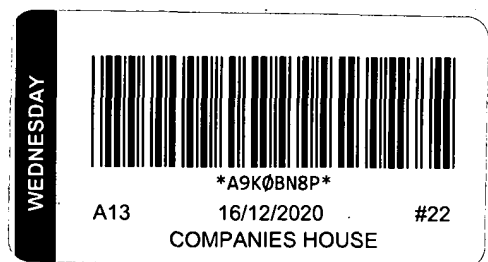


Company registration number:02896421

NATURES WAY FOODS LIMITED

Annual Report and Financial Statements

For the period from 30 March 2019 to 27 March 2020



NATURES WAY FOODS LIMITED

Contents
FOR THE PERIOD FROM 30 MARCH 2019 TO 27 MARCH 2020

	Page
Company Information	1
Strategic Report	2 - 7
Directors' Report	8 - 10
Directors' Responsibilities Statement	11
Independent Auditors' Report	12 - 14
Statement of Comprehensive Income	15
Balance Sheet	16
Statement of Changes in Equity	17 - 18
Notes to the Financial Statements	19 - 38

NATURES WAY FOODS LIMITED

Company Information
FOR THE PERIOD FROM 30 MARCH 2019 TO 27 MARCH 2020

DIRECTORS

B Jones
R Parr
DG Williams
DW Langmead
RA Langmead
SC Gilliland
CD Smith
AM Barker

REGISTERED NUMBER

02896421

REGISTERED OFFICE

Park Farm
Chichester Road
Selsey
Chichester
West Sussex
PO20 9HP

Auditors

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
Hampshire
SO14 3TL

BANKERS

National Westminster Bank PLC
5 East Street
Chichester
West Sussex
PO19 1HH

SOLICITORS

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

NATURES WAY FOODS LIMITED

Strategic Report For the period from 30 March 2019 to 27 March 2020

Introduction

The directors present their strategic report for the company for the period between 30 March 2019 to 27 March 2020.

The company prepares Annual Report and Financial Statements each year to the Friday nearest the accounting reference date which this year results in a 52 week period.

Principal Activities

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

Review of the Business

The results for the company are shown in the Statement of Comprehensive Income and retained earnings on page 15. The company's financial position is presented in the Balance Sheet on page 16.

The company's turnover increased 1.0% to £193m (2019: £191m). The operating profit during the year was £0.46m (2019: £2.3m loss). The year on year increase in operating profit reflects the growth in turnover as well as stronger direct margin which raised from 14.0% in 2019 to 14.7% in 2020 as a result of various projects generating efficiencies during the year.

The business continues to grow in turnover and market share. The business has invested significantly into capacity and technology to deliver market leading quality and service whilst remaining cost competitive. The directors remain very positive in respect to continued revenue and market share growth and improving profitability.

The company has adequate funding arrangements to support future trading prospects and to maintain 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.

Financial key performance indicators

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

	2020	2019
	£000	£000
Turnover	192,918	190,706
Operating profit/(loss)	455	(2,342)
Operating margin (%)	-	(1)

Strategic Report (continued)
For the period from 30 March 2019 to 27 March 2020

Principal risks and uncertainties

The company has been moderately impacted by Covid 19 and most significantly in a reduction of sales. The business continued to operate with enhanced health and safety measures. Despite these impacts the business remain sustainable both in the short and long term. 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, weather and external factors.

Due to the nature of the company's products, we rely on the weather to determine the quality and availability of a large proportion of the raw materials. This risk is managed through seasonal contracts with key suppliers.

EU Exit Risk

The UK's decision to leave the EU presented the company with new risks, such as currency exchange rate volatility, labour market shortages and uncertainty about rules on cross-border movement of goods. The company takes steps in mitigating these risks by looking into new technology, gaining expertise on customs procedures, expanding supplier base, but until the EU exit negotiations are complete, the situation presents considerable uncertainty.

Competition Risk

The nature of the company's principal activity relies on relationships with few large customers. A loss of such a customer relationship due to an inability to price competitively or respond to market trends could result in loss of a material revenue stream. To maintain strong relationships, the company offers a diverse range of products within several product categories. The company also invests to ensure a high level of service and product quality.

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 company's policies approved by the board of directors, which provide principles on the use of financial derivatives to manage these risks. The company 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.

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.

NATURES WAY FOODS LIMITED

Strategic Report (continued)
For the period from 30 March 2019 to 27 March 2020

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

There were no events since the reporting date which require adjustment or disclosure.

The directors continue to focus on increasing revenue and market share and the expectation is that this growth will continue into the next financial year.

Strategic Report (continued)
For the period from 30 March 2019 to 27 March 2020

Section 172 Statement
Decisions Affecting All Stakeholders

Preparing for Brexit:

Reason for decision: risk to business performance.

How: creation of a Brexit continuity team.

Actions & Outcomes:

- Arrange multiple entry points for European materials imports;
- Implemented new customs clearance status;
- Put in place clearance agency process;
- Set contingency plans with customers;
- Communicated settled status arrangements and requirement to all staff;
- Provided assistance where requested to ensure staff were fully aware of their right to stay options; and
- Put in specific Forex strategy to reduce currency fluctuation risk.

Responding to COVID 19:

Reason for decision: risk to going concern.

How: creation of COVID 19 business continuity team.

Actions & Outcomes:

- Set up twice daily review meetings with cross functional continuity team lead by the Chief Operating Office;
- Ensured compliance with all relevant statutory and industry bodies including, but not limited to, government advice, DEFRA and the FSA;
- New reporting systems set up to monitor and profile the impact of COVID 19 on our labour pool;
- Multiple actions to ensure staff are as protected as possible including home working, social distancing and vulnerable colleague arrangements;
- Review opportunity for furloughing selected colleagues linked to reduction in revenues. Implemented furloughing where possible across manufacturing and head office functions;
- Undertook a number of mitigating actions to reduce cash outflows as revenues fell (primarily through temporary debtor and creditor arrangements); and
- Extended company banking facilities to provide further cash headroom.

Trials of our own transport fleet:

Reason for decision: demonstrate the potential sustainability and cost benefits of both back haulage and the use of double deck vehicles to deliver product to customers.

How: an internal team implementing a transport trial.

Actions & Outcomes:

- Ran trial with limited company managed fleet;
- Ran trial with routes that had back haulage opportunities;
- Based on the results of the trials, tendered transport opportunities; and
- Executed new contracts with 3rd party transport providers using back haulage and double deck where commercially viable, reducing carbon foot print and improving service value.

NATURES WAY FOODS LIMITED

Strategic Report (continued)
For the period from 30 March 2019 to 27 March 2020

Decisions Affecting Customers, Investors and Employees

Focus on category leadership:

Reason for decision: business growth and strengthening the competitive position.

How: engage with customers in strategic category reviews and customer tenders.

Actions & Outcomes:

- Category share growth in salads and coleslaw associated with manufacturing capacity expansion; and
- Exit from fruit category.

Decisions Affecting Employees

Enhance employee recruitment, job satisfaction, retention and reward:

Reason for decision: Natures Way Foods relies on the loyalty of its 1168 colleagues in order to provide customer value, service and quality.

How: initiatives proposed from studies or projects undertaken across the business.

Actions & Outcomes:

- Introduced Wagestream instant access salary scheme;
- Reviewed pension provider and initiated change;
- Introduced new employee recognition process; and
- Implemented company-wide line management development training.

Mental health initiatives:

Reason for decision: focus on improving the wellbeing and health of all Natures Way Foods colleagues.

How: initiative proposed by occupational health department and human resources function.

Actions & Outcomes:

- Mental health awareness program to communicate to all employees via intranet and other media;
- Specialist manager training to better enable managers to identify and advise employees on mental health issues; and
- Introduction of mental health advocates across the business to assist both management and colleagues address issues as they arise.

Decisions Affecting Suppliers

Review of supply base to identify and build key strategic partnerships:

Reason for decision: our suppliers are fundamental to the quality and value of our products, and to ensure that we meet the high service levels our customers demand. They are also critical in providing specialist insight required to deliver high quality innovation.

How: strategic procurement review working with internal stakeholders, 3rd party expertise and the supply based.

Actions & Outcomes:

- Identified potential strategic supply partners; and
- Agreed multi-year supply contacts with strategic supply partners.

NATURES WAY FOODS LIMITED

Strategic Report (continued)
For the period from 30 March 2019 to 27 March 2020

Decisions Affecting Investors

Undertook Audit tendering:

Reason for decision: good practice as the audit partner had been in place for 8 years.

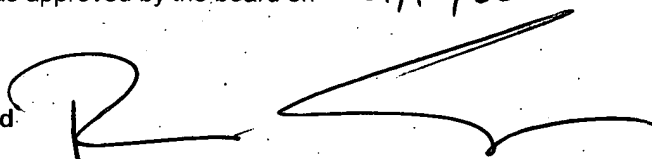
How: audit tender process.

Actions & Outcomes:

- Ran tender with 4 potential audit partners;
- Awarded audit role to new partner; and
- Executed milestones for change from existing to new audit partner.

This report was approved by the board on 01/10/20 and signed on its behalf.

RA Langmead
Director



NATURES WAY FOODS LIMITED

Directors' Report For the period from 30 March 2019 to 27 March 2020

The directors present their Annual Report and Audited Financial Statements for the period ended 27 March 2020.

DIRECTORS

The directors who served the group throughout the period and to the date of signing except as noted, were as follows:

B Jones
R Parr (resigned 23 July 2020)
DG Williams
DW Langmead
RA Langmead
SC Gilliland
CD Smith
AM Barker

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Having reviewed the current performance including the impact of Covid 19 and future trading prospect against the net current liability position, 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 2.2 of these financial statements.

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 company is thanks to the strength of the company'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.

Dividends

Dividends of £1,100k were declared and paid during the period to Natures Way Foods Investment Company Limited.

NATURES WAY FOODS LIMITED

Directors' Report (continued)
For the period from 30 March 2019 to 27 March 2020

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.

Employee Involvement

The company 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 company.

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.

Qualifying Indemnity Provision

The company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' report.

Disclosure of Information in the Strategic Report

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 to 7 and form part of this report by cross reference.

Auditor

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

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

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

A resolution to reappoint BDO LLP as auditors will be proposed at the forthcoming Annual General Meeting.

NATURES WAY FOODS LIMITED


Directors' Report (continued)
For the period from 30 March 2019 to 27 March 2020

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

This report was approved by the board on 01/10/20 and signed on its behalf.

RA Langmead
Director

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

NATURES WAY FOODS LIMITED

Directors' Responsibilities Statement For the period from 30 March 2019 to 27 March 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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 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 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.

NATURES WAY FOODS LIMITED

Independent Auditors' Report to the Members of Natures Way Foods Limited

OPINION

We have audited the financial statements of Natures Way Foods Limited (the 'Company') for the period ended 27 March 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 March 2020 and of its loss 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

NATURES WAY FOODS LIMITED

Independent Auditors' Report to the Members of Natures Way Foods Limited (continued)

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

NATURES WAY FOODS LIMITED

Independent Auditors' Report to the Members of Natures Way Foods Limited (continued)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

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

BDO LLP

BDO LLP

Stephen Le Bas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

Arcadia House
Maritime Walk
Ocean Village
Southampton
Hampshire
SO14 3TL

Date: *5/10/2020*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NATURES WAY FOODS LIMITED**Statement of Comprehensive Income**
For the period from 30 March 2019 to 27 March 2020

	Note	2020 £000	2019 £000
Turnover	3	192,918	190,706
Cost of sales		(164,485)	(164,067)
Gross profit		28,433	26,639
Administrative expenses		(28,069)	(28,983)
Other operating income		91	2
Operating profit/(loss)		455	(2,342)
Interest receivable and similar income	8	51	56
Interest payable and expenses	9	(506)	(364)
Fair value of forward currency contracts	9,8	823	(114)
Profit/(loss) before tax		823	(2,764)
Tax on profit/(loss)	10	(1,442)	(639)
Loss for the financial period		(619)	(3,403)
Total comprehensive income for the period		(619)	(3,403)

The notes on pages 19 to 38 form part of these financial statements.

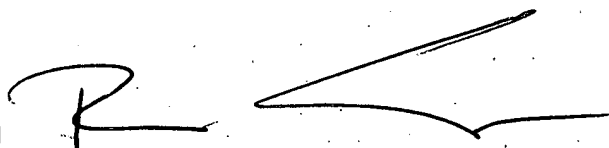
NATURES WAY FOODS LIMITED
Registered number: 02896421

Balance Sheet
As at 27 March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible Fixed Assets	12	45,351	45,574
		<u>45,351</u>	<u>45,574</u>
Current assets			
Stocks	13	4,482	4,559
Debtors more than one year	14	93	72
Debtors within one year	14	24,166	24,954
Cash at bank and in hand	15	7,387	-
		<u>36,128</u>	<u>29,585</u>
Creditors: amounts falling due within one year	16	(42,236)	(37,716)
Net current liabilities		<u>(6,108)</u>	<u>(8,131)</u>
Total assets less current liabilities		<u>39,243</u>	<u>37,443</u>
Creditors: Amounts Falling Due After More Than One Year	17	(12,244)	(8,747)
Net assets		<u><u>26,999</u></u>	<u><u>28,696</u></u>
Capital and reserves			
Called up share capital	21	150	150
Profit and loss account	22	26,849	28,546
		<u><u>26,999</u></u>	<u><u>28,696</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 01/10/20

RA Langmead
 Director



Company registration number: 02896421

The notes on pages 30 to 34 form part of these financial statements.

NATURES WAY FOODS LIMITED**Statement of Changes in Equity
For the period from 30 March 2019 to 27 March 2020**

	Called up share capital	Profit and loss account	Total
	£000	£000	£000
At 30 March 2019	150	28,546	28,696
Comprehensive loss for the period			
Loss for the period	-	(619)	(619)
Total comprehensive loss for the period	-	(619)	(619)
Dividends: Equity capital	-	(1,100)	(1,100)
Share-based payment charge	-	22	22
Total transactions with owners	-	(1,078)	(1,078)
At 27 March 2020	150	26,849	26,999

The notes on pages 19 to 38 form part of these financial statements.

NATURES WAY FOODS LIMITED

Statement of Changes in Equity **For the period from 30 March 2018 to 29 March 2019**

	Called up share capital	Restated Profit and loss account	Total
	£000	£000	£000
At 30 March 2018	150	31,728	31,878
Comprehensive loss for the period			
Loss for the period	-	(3,403)	(3,403)
Total comprehensive loss for the period	-	(3,403)	(3,403)
Share-based payment	-	221	221
Total transactions with owners	-	221	221
At 29 March 2019	150	28,546	28,696

The notes on pages 19 to 38 form part of these financial statements.

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

1. General information

The company is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom.

The address of the registered office is:

Park Farm
Chichester Road
Selsey
Chichester
West Sussex
United Kingdom
PO20 9HP

The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 7.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company's business activities together with a description of the financial position of the company, the principal risk and uncertainties and the factors likely to affect future development, performance and position are set in the strategic report. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Having considered the current performance, the net current liability 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 going concern basis in preparing the annual financial statements.

2.3 Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Natures Way Foods Europe Limited which can be obtained from their registered office as detailed in note 27. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented;
- (b) No cash flow statement has been presented for the company;
- (c) Disclosures in respect of financial instruments have not been presented;
- (d) Disclosures in respect of share-based payments have not been presented;
- (e) No disclosure has been given for the aggregate remuneration of key management personnel; and
- (f) No related party transactions with other wholly owned subsidiary undertakings of Natures Way Foods Europe Limited.

Notes to the Financial Statements
For the period from 30 March 2019 to 27 March 2020

2. Accounting policies (continued)

2.4 Revenue

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

2.5 Income 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 profit 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 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 probably that it will not reverse in the foreseeable future. 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. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company 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 or 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.

Notes to the Financial Statements
For the period from 30 March 2019 to 27 March 2020

2. Accounting policies (continued)

2.6 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.

2.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.8 Defined contribution plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet.

2.9 Share based payments

The group operates two management incentive schemes which are structured across a number of companies within the group and have a number of specific terms, details of which can be found in note 24. There are a number of possible outcomes through which the benefits of the schemes may be realised and, depending on the outcome, the scheme will be settled in either shares or in cash. The accounting treatment differs depending on whether the scheme is settled in shares or in cash.

2.10 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold property	- over the term of the lease
Plant and machinery	- 3 to 10 years straight line
Furniture and fittings	- 3 to 10 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2. Accounting policies (continued)

2.11 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 measurements on a present value basis.

2.12 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for the possible reversal at each reporting date.

For the purpose of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or group of assets.

Notes to the Financial Statements
For the period from 30 March 2019 to 27 March 2020

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2.14 Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Financial instruments

Financial assets and financial liabilities are recognised when the group 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 group after deducting all of its liabilities.

Notes to the Financial Statements
For the period from 30 March 2019 to 27 March 2020

2. Accounting policies (continued)

2.17 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).

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.

Notes to the Financial Statements
For the period from 30 March 2019 to 27 March 2020

2. Accounting policies (continued)

2.18 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.

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.19 Critical accounting judgments 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 judgments, 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.

The schemes have been classified as equity-settled share-based payment arrangements in Natures Way Foods Limited as the directors have made the judgment that the company receives the services from participants but has no obligation to settle the schemes in cash, instead receiving a capital contribution through equity from Natures Way Foods Europe Limited.

2.20 Key sources of estimation uncertainty

There are no sources of estimation uncertainty made by the company that are expected to result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Turnover

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020 £000	2019 £000
United Kingdom	191,235	188,896
Rest of Europe	1,683	1,810
	<u>192,918</u>	<u>190,706</u>

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

4. Profit/(Loss) before tax

	2020 £000	2019 £000
Profit/(Loss) before tax is stated after charging:		
Depreciation of tangible assets	11,645	12,184
Operating lease rentals	3,471	3,912
Foreign exchange differences	443	189
Research and development cost	262	288
Fair value movement of forward currency contracts	(823)	114
Profit on disposal of assets	(91)	(2)

5. Auditors' remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	72	72

Remuneration of the audit is settled by Natures Way Foods Limited on behalf of all the companies in the Natures Way Foods Europe Limited. £55k (2019: £55k) was attributable to the audit of Natures Way Foods Limited.

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

6. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	33,176	34,935
Social security costs	3,029	3,354
Other pension costs	1,005	917
	<u>37,210</u>	<u>39,206</u>

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

	2020 No.	2019 No.
Production staff	996	962
Administration staff	172	226
	<u>1,168</u>	<u>1,188</u>

7. Directors' remuneration

	2020 £000	2019 £000
Remuneration	1,067	1,539
Company contributions to defined contribution pension schemes	47	33
	<u>1,114</u>	<u>1,572</u>

During the period retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £534k (2019 - £652k).

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

NATURES WAY FOODS LIMITED

Notes to the Financial Statements **For the period from 30 March 2019 to 27 March 2020**

8. Finance Income

	2020 £000	2019 £000
Interest from group undertakings	51	56
Gain on financial instruments	823	-
	<u>874</u>	<u>56</u>

9. Finance Cost

	2020 £000	2019 £000
Interest on finance lease obligations and hire purchase contracts	(380)	(246)
Interest on bank loans and overdrafts	(125)	(105)
Interest to group undertaking	(1)	(13)
Loss on financial instruments	-	(114)
	<u>(506)</u>	<u>(478)</u>

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

10. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	1,405	740
Adjustments in respect of previous periods	58	10
	<u>1,463</u>	<u>750</u>
Total current tax	<u>1,463</u>	<u>750</u>
Deferred tax		
Origination and reversal of timing differences	(204)	(112)
Changes to tax rates	12	12
Adjustment in respect of previous periods	171	(11)
Total deferred tax	<u>(21)</u>	<u>(111)</u>
Taxation on Profit/(Loss) on ordinary activities	<u>1,442</u>	<u>639</u>

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

10. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit/(loss) on ordinary activities before tax	823	(2,764)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	156	(525)
Effects of:		
Expenses not deductible for tax purposes	431	533
Adjustments to tax charge in respect of prior periods	229	(1)
Non-taxable income	(53)	-
Transfer pricing adjustments	741	741
Group relief	(74)	(121)
Tax rate change	12	12
Total tax charge for the period	1,442	639

Factors that may affect future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

In his budget of 8 July 2015, the Chancellor of the Exchequer announced a reduction in the corporation tax rate to 19% for the Financial Year beginning 1 April 2017 and a further reduction to 18% for the Financial Year beginning 1 April 2020. The Finance Act 2016, which reduced the main rate of corporation tax to 17% from 1 April 2020 (replacing the 18% rate) was enacted on 15 September 2016.

Subsequently, in his budget on 11 March 2020, the Chancellor of the Exchequer confirmed that the UK corporation tax rate would not reduce on 1 April 2020 and would remain at 19%. All deferred tax assets and liabilities have therefore been measured at the deferred tax rate of 19% as this rate is substantively enacted at the balance sheet date.

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

11. Dividends

	2020 £000	2019 £000
Dividends Paid	1,100	-
	<u>1,100</u>	<u>-</u>

12. Tangible fixed assets

	Short-term leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation					
At 30 March 2019	15,030	93,089	10,043	4,865	123,027
Additions	707	6,616	706	3,537	11,566
Assets under construction complete	36	4,801	28	(4,865)	-
Disposals	-	(6,542)	(472)	-	(7,014)
At 27 March 2020	<u>15,773</u>	<u>97,964</u>	<u>10,305</u>	<u>3,537</u>	<u>127,579</u>
Depreciation					
At 30 March 2019	9,731	60,884	6,838	-	77,453
Charge for the period on owned assets	765	9,361	1,519	-	11,645
Disposals	-	(6,840)	(30)	-	(6,870)
At 27 March 2020	<u>10,496</u>	<u>63,405</u>	<u>8,327</u>	<u>-</u>	<u>82,228</u>
Net book value					
At 27 March 2020	<u>5,277</u>	<u>34,559</u>	<u>1,978</u>	<u>3,537</u>	<u>45,351</u>
At 29 March 2019	<u>5,299</u>	<u>32,205</u>	<u>3,205</u>	<u>4,865</u>	<u>45,574</u>

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

NATURES WAY FOODS LIMITED

Notes to the Financial Statements
For the period from 30 March 2019 to 27 March 2020

12. Tangible fixed assets (continued)

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

	2020 £000	2019 £000
Plant and Machinery	19,205	10,548

13. Stocks

	2020 £000	2019 £000
Raw materials and consumables	4,228	4,168
Finished goods and goods for resale	254	391
	4,482	4,559

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

14. Debtors:

	2020 £000	2019 £000
Due after more than one year		
Deferred tax asset	93	72
	<u>93</u>	<u>72</u>
Due within one year		
Trade debtors	18,587	19,402
Amounts owed by group undertakings	1,889	2,014
Other debtors	1,349	1,879
Prepayments and accrued income	1,620	1,659
Derivatives (FX contracts)	721	-
	<u>24,166</u>	<u>24,954</u>

Amounts owed by group undertakings are repayable on demand, with interest payable at a rate of LIBOR +2%.

15. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	7,387	-
	<u>7,387</u>	<u>-</u>

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

16. Creditors: Amounts falling due within one year

	2020 £000	2019 restated £000
Bank loans and overdrafts	5,000	4,863
Trade creditors	13,434	17,285
Amounts owed to group undertakings	229	238
Corporation tax	814	32
Other taxation and social security	1,525	798
Asset Finance Leases	6,188	5,236
Other creditors	2,500	121
Accruals and deferred income	12,546	9,041
Financial instruments	-	102
	42,236	37,716

Amounts owed to group undertakings are repayable on demand, with interest payable at a rate of LIBOR +2%.

17. Creditors: Amounts falling due after more than one year

	2020 £000	2019 restated £000
Asset finance leases	12,167	8,747
Other creditors	77	-
	12,244	8,747

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

18. Loans

	2020	2020	2020	2019	2019	2020
	£000	£000	£000	£000	£000	£000
	Loan	Asset Finance	Total	Loan	Asset Finance	Total
Maturity of debt						
Due within one year	5,000	6,188	11,188	4,863	5,236	10,099
Due 2-5 years	-	12,167	12,167	-	8,747	8,747
	<u>5,000</u>	<u>18,355</u>	<u>23,355</u>	<u>4,863</u>	<u>13,983</u>	<u>18,846</u>

The asset finance leases are secured against the relevant plant and machinery assets concerned. The bank loan is secured against a debenture across the assets of the company and an intercompany guarantee with fellow subsidiary undertakings.

19. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	<u>721</u>	<u>-</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	<u>-</u>	<u>(102)</u>

The fair values are calculated using valuation models based on observable market data.

20. Deferred taxation

	2020 £000	2019 £000
At beginning of year	(72)	39
Charged to profit or loss	(21)	(111)
At end of year	<u>(93)</u>	<u>(72)</u>

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

20. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Fixed asset timing difference	225	(34)
Short term timing difference	(305)	(24)
Non trading timing difference	(13)	(14)
At end of period	(93)	(72)

21. Called up share capital

	2020 £000	2019 £000
Issued, called up and fully paid		
15,000,000 (2019 - 15,000,000) Ordinary shares shares of £0.01 each	150	150

22. Reserves

Profit and loss account

This reserve records retain earnings and accumulated losses, net of dividends paid and other adjustments.

23. Operating Lease commitments

	2020 £000	2019 £000
The total future minimum lease payments under non-cancellable operating leases are as follows:		
Not later than 1 year	3,283	3,874
Later than 1 year and not later than 5 years	11,553	11,671
Later than 5 years	50,148	52,773
	64,984	68,318

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

24. Share based payments

The group operates two management incentive schemes for directors and certain senior management, being:

- the Natures Way Foods Europe Limited share scheme ("NWFE share scheme"), commencing in December 2012; and
- the Natures Way Foods Investment Company Limited share scheme ("NWFIC share scheme"), commencing in August 2018.

Under the schemes, Natures Way Foods Europe Limited or Natures Way Foods Investment Company Limited issue "D" shares or "E" shares to participants of the NWFE share scheme and NWFIC share scheme respectively. The entitlement of shareholders to voting rights and to receive dividends are stated in the Articles of Association of Natures Way Foods Europe Limited and Natures Way Foods Investment Company Limited.

The shares generate benefit to the participants through realisation of one of a number of the defined vesting events and the receiving of the benefit is contingent on meeting the imposed performance conditions, being the achievement of a pre-determined hurdle valuation and continued employment of the participant. Both the vesting events and performance conditions are defined in the Articles of Association of Natures Way Foods Europe Limited and Natures Way Foods Investment Company Limited for the NWFE share scheme and NWFIC share scheme respectively.

Based on the terms above and the specific circumstances, the group considers these schemes to represent cash-settled share-based payment arrangements at a group level, as the most probable settlement of the scheme is through a share buyback and therefore eventual pay-out will be made through a cash settlement.

At a company level, Natures Way Foods Europe Limited carries the obligation to settle both schemes but does not receive the services from the participants, which are instead received by Natures Way Foods Limited as the legal employer of the participants. On this basis, the schemes are considered to be cash-settled share-based payment arrangements to Natures Way Foods Europe Limited and equity-settled share-based payment arrangements to Natures Way Foods Limited.

There were a total of 4.5k shares and 1,083k shares outstanding in respect of the NWFE and NWFIC schemes respectively, each of which carried a fair value of between 7.5p and £15, averaging at 27p. The aggregate fair value of all outstanding shares in these schemes was therefore £243k. This fair value was determined using a pricing model taking into account certain performance conditions.

In the current year, an expense of £22k (2019: £221k) was recognised with an associated increase to equity being equivalent to a capital contribution from the parent which takes on the obligation to settle these schemes.

NATURES WAY FOODS LIMITED

Notes to the Financial Statements For the period from 30 March 2019 to 27 March 2020

25. Related party transactions

During the period the company paid DW Langmead, a director of the company, for goods and services amounting to £1,822k (2019: £998k).

During the period the company paid for goods and services amounting to £2,000k (2019: £2,000k) to Landlink Estates Limited (previously Langmead Estates Limited) a company controlled by DW Langmead, a director of the company.

During the period the company paid for goods and services amounting to £3,030k (2019: £3,035k) to Kingsbridge Estates Limited, a company controlled by RA Langmead, a director of the company. During the period the company recharged costs of £3k (2019: £6k) to Kingsbridge Estates Limited.

During the period the company sold goods and recharged costs amounting to £6k (2019: £6k) and paid for goods and services which in total were £2,646k (2019: £2,952k) from companies owned or partly owned by DW Langmead, a director of the company. At the end of the period Natures Way Foods Limited owed these companies £336k (2019: £670k) and was owed £7k (2019: £2k) by them.

During the period the company paid for goods and services amounting to £1,397k (2019: £1,728k) from Sun Salads Limited, a 90% subsidiary of Natures Way Investment Company Limited (NWFIC). The company also sold goods to Sun Salads Limited at a value of £96k (2019: £779k) and charged interest of £9k (2019: £9k) during the period. At the end of the period Natures Way Foods Limited (NWF) owed Sun Salads Limited £110k (2019: £152k) and was owed £462k (2019: £424k).

During the period the company charged Sun Salads Espana S.L a 100% subsidiary of Sun Salads Limited interest of £43k (2019: £47k). At the end of the period NWF owed £11k (2019: £nil) and was owed £1,368k (2019: £1,557k).

At the end of the period Natures Way Foods Europe Limited (NWFE) owed the company £59k (2019: £nil) and was owed by the company £96k (2019: £86k).

Directors loans outstanding at the end of the period £221k (2019: £nil).

26. Post balance sheet events

There were no events since the reporting date which require adjustment or disclosure.

27. Controlling party

The company is a 100% subsidiary of Natures Way Foods Investment Company Limited. The Company's ultimate parent company is Natures Way Foods Europe Limited. All entities are domiciled in the United Kingdom and registered in England and Wales. The registered office of the company's ultimate parent company is Park Farm, Chichester Road, Selsey, West Sussex, United Kingdom, 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.