

Registration number: 03102559

Daniels Chilled Foods Limited
Annual Reports and Financial Statements
for the Year Ended 30 June 2016

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Daniels Chilled Foods Limited

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Daniels Chilled Foods Limited

Company Information

Chairman

Mr Irwin Simon

Directors

Mr James Skidmore

Mrs Denise Faltischek

Mr Irwin Simon

Mr James Langrock

Company secretary

Mr Nicholas Keen

Registered office

2100 Century Way

Thorpe Park

Leeds

LS15 8ZB

Solicitors

Squire Sanders and Hammonds

2 Park Lane

Leeds

LS3 1ES

Bankers

Barclays Bank plc

Barclays London Corporate Bankings

54 Lombard Street

London

EC3 9EX

Auditors

Ernst & Young LLP

1 Bridgewater Place

Water Lane

Leeds

LS11 5QR

Daniels Chilled Foods Limited

Strategic Report for the Year Ended 30 June 2016

The directors present their strategic report for the year ended 30 June 2016.

Principal activity

The principal activity of the Company is that of a leading manufacturer of fresh, chilled products including soup, fresh cut fruit and chilled drinks.

Fair review of the business

The Company has a number of key performance indicators, both financial and non financial, that are used to manage the business. Non-financial indicators include health and safety.

Financial measurement is driven by reviewing movements in turnover, gross margin percentages and operating profit margins. Gross margin percentage for the period was 15.2% (year ended 30 June 2015 – 18.0%). This deterioration is due to under-absorption of factory overhead and sales mix changes. Turnover increased by 1.0% to £128,728,000 and statutory operating profit reduced by £3,001,000 to a loss of £2,254,000. On a pre-one-off basis operating profit reduced from a profit of £747,000 to a loss of £1,147,000.

One-off items in operating loss included:

- £967,000 in the period included in operating profit related to an increase in provisions in respect of the aged debtor balances relating to retail customer deductions following additional information allowing a reassessment of the recoverability of these balances. The increase in provisions was booked as an adjustment to turnover.
- £140,000 impairment of property, plant and equipment following additional evidence concerning the recoverable amount of certain items.

In addition the Company recognised in its loss before tax a £3,115,000 loss on measurement to fair value less costs to sell of assets held for sale, following the classification of certain items of property, plant and equipment as assets held for sale. This classification was the result of undertakings provided to the Competition and Markets Authority ('CMA') in relation to the CMA's investigation into the acquisition of Orchard House Foods Limited by Hain Frozen Foods Limited (an intermediate parent of Daniels Chilled Foods Limited), to divest of the Daniels Chilled Foods Limited own-label freshly squeezed fruit juice business. Further details are provided in note 11 in the financial statements.

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Turnover	£000	128,728	126,849
Operating (loss)/profit after one-off items	£000	(2,254)	747
Operating (loss)/profit before one-off items	£000	(1,147)	747
Shareholders funds	£000	26,901	31,660

Principal risks and uncertainties

The Company operates in a highly competitive market place particularly with regard to pricing, promotional activity and the introduction of new product developments. The Company manages competitive trading risk by providing well priced, high quality products and by maintaining strong relationships with its customer base.

Upwards input price pressure, both underlying and currency related, represents a key risk to the business. This risk is addressed through a continuous review of the supply base of the business to ensure continuity of supply of key materials at competitive prices. The business has a number of contracts with key suppliers that mitigate the effects of input price volatility.

The general economic climate also represents a risk to the business and may impact the revenue and profitability of the business. The business has plans in place to mitigate this risk where necessary.

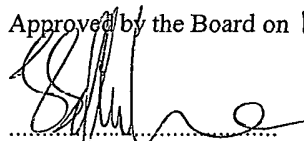
Daniels Chilled Foods Limited

Strategic Report for the Year Ended 30 June 2016 (continued)

Future developments

The Company is focused on driving growth in both turnover and profitability. However the business will be affected in future by the disposal of the own label juice business noted in the fair review of the business section, and the subsequent reorganisation of production across manufacturing sites within the group of companies of which this Company is a part.

Approved by the Board on 15 September 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J. Skidmore', written over a dotted line.

Mr James Skidmore
Director

Daniels Chilled Foods Limited

Directors' Report for the Year Ended 30 June 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

Directors of the Company

The directors who held office during the year and up to the approval of this report were as follows:

Mr Jeremy Hudson (resigned 30 June 2016)

Mrs Denise Faltischek

Mr Irwin Simon - Chairman

Mr Stephen Smith (resigned 1 November 2015)

Mr Pasquale Conte (appointed 1 November 2015, resigned 30 June 2017)

Mr James Langrock (appointed 30 June 2017)

Mr James Skidmore (appointed 30 June 2016)

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company has a system of controls in place to create an acceptable balance between the costs of risks occurring and the costs of managing the risks. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities.

The Company operates mainly in the UK with a functional currency of sterling. The Company's exposure to market risk derives primarily from foreign currency risk as it also purchases from and sells to companies in Europe.

In order to manage credit risk which may arise resulting from the failure of a customer to settle its debts as and when they fall due, management has in place credit policies setting the maximum amount of credit allowed to be extended to each customer. These credit limits are determined following credit evaluations of credit customers and credit exposures are monitored on an on-going basis.

To manage liquidity and cash flow risk, the Company monitors closely its operating cash flows ensuring that there are sufficient cash and cash equivalents as well as adequate funding facilities to meet its operating requirements. In assessing the adequacy of these facilities and cash balances, management reviews its operating cash flows, working capital requirements, its debt obligations and its projected capital commitments.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Daniels Chilled Foods Limited

Directors' Report for the Year Ended 30 June 2016 (continued)

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through regular briefings to employees undertaken by management.

Research and development

In the year ended 30 June 2016, the focus of research and development work has been in relation to new products across a number of the business's existing categories.

Going concern

The directors have reviewed the going concern basis of preparation for the Company with reference to cash flow projections and facility requirements and believe that the going concern basis of preparation is appropriate.

Basis of Preparation

During the year the company transitioned from EU-adopted IFRS to FRS 101 *-Reduced Disclosure Framework* and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, S Daniels Limited, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101, however further details are included in note 26 to these financial statements.

Dividends and results

The result for the year ended 30 June 2016 was a loss of £4,759,000 (year ended 30 June 2015 – profit of £798,000). No dividends have been declared in the year (2015 - £nil).

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 15 September 2017 and signed on its behalf by:



Mr James Skidmore
Director

Daniels Chilled Foods Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Shareholders of Daniels Chilled Foods Limited

We have audited the financial statements of Daniels Chilled Foods Limited for the year ended 30 June 2016, which comprise the Statement of Profit and Loss and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 Reports to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Shareholders of Daniels Chilled Foods Limited (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



Peter Buckler (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

15th September 2017

Daniels Chilled Foods Limited

Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 30 June 2016

	Note	2016 £ 000	2015 £ 000
Turnover	4	128,728	126,849
Cost of sales		<u>(109,141)</u>	<u>(103,993)</u>
Gross profit		19,587	22,856
Distribution costs		(15,078)	(15,614)
Administrative expenses		(6,623)	(6,495)
Impairment of property, plant and equipment		<u>(140)</u>	-
Operating (loss)/profit	5	(2,254)	747
Loss on measurement to fair value less costs to sell on assets held for sale	11	(3,115)	-
Finance costs	6	<u>(521)</u>	<u>(757)</u>
Loss before tax		(5,890)	(10)
Tax on loss on ordinary activities	10	<u>1,131</u>	<u>808</u>
Loss/(Profit) for the year		<u>(4,759)</u>	<u>798</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>(4,759)</u>	<u>798</u>

The above results were derived from continuing operations.

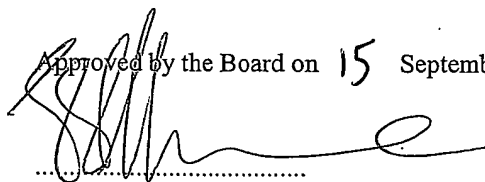
Daniels Chilled Foods Limited

(Registration number: 03102559)

Statement of Financial Position as at 30 June 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Property, plant and equipment	12	14,220	19,628
Intangible assets	13	241	422
Investments in subsidiaries, joint ventures and associates	14	9,404	9,404
		<u>23,865</u>	<u>29,454</u>
Current assets			
Inventories	15	5,536	4,899
Trade and other receivables	16	83,557	71,588
Cash and cash equivalents		12,704	14,039
		<u>101,797</u>	<u>90,526</u>
Assets held for sale	11	3,500	-
		<u>105,297</u>	<u>90,526</u>
Creditors: Amounts falling due within one year			
Trade and other payables	20	(98,752)	(80,565)
Loans and borrowings	18	-	(6,500)
Income tax liability	10	-	(1)
Creditors: Amounts falling due within one year		<u>(98,752)</u>	<u>(87,066)</u>
Net current assets		<u>6,545</u>	<u>3,460</u>
Total assets less current liabilities		<u>30,410</u>	<u>32,914</u>
Creditors: Amounts falling after more than one year			
Deferred tax liabilities	10	(625)	(1,254)
Provisions	22	(2,884)	-
Net assets		<u>26,901</u>	<u>31,660</u>
Capital and reserves			
Share capital	17	1	1
Retained earnings		<u>26,900</u>	<u>31,659</u>
Total equity		<u>26,901</u>	<u>31,660</u>

Approved by the Board on 15 September 2017 and signed on its behalf by:



Mr James Skidmore
Director

The notes on pages 12 to 28 form an integral part of these financial statements.

Daniels Chilled Foods Limited

Statement of Changes in Equity for the Year Ended 30 June 2016

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2015	1	31,659	31,660
Loss for the year	-	(4,759)	(4,759)
Total comprehensive income for the year	-	(4,759)	(4,759)
At 30 June 2016	1	26,900	26,901

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2014	1	30,861	30,862
Profit for the year	-	798	798
Total comprehensive income for the year	-	798	798
At 30 June 2015	1	31,659	31,660

The notes on pages 12 to 28 form an integral part of these financial statements.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016

1 General information

The Company is a private company limited by share capital incorporated and domiciled in UK.

The address of its registered office is:

2100 Century Way
Thorpe Park
Leeds
LS15 8ZB

These financial statements were authorised for issue by the Board on 15 September 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements have been prepared in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101).

The Company transitioned from previously extant UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law) ("UK GAAP") to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101, although details of the amendments recognised are shown in note 25.

On transition to FRS101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards". IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 30 June 2014 have not been restated.

The Company has taken advantage of the following disclosure exemptions under FRS101:

- a) the requirements of paragraphs 10(d) and 134-136 of IAS 1 Presentation of Financial Statements;
- b) the requirements of IAS 7 Statement of Cash Flows;
- c) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- e) the requirements of IAS 24.7 - disaggregation of Key Management Personnel remuneration; and
- f) the requirements of IAS 1 paragraphs 16, 38 a-d and 40 a-d Presentation of Financial Statements.

As the consolidated financial statements of The Hain Celestial Group, Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- a) the requirements of paragraphs 134d-f and 135c-e of IAS 36 Impairment of Assets; and
- b) the requirements of IFRS 13 – Fair Value Measurement;.

Both the functional and presentational currency of the Company are GBP.

These financial statements are the separate financial statements of Daniels Chilled Foods Limited. Consolidated financial statements are prepared by its ultimate parent, The Hain Celestial Group, Inc.

Going concern

The financial statements have been prepared on a going concern basis.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about Daniels Chilled Foods Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, The Hain Celestial Group Inc., a company incorporated in the USA.

Revenue recognition

All revenue is earned from the sale of goods. Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Company.

The Company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency (GBP) rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation, and any contractual restoration costs or leasehold dilapidation costs expected at the end of their useful economic life.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. The depreciation rates are as follows:

Asset class	Depreciation method and rate
Freehold buildings	2% per annum straight line
Plant and equipment	7-15 years straight line
Fixtures and fittings	10-15% per annum straight line
Motor vehicles	25% per annum straight line
Leasehold land and buildings	Straight line over the lease term

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Customer lists	Straight line over 5 years

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Accounting policies (continued)

Assets held for sale

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition, a sale is highly probable and expected to be completed within one year from the date of classification. Such assets are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

Investments

~~The Company carries its investments in subsidiary undertakings at amortised cost less impairment. The Company assess at each reporting date whether there is any objective evidence that its investments are impaired.~~

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised at the transaction price, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory 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.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised at the transaction price.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Accounting policies (continued)

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Share capital

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

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Impairment

Impairment excluding inventories, and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

2 Accounting policies (continued)

Impairment excluding inventories, and deferred tax assets (continued)

a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Bad debt, overrider and stock provisioning

The Company maintains on-going provisions for bad debts and for overrider discounts (including rebates and promotional discounts). The amounts are estimated based on management experience, the current economic climate and, for the latter, customer agreements.

The Company also maintains a stock provision which is calculated based on a percentage of gross sales. The percentage employed is assessed by reference to previous stock write offs.

Leasehold restoration provisioning

The company has an obligation under certain property leases to remove property, plant and equipment it has installed and restore the property to an agreed condition, subject to fair wear and tear, at the end of those leases. The company has estimated the liabilities expected to arise based on past experience of restoration costs incurred at the end of similar property leases, maintains on-going provisions for these costs.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2016 £ 000	2015 £ 000
Sale of goods	128,728	126,849
<hr/>		
Sales by geographical location		
Sale of goods UK	124,491	122,264
Sale of goods Europe	4,237	4,585
	128,728	126,849

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	2016 £ 000	2015 £ 000
Depreciation expense	3,438	2,785
Amortisation expense	181	181
Foreign exchange losses	58	426
Operating lease expense - property	1,042	1,016
Operating lease expense - plant and machinery	547	240
Operating lease expense - other	508	315
Loss/(profit) on disposal of property, plant and equipment	29	(113)
Impairment expense	140	-
One-off debtor provisions	967	-

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

6 Finance costs

	2016 £ 000	2015 £ 000
Interest on bank overdrafts and borrowings	478	757
Other finance charges	43	-
	<u>521</u>	<u>757</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	25,826	25,095
Social security costs	2,227	2,404
Pension costs, defined contribution scheme	420	400
	<u>28,473</u>	<u>27,899</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Production	866	790
Administration and support	134	180
Other departments	128	171
	<u>1,128</u>	<u>1,141</u>

As at 30 June 2016, there was £14,000 outstanding in respect of defined contribution pension schemes (2015 - £50,000).

8 Directors' remuneration

One director of the Company is based in the UK and was paid by Daniels Chilled Foods Limited. The director received total remuneration for the year of £303,000 (2015 - £303,000), including company pension contributions money purchase pension plans of £28,000 (2015 - £28,000). The director does not believe that it is practicable to apportion this amount between his services as director of the Company and his services as director of the holding and fellow subsidiary companies.

The remuneration for those directors who are based abroad has been borne by other group companies as they are also directors or officers of a number of the companies within the group. Those directors' services to Daniels Chilled Foods Limited do not occupy a significant amount of their time. As such those directors do not consider that they have received any remuneration for their services to the Company. Where during the year ended 30 June 2016 those directors received shares in the Hain Celestial Group, Inc, these are considered to have been received for their worldwide services to the group and any amounts relating to qualifying services provided to this entity is negligible. Therefore no further disclosure has been made in these financial statements.

During the year shares in The Hain Celestial Group, Inc were received or became receivable under long-term incentive schemes by one director of the Company.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

	2016 £ 000	2015 £ 000
9 Auditors' remuneration		
Audit of the financial statements	294	293
Non audit services	-	8

The Company bears the costs of the audit of the financial statements of the UK-based parent, its subsidiary and related companies. Non-audit services provided by the auditors including grant certification work only.

10 Income tax

Tax charged/(credited) in the income statement

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax – current year credit	(299)	(143)
UK corporation tax – prior year credit	(203)	(587)
	(502)	(730)
Deferred taxation		
Deferred tax – current year charge/(credit)	(624)	(56)
Deferred tax – prior year charge/(credit)	64	(22)
Deferred tax – impact of change in tax rates	(69)	-
	(629)	(78)
Tax receipt in the income statement	(1,131)	(808)

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.75%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Loss before tax	(5,890)	(10)
Corporation tax at standard rate	(1,178)	(2)
Decrease in current tax from adjustment for prior periods	(202)	(587)
Increase/(decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	254	(199)
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	64	(22)
Deferred tax expense (credit) relating to changes in tax rates or laws	(69)	2
Total tax credit	(1,131)	(808)

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

10 Income tax (continued)

On 8 July 2015 the government announced its intention to reduce the standard rate of corporation tax in the UK to 19%, effective from 1 April 2017, with a further reduction to 18% from 1 April 2020. At 30 June 2016, these changes had been substantively enacted and as such the tax balances below have been re-measured to account for these planned changes. Subsequent announcements from the government stating its intention to further reduce the standard rate of corporation tax in the UK to 17%, effective from 1 April 2020, had not been substantively enacted at 30 June 2016 and as such this planned change has not been taken into account in measuring the tax balances below.

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2016			
Accelerated tax depreciation	-	(644)	(644)
Provisions	19	-	19
	19	(644)	(625)

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2015			
Accelerated tax depreciation	-	(1,268)	(1,268)
Provisions	14	-	14
	14	(1,268)	(1,254)

Deferred tax movement during the year:

	At 1 July 2015 £ 000	Recognised in income £ 000	At 30 June 2016 £ 000
Accelerated tax depreciation	(1,268)	624	(644)
Provisions	14	5	19
Net tax assets/(liabilities)	(1,254)	629	(625)

Deferred tax movement during the prior year:

	At 1 July 2014 £ 000	Recognised in income £ 000	At 30 June 2015 £ 000
Accelerated tax depreciation	(1,353)	85	(1,268)
Provisions	20	(6)	14
Net tax assets/(liabilities)	(1,333)	79	(1,254)

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

11 Assets held for sale

	Property, plant and equipment £ 000	Total £ 000
At 1 July 2015	-	-
Transfers from property, plant and equipment	6,615	6,615
Loss on measurement to fair value less costs to sell	(3,115)	(3,115)
At 30 June 2016	<u>3,500</u>	<u>3,500</u>

On 17 May 2016 the Competition and Markets Authority (CMA) decided that the acquisition of Orchard House Foods Limited by Hain Frozen Foods Limited (an intermediate parent of Daniels Chilled Foods Limited) gave rise to a loss of competition in the supply of own-label freshly squeezed fruit juice to retailers and food service sectors and would be referred for an in-depth investigation unless Hain Frozen Foods Limited and its subsidiaries ("the companies") were able to offer acceptable undertakings to address these concerns. On 1 June 2016 the companies gave an undertaking to the CMA that they would divest of the Daniels Chilled Foods Limited own-label freshly squeezed fruit juice business and this undertaking was accepted by the CMA on 14 June 2016. As a result the own-label freshly squeezed fruit juice business was marketed for sale, and after further consultation with the CMA Multiple Marketing Limited was approved by the CMA as a suitable vendor and the business was disposed of. The transaction completed subsequent to the balance sheet date on 22 September 2016.

The disposal incorporated the sale of certain items of property, plant and equipment which provided evidence over the recoverable amount of these assets at 30 June 2016. The directors consider that the property, plant and equipment disposed of post balance sheet meets the definition of held for sale assets under IFRS 5 at 30 June 2016. Accordingly the assets were transferred from fixed assets to held for sale assets and then carried at the disposal proceeds. A charge of £3,115,000 has been recognised during the year ended 30 June 2016, to recognize the loss on measurement to fair value less costs to sell on these assets. Daniels Chilled Foods Limited will continue to market and sell its branded freshly squeezed juices and sister subsidiaries will continue to supply own label freshly squeezed fruit juice to the UK market, and as a consequence the directors do not consider the disposal to be a discontinued activity as defined by IFRS 5.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

12 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Motor vehicles £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation					
At 1 July 2015	11,590	1,744	190	35,355	48,879
Additions	867	99	-	3,855	4,821
Transfer to assets held for sale	(6,405)	(11)	-	(10,089)	(16,505)
Disposals	-	-	-	(516)	(516)
At 30 June 2016	6,052	1,832	190	28,605	36,679
Depreciation					
At 1 July 2015	3,499	1,710	188	23,854	29,251
Charge for the year	437	41	-	2,960	3,438
Impairment charge	-	-	-	140	140
Transfer to assets held for sale	(1,674)	(11)	-	(8,205)	(9,890)
Eliminated on disposal	-	-	-	(480)	(480)
At 30 June 2016	2,262	1,740	188	18,269	22,459
Carrying amount					
At 30 June 2016	3,790	92	2	10,336	14,220
At 30 June 2015	8,091	34	2	11,501	19,628

Included within the net book value of land and buildings above is £nil (2015 - £4,967,000) in respect of freehold land and buildings, £3,790,000 (2015 - £3,124,000) in respect of long leasehold land and buildings and £nil (2015 - £nil) in respect of short leasehold land and buildings.

13 Intangible assets

	Contractual customer relationships £ 000	Total £ 000
Cost or valuation		
At 1 July 2015	905	905
At 30 June 2016	905	905
Amortisation		
At 1 July 2015	483	483
Amortisation charge	181	181
At 30 June 2016	664	664
Carrying amount		
At 30 June 2016	241	241
At 30 June 2015	422	422

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

14 Investments

	Investments £ 000
Subsidiaries	
Cost or valuation	
At 1 July 2015	9,404
At 30 June 2016	9,404
Carrying amount	
At 30 June 2016	9,404
At 30 June 2015	9,404

Details of the subsidiaries as at 30 June 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Farmhouse Fare Limited	Manufacturer of specialist puddings	UK	100%	100%
Johnsons Fresh Products Limited	Non-trading	UK	100%	100%
The New Covent Garden Food Company Limited	Non-trading	UK	100%	100%
Sun-Ripe Limited	Non-trading	UK	100%	100%
Daniels Group Limited	Dormant	UK	100%	100%
Johnsons Freshly Squeezed Juice Limited	Dormant	UK	100%	100%
The New Covent Garden Soup Company Limited	Non-trading	UK	100%	100%

15 Inventories

	2016 £ 000	2015 £ 000
Raw materials and consumables	4,542	4,058
Work in progress	11	282
Finished goods and goods for resale	983	559
	<u>5,536</u>	<u>4,899</u>

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

16 Trade and other receivables

	2016 £ 000	2015 £ 000
Trade receivables	28,273	23,829
Receivables from related parties – parent companies	39,614	36,000
Receivables from related parties – other group companies	7,940	8,508
Prepayments	5,372	2,481
Other receivables	2,358	770
Total current trade and other receivables	<u>83,557</u>	<u>71,588</u>

Included within other receivables is income tax receivable of £506,000 (2015 - £351,000).

17 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.01 each	111,520	1,115	111,520	1,115

18 Loans and borrowings

	2016 £ 000	2015 £ 000
Current loans and borrowings		
Bank borrowings	<u>-</u>	<u>6,500</u>

19 Obligations under leases and hire purchase contracts

Operating leases

The total future value of minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Within one year	2,099	1,575
In two to five years	5,751	3,507
In over five years	3,490	1,736
	<u>11,340</u>	<u>6,818</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,097,000 (2015 - £1,571,000).

Sublease arrangements

In the previous financial year, the Company sub-let one property under an operating lease.

Total future minimum sublease income under non-cancellable operating leases expected to be received is £Nil (2015 - £Nil).

The amount of income recognised in the year from non-cancellable operating subleases was £Nil (2015 - £42,000).

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

20 Trade and other payables

	2016 £ 000	2015 £ 000
Trade payables	17,736	19,629
Accrued expenses	3,475	1,541
Amounts due to related parties – parent companies	5,097	5,097
Amounts due to related parties – other group companies	71,804	53,622
Social security and other taxes	640	676
	98,752	80,565

21 Commitments

Capital commitments

During the year, the Company entered into contracts to purchase property, plant and equipment. The commitments are expected to be settled in the following financial year.

The total amount contracted for but not provided in the financial statements was £Nil (2015 - £294,000).

22 Provisions

	At 1 July 2015 £ 000	Additions to PPE £ 000	Effect of discounting £ 000	Recognised in income £ 000	At 30 June 2016 £ 000
Lease restoration provision – non current	-	2,841	43	-	2,884

The company has an obligation under certain property leases to remove property, plant and equipment it has installed and restore the property to an agreed condition, subject to fair wear and tear, at the end of those leases. The company has estimated the liabilities expected to arise based on past experience of restoration costs incurred at the end of similar property leases. As the liability is expected to arise in future periods, as the leases expire between 2016 and 2029, the provision has been discounted to present value. As the discount unwinds interest is recognised in the income statement. An asset has been recognised in property, plant and equipment for this discounted amount, which will be depreciated straight line over the remaining life of these leases in order to recognize the cost in the income statement.

23 Related party transactions

As stated in note 2 to the Company has taken advantage of the exemptions from the requirement to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and from the requirement to disclose Key Management Personnel remuneration.

There are no other related party transactions that require disclosure.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

24 Parent and ultimate parent undertaking

The Company's immediate parent is S Daniels Limited. The ultimate parent and ultimate controlling party is The Hain Celestial Group, Inc.

The most senior parent entity producing publicly available financial statements (in whose consolidated financial statements the Company's financial statements are consolidated) is The Hain Celestial Group, Inc. These financial statements are available upon request from 1111 Marcus Ave, Lake Success, NY 11042, USA.

25 Subsequent events

On 22 September 2016 the Company disposed of its own label freshly squeezed juice business (certain trade and assets), in accordance with an undertaking provided to the CMA (Competition and Markets Authority), in connection with the acquisition of Orchard House Foods Limited by Hain Frozen Foods Limited (an intermediate parent of the Company).

Further details are provided in note 11.

There were no other significant gains or losses relating to this disposal.

26 Transition to FRS101

For all periods up to and including the year ended 30 June 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements for the year ended 30 June 2016, are the first the Company has prepared in accordance with FRS101.

Accordingly, the Company has prepared individual financial statements which comply with FRS101 applicable for periods beginning on or after 1 July 2015 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 July 2014, the Company's date of transition to FRS101, and made those changes in accounting policies and other restatements required for the first time adoption of IFRS. As such this note explains the principal adjustments made by the Company in restating its statement of financial position as at 1 July 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 30 June 2015.

On transition to FRS101, the company has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards". IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 July 2014 have not been restated.

There were no material recognition or measurement differences arising on the adoption of FRS 101.

Daniels Chilled Foods Limited

Notes to the Financial Statements for the Year Ended 30 June 2016 (continued)

26 Transition to FRS101 (continued)

Reconciliation of Equity at 1 July 2014

	UK GAAP £ 000	FRS101 adjustments 000	£	FRS 101 £ 000
Net assets & Total Equity	13,593		-	13,593

Reconciliation of Equity at 30 June 2015

	UK GAAP £ 000	FRS101 adjustments 000	£	FRS 101 £ 000
Property, plant and equipment	19,618		-	19,618
Intangible assets	422		-	422
Investments in subsidiaries, joint ventures and associates	9,404		-	9,404
	29,454		-	29,454
Inventories	4,899		-	4,899
Trade and other receivables	71,588		-	71,588
Cash and cash equivalents	14,039		-	14,039
	90,526		-	90,526
Trade and other payables	(80,565)		-	(80,565)
Loans and borrowings	(6,500)		-	(6,500)
Income tax liability	(1)		-	(1)
	(87,066)		-	(87,066)
Deferred tax liabilities	(1,254)		-	(1,254)
Net assets	31,660		-	31,660
Share capital	1		-	1
Retained earnings	31,659		-	31,659
Shareholder's funds (total equity)	31,660		-	31,660

Reconciliation of total comprehensive for the year ended 30 June 2015

	£ 000
Total comprehensive for the year ended 30 June 2015 – UK GAAP	798
Increase in reported total comprehensive income for the year	-
Total comprehensive for the year ended 30 June 2015 – FRS 101	798