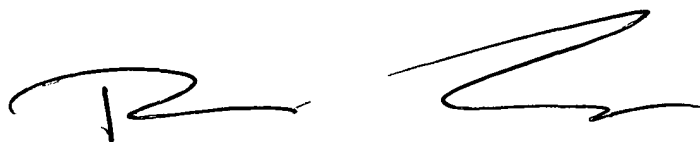
Research and development

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

The directors expect the general level of activity to increase in the forthcoming year with a positive outlook for the future. This is as a result of the introduction of a number of new product lines.

There were no significant events after the balance sheet date.

A handwritten signature in black ink, appearing to be 'RA Langmead', written over a horizontal line.

RA Langmead

Director

2 Nov 15

NATURES WAY FOODS LIMITED

DIRECTORS' REPORT

The directors present their annual report, together with the audited financial statements for the 52 week period ended 27 March 2015.

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 page 2 and form part of this report by cross reference.

DIRECTORS

The directors who served during the period and to the date of signing this report were:

RA Langmead
DW Langmead
SV Barratt
R Parr
KH Naylor (Resigned 9 April 2014)
SC Gilliland
DG Williams
A McCully (Resigned 9 April 2014)
BDR Jones (Appointed 28 April 2014)

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 liabilities 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 1 of these financial statements.

DIVIDENDS

Dividends of £5m were proposed for the period (2014: £nil).

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.

EMPLOYEES

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.

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.

NATURES WAY FOODS LIMITED

DIRECTORS' REPORT (CONTINUED)

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, 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.

PROVISION OF INFORMATION TO THE AUDITOR

Each of the persons who are directors of the Company at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director in order to make himself/herself 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.

AUDITOR

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.

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

RA Langmead

Director

2 Nov 15

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statement; 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 to 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 52 week period ended 27 March 2015 which comprises the Profit and Loss account, the Balance Sheet, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 March 2015 and of its profit for the 52 week 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.

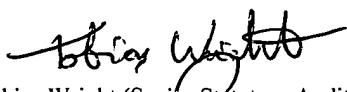
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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
Southampton, United Kingdom

2 November 2015

NATURES WAY FOODS LIMITED

PROFIT AND LOSS ACCOUNT

For the 52 week period ended 27 March 2015

		52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
	Note		
Turnover	1,2	135,846,706	121,542,630
Cost of sales		(111,534,388)	(100,187,649)
Gross profit		24,312,318	21,354,981
Administrative expenses		(17,751,910)	(16,442,314)
Operating profit	3	6,560,408	4,912,667
Interest receivable and similar income	7	113,201	83,456
Interest payable and similar charges	8	(171,655)	(126,784)
Profit on ordinary activities before taxation		6,501,954	4,869,339
Tax on profit on ordinary activities	9	(2,288,249)	(1,883,500)
Profit for the financial period	22	4,213,705	2,985,839

All amounts relate to continuing operations.

There were no recognised gains and losses for either period other than those included in the profit and loss account; accordingly no Statement of Recognised Gains and Losses is presented.

The notes on pages 10 - 20 form part of these financial statements.

NATURES WAY FOODS LIMITED

BALANCE SHEET As at 27 March 2015

	Note	27 March 2015 £	27 March 2015 £	28 March 2014 £	28 March 2014 £
Fixed assets					
Tangible assets	10		28,460,519		24,741,821
Current assets					
Stocks	11	2,768,362		2,486,948	
Debtors	12	21,442,105		15,686,293	
Cash at bank and in hand		3,807,663		3,638,200	
		28,018,130		21,811,441	
Creditors: amounts falling due within one year	13	(31,481,972)		(20,126,593)	
Net current (liabilities)/assets			(3,463,841)		1,684,848
Total assets less current liabilities			24,996,678		26,426,669
Creditors: amounts falling due after more than one year	14		(2,387,543)		(3,131,658)
Provisions for liabilities					
Deferred tax	15		(159,275)		(58,856)
Net assets			22,449,860		23,236,155
Capital and reserves					
Called up share capital	20		150,000		150,000
Profit and loss account surplus	21		22,299,860		23,086,155
Shareholders' funds	22		22,449,860		23,236,155

The financial statements of Natures Way Foods Limited, (registered number: 02896421), were approved by the Board of Directors and authorised for issue on 2 Nov 15.

R.A Langmead

Director

2 Nov 15



NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the 52 week period ended 27 March 2015

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The Company is itself a subsidiary Company and is exempt from the requirement to prepare groups financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its Group.

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 liabilities 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.

Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

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.

Operating results

The operating results include transactions up to and including the Friday nearest to 31 March of each year. Accordingly the financial statements refer to the 52 week period ending 27 March 2015 (2014: 52 week period ending 28 March 2014).

Tangible fixed assets and depreciation

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

Leasehold Property	- over the term of the lease
Plant and machinery	- 3-10 years straight line
Fixtures and fittings	- 3-10 years straight line

No depreciation is provided on assets in the course of construction.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment. Income from investments is recognised on a receivable basis.

Leasing and hire purchase

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating leases

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

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

1. ACCOUNTING POLICIES (CONTINUED)

Stocks

Stocks are stated at the lower of cost and net realisable value on a first in and first out basis.

Taxation

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

Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted.

Foreign currencies

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.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the period.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based payment*. Equity-settled share based payments are measured at fair value (excluding the effects of non-market-based vesting conditions) at the date of the grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share based payments.

2. TURNOVER

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2015 £
United Kingdom	134,250,481	120,009,259
Rest of European Union	1,596,225	1,533,371
	<u>135,846,706</u>	<u>121,542,630</u>

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

3. OPERATING PROFIT

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
Depreciation of tangible fixed assets:		
- owned by the Company	6,043,373	5,697,149
Operating lease rentals:		
- plant and machinery	438,962	397,369
- other operating leases	34,306	24,635
Difference on foreign exchange	848,157	(6,752)
Loss/ (profit) on disposal of assets	(20,933)	-

4. AUDITOR'S REMUNERATION

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
Fees payable for the audit of the Company's annual financial statements	50,000	44,000
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to the financial statements compilation	6,000	5,000
Other services relating to accounting advice	-	10,000

Fees payable for the audit of the Company's annual financial statements include fees of £1,800 and £5,350 (2014: £1,500 and £4,450) in respect of the statutory audit of Natures Way Foods Investment Company Limited and Sun Salads Limited respectively.

5. STAFF COSTS

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
Wages and salaries	21,573,124	18,551,100
Social security costs	1,923,400	1,724,848
Other pension costs	519,859	327,550
	<u>24,016,383</u>	<u>20,603,498</u>

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

5. STAFF COSTS (CONTINUED)

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

	52 week period ended 27 March 2015 No.	52 week period ended 28 March 2014 No.
Production staff	710	609
Admin staff	166	155
	<u>876</u>	<u>764</u>

6. DIRECTORS' REMUNERATION

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
Emoluments	<u>718,390</u>	<u>905,737</u>
Company pension contributions to defined contribution pension schemes	<u>25,982</u>	<u>33,287</u>
Compensation for loss of office	<u>-</u>	<u>126,950</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 (2014: 5) in respect of defined contribution pension schemes.

The highest paid director remunerated by Natures Way Foods Limited received remuneration of £308,726 from the Group (2014: £339,027).

The number of directors in the Company that had awards receivable in the form of shares under a long term incentive plan was as follows:

	52 week period ended 27 March 2015 No.	52 week period ended 28 March 2014 No.
Directors	<u>7</u>	<u>8</u>

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
Interest receivable from group companies	106,098	72,762
Other interest receivable	7,103	10,694
	<u>113,201</u>	<u>83,456</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
On bank loans and overdrafts	595	-
On finance leases and hire purchase contracts	171,060	126,784
	<u>171,655</u>	<u>126,784</u>

9. TAXATION

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on profit for the period	2,198,204	2,156,471
Adjustments in respect of prior periods	(10,374)	(13,163)
Total current tax	<u>2,187,830</u>	<u>2,143,308</u>
Deferred tax (see note 15)		
Origination and reversal of timing differences	93,629	(131,998)
Adjustment in respect of previous periods	11,248	(118,982)
Effect of changes in tax rate	(4,458)	(8,828)
Total deferred tax	<u>100,419</u>	<u>(259,808)</u>
Tax on profit on ordinary activities	<u>2,288,249</u>	<u>1,883,500</u>

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

9. TAXATION (CONTINUED)

Factors affecting tax charge for the period

The tax assessed for the period is higher (2014: higher) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	52 week period ended 27 March 2015 £	52 week period ended 28 March 2014 £
Profit on ordinary activities before tax	6,501,954	4,869,339
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	1,365,410	1,119,948
Effects of:		
Expenses not deductible for tax purposes	929,997	1,021,200
Capital allowances for period in excess of depreciation	(97,888)	136,632
Adjustments to tax charge in respect of prior periods	(9,689)	(13,163)
Short term timing difference leading to a decrease in taxation	-	(4,635)
Group relief	-	(116,674)
Current tax charge for the period (see note above)	2,187,830	2,143,308

The Finance Act 2013, which was substantively enacted on 2 July 2013, provided for a reduction in the main rate of UK corporation tax from 23% to 21% on 1 April 2014 and a further reduction to 20% from 1 April 2015. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

10. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Assets under Construction £	Total £
Cost					
At 29 March 2014	8,500,304	49,270,588	2,217,468	1,457,190	61,445,550
Additions	64,333	7,473,754	5,859	2,218,125	9,762,071
Disposals	-	-	-	-	-
At 28 March 2015	<u>8,564,637</u>	<u>56,744,342</u>	<u>2,223,327</u>	<u>3,675,315</u>	<u>71,207,621</u>
Depreciation					
At 29 March 2014	6,611,222	28,747,879	1,344,628	-	36,703,729
Charge for the period	630,516	4,971,351	441,506	-	6,043,373
On disposals	-	-	-	-	-
At 28 March 2015	<u>7,241,738</u>	<u>33,719,230</u>	<u>1,786,134</u>	<u>-</u>	<u>42,747,102</u>
Net book value					
At 28 March 2015	<u>1,322,899</u>	<u>23,025,112</u>	<u>437,193</u>	<u>3,675,315</u>	<u>28,460,519</u>
At 29 March 2014	<u>1,889,082</u>	<u>20,522,709</u>	<u>872,840</u>	<u>1,457,190</u>	<u>24,741,821</u>

As at 27 March 2015 the board had committed to spending a further £nil (2014: 1.9m) on the purchase of tangible fixed assets.

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

11. STOCKS

	27 March 2015 £	28 March 2014 £
Raw materials	2,571,943	2,388,909
Finished goods and goods for resale	<u>196,419</u>	<u>98,039</u>
	<u>2,768,362</u>	<u>2,486,948</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 (CONTINUED) For the 52 week period ended 27 March 2015

12. DEBTORS

	27 March 2015 £	28 March 2014 £
Trade debtors	11,999,591	10,830,534
Amounts owed by group undertakings	7,744,615	3,136,697
Other debtors	1,125,259	1,166,139
Prepayments and accrued income	572,640	552,923
	<u>21,442,105</u>	<u>15,686,293</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	27 March 2015 £	28 March 2014 £
Bank loans and overdrafts	4,500,000	3,091,936
Trade creditors	9,152,619	7,002,815
Corporation tax	1,219,269	920,792
Social security and other taxes	546,372	497,881
Other creditors	1,613,714	1,382,323
Accruals and deferred income	9,450,046	7,230,846
Group creditors	4,999,952	-
	<u>31,481,972</u>	<u>20,126,593</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	27 March 2015 £	28 March 2014 £
Bank loans	2,387,543	3,131,658
	<u>2,387,543</u>	<u>3,131,658</u>

The bank loans are secured on the underlying assets at a fixed rate of interest of 4.9% above the base rate.

Included within the above are amounts falling due as follows:

Bank loans		
Between one and two years	839,404	784,373
Between two and five years	1,548,139	2,347,285
	<u>2,387,543</u>	<u>3,131,658</u>

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

15. DEFERRED TAXATION

	27 March 2015 £	28 March 2014 £
At 29 March 2014	58,856	318,664
(Released during)/charge for the period	89,171	(140,826)
Adjustment in respect of prior period	11,248	(118,982)
At 28 March 2015	<u>159,275</u>	<u>58,856</u>
The provision for deferred taxation is made up as follows:		
Accelerated capital allowances	175,295	74,876
Other short term timing differences	(16,020)	(16,020)
	<u>159,275</u>	<u>58,856</u>

16. DERIVATIVE FINANCIAL INSTRUMENTS

The Group has derivatives which are not included at fair value in the accounts:

	Principal		Fair value	
	2015 £	2014 £	2015 £	2014 £
Forward foreign exchange contracts	13,655,093	6,542,877	(134,696)	(102,797)

The Group uses these derivatives to hedge its exposures to changes in foreign currency exchange rates. At the period end it had contracts in place to purchase €12,105,000 with Lloyds (for £8,908,312) and \$1,670,000 and €4,850,000 with RBS (for £1,090,749 and £3,666,031 respectively) maturing at various dates up to 29 March 2016. The fair values are calculated using valuation models based on observable market data.

17. OPERATING LEASE COMMITMENTS

At 28 March 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	27 March 2015 £	28 March 2014 £	27 March 2015 £	28 March 2014 £
Expiry date:				
Within 1 year	-	-	56,469	227,128
Between 1 and 2 years	-	-	302,248	34,995
Between 2 and 5 years	210,648	210,648	215,134	193,842
After more than 5 years	<u>1,393,764</u>	<u>1,393,764</u>	<u>-</u>	<u>-</u>

18. CONTINGENT LIABILITIES

As at 27 March 2015 and 28 March 2014, an unlimited cross guarantee existed between Natures Way Foods Investment Company Limited, Natures Way Foods Limited and Sun Salads Limited.

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

19. RELATED PARTY TRANSACTIONS

The Company is exempt from the requirements of FRS 8 to disclose transactions with other wholly owned members of the Group headed by Natures Way Foods Europe Limited on the grounds that consolidated financial statements are publicly available from the registered office of Natures Way Foods Europe Limited.

During the period the Group paid rent of £1,254,752 (2014: £1,021,717) to DW Langmead, a director of the Company.

During the period the Company paid management charges and consultancy fees amounting to £2,520,000 (2014: £2,417,063) to Landlink Estates Limited (previously Langmead Estates Limited) and £23,059 (2014: £nil) 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 £3,371,515 (2014: £3,228,000) to Kingsbridge Estates Limited, a company controlled by RA Langmead, a director of the Company. During the period the Company recharged costs of £7,652 (2014: £63,276) to Kingsbridge Estates Limited. At the end of the period Natures Way Foods Limited was owed £600 (2014: £500).

During the period the Company sold goods and recharged costs amounting to £23,094 (2014: £9,334) and purchased raw materials and professional services totalling £5,306,159 (2014: £3,222,092) 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 £983,483 (2014: £26,808) and was owed £1,366 (2014: £5,680).

During the period the Company purchased raw materials of £475,664 (2014: £808,805) from Sun Salads Limited, a 90% subsidiary of Natures Way Investment Company Limited. The Company also recharged costs to Sun Salads Limited of £184,962 (2014: £86,361) during the period. At the end of the period Natures Way Foods Limited owed Sun Salads Limited £42,694 (2014: £16,584) and was owed £476,935 (2014: was owed £316,095).

During the period the Company purchased raw materials of £500,321 (2014: £nil) from Sun Salads España, a 100% subsidiary of Sun Salads Limited. At the end of the period Natures Way Foods Limited was owed £1,566,910 (2014: £1,493,078). Sun Salads España S.L. is a member of a Producer Organisation in Spain and so these purchases are made via SAT Las Primicias, the producer organisation.

20. SHARE CAPITAL

	27 March 2015	28 March 2014
	£	£
Allotted, called-up and fully paid		
15,000,000 ordinary shares of £0.01 each	150,000	150,000

21. RESERVES

	Share Capital £	Profit and loss account £	Total £
At 28 March 2014	150,000	23,086,155	23,236,155
Profit for the period	-	4,213,705	4,213,705
Dividend paid	-	(5,000,000)	(5,000,000)
At 27 March 2015	150,000	22,299,860	22,449,860

NATURES WAY FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the 52 week period ended 27 March 2015

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	27 March 2015 £	28 March 2014 £
Opening shareholders' funds	23,236,155	20,250,316
Profit for the period	4,213,705	2,985,839
Dividend paid	(5,000,000)	-
Closing shareholder's funds	<u>22,449,860</u>	<u>23,236,155</u>

23. SHARE OPTIONS SCHEME

During the year some of the directors and members of the management team of Natures Way Foods Limited, a wholly owned subsidiary within the Group, participated in the purchase of shares in Natures Way Foods Europe Limited, as part of a management incentive plan. Payments under the plan are conditional upon the shareholders achieving a pre-determined hurdle valuation for the Group and a company share repurchase taking place. Payment will also be made in the event of the pre-determined hurdle valuation being achieved and any one of the following events taking place as set out in the Articles of Association being: a return of capital on liquidation; a listing; a distribution of profits or income; or a sale. Shares will only be entitled to a return above the Group's equity value of £80m.

At the balance sheet date the directors consider the fair value of shares issued under a share-based payment arrangement to be £nil since there is insufficient probability to suggest that the non-market-based vesting condition, being a liquidity event will be met. Accordingly the Company has not recognised any expense in relation to share-based payment transactions in the year.

24. ULTIMATE PARENT COMPANY AND 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 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.