

**Company Registration No. 03636168**

**NOBLE FOODS LIMITED**

**Annual Report and Financial Statements**

**30 September 2015**

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# **NOBLE FOODS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2015**

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# **NOBLE FOODS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2015**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

D Burnett  
J Roberts

#### **REGISTERED OFFICE**

Cotswold Farm  
Standlake  
Witney  
Oxfordshire  
OX29 7RB

#### **BANKERS**

Lloyds Bank plc  
PO Box 112  
Canons House  
Canons Way  
Bristol  
BS99 7LB

Coöperatieve Rabobank U.A  
Trading as Rabobank London  
Thames Court  
One Queenhithe  
London  
EC4V 3RL

#### **SOLICITORS**

Lyons Davidson  
Victoria House  
51 Victoria Street  
Bristol  
BS1 6AD

#### **AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Nottingham  
UK

# **NOBLE FOODS LIMITED**

## **DIRECTORS' AND STRATEGIC REPORT**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 30 September 2015.

### **PRINCIPAL ACTIVITIES**

The core activities of the company are the production and sale of shell eggs predominantly in the UK. Non core activities associated with the production and sale of animal feeds and poultry meats were transferred out of the Company during the year.

### **REVIEW OF THE BUSINESS**

The directors are pleased with the results for the year. The after tax profits of £5.9m (2014: £14.4m) on turnover of £415.0m (2014: £533.6m) are as expected, profits have decreased in the year due to challenging market conditions and the disposal of non core activities.

There is continuing competitive pressure which always drives us to reducing our costs and improving our efficiencies.

The Group had committed banking facilities in place until May 2016, since the year end these committed facilities have been renewed and extended until February 2019.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainties facing the company are as follows:

- General competitive pressure in the market place.
- Avian influenza outbreaks, if widespread, could be a risk to the group's ability to supply eggs to its customers. The company is however better placed than most of its competitors as the company covers the whole of the UK with its supply base and therefore is likely to benefit from an Avian Influenza outbreak in terms of profits earned.

### **DIVIDENDS**

No dividends (2014: £16.00) per ordinary share were paid to the immediate parent company Noble Foods Holdings Limited during the year.

### **DIRECTORS & OFFICERS**

The directors who served during the period and subsequently were:

D Burnett (appointed 6 July 2016)

A M J Cracknell (resigned 2 October 2015)

J Roberts

### **AUDITOR**

The directors at the date of approval of the Directors' Report and Strategic Report confirm that so far as they are each aware there is no relevant audit information of which the company's auditor is unaware and 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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP will be deemed to be re-appointed and therefore continue in office.

Approved by the Board of Directors

and signed on behalf of the Board on

2nd August 2016



J Roberts  
Director

# **NOBLE FOODS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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 MEMBERS OF NOBLE FOODS LIMITED**

We have audited the financial statements of Noble Foods Limited for the year ended 30 September 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Note of Historical Cost Profits and Losses, the Statement of Movement on Reserves, the Reconciliation of Movements in Shareholders' Funds 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).

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

### **Respective responsibilities of directors and auditor**

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

 FCA

Mark Doleman FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Nottingham, UK

2 August 2016

# NOBLE FOODS LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 30 September 2015

	Note	2015 £'000	2014 £'000
<b>TURNOVER</b>	2	415,023	533,617
Cost of sales		(364,165)	(463,952)
Gross profit		50,858	69,665
Distribution costs		(21,584)	(28,686)
Administrative expenses		(17,875)	(20,623)
<b>OPERATING PROFIT</b>	3	11,399	20,356
Interest receivable and similar income	5	2,647	2,397
Interest payable and similar charges	5	(4,948)	(4,047)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		9,098	18,706
Tax on profit on ordinary activities	6	(3,215)	(4,313)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		5,883	14,393

Except as identified in note 23, the activities in the current and preceding year relate to continuing operations.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 30 September 2015

	2015 £'000	2014 £'000
<b>Profit attributable to the members for the financial year</b>	5,883	14,393
Actuarial loss on defined benefit pension scheme (note 21)	(2,436)	(2,139)
Decrease/(Increase) in the restriction on the pension surplus that can be recognised as an asset (note 21)	231	(10)
Movement on deferred tax relating to pension scheme	441	472
Foreign exchange movements	1	-
<b>Total recognised gains and losses since the last annual report</b>	4,120	12,716

# NOBLE FOODS LIMITED

## BALANCE SHEET 30 September 2015

	Note	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Goodwill and other intangible assets	7	1,570	1,963
Negative goodwill	7	(5,085)	(5,192)
Tangible assets	8	77,301	84,948
Investments	9	11	11
		<u>73,797</u>	<u>81,730</u>
<b>CURRENT ASSETS</b>			
Stocks	10	11,577	14,976
Debtors due within one year	11	107,637	124,631
Cash at bank and in hand		161	486
		<u>119,375</u>	<u>140,093</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(124,854)</u>	<u>(64,311)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(5,479)</u>	<u>75,782</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		68,318	157,512
<b>CREDITORS: amounts falling due after more than one year</b>	13	(7,743)	(101,704)
Provisions for liabilities	16	<u>(2,032)</u>	<u>(1,385)</u>
<b>NET ASSETS EXCLUDING PENSION SURPLUS</b>		58,543	54,423
Pension surplus	21	<u>-</u>	<u>-</u>
<b>NET ASSETS INCLUDING PENSION SURPLUS</b>		<u>58,543</u>	<u>54,423</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1,000	1,000
Share premium		2,885	2,885
Revaluation reserve		11,945	12,173
Profit and loss account		<u>42,713</u>	<u>38,365</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>58,543</u>	<u>54,423</u>

The financial statements of Noble Foods Limited registered number 03636168 were approved by the Board of Directors on

*2nd August 2016*

Signed on behalf of the Board of Directors



J Roberts  
Director



# NOBLE FOODS LIMITED

## NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 30 September 2015

	2015 £'000	2014 £'000
Reported profit on ordinary activities before taxation	9,098	18,706
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	113	101
Historical cost profit on ordinary activities before taxation	9,211	18,807
Historical cost profit/(loss) for the year after taxation and dividends	5,996	(1,506)

## STATEMENT OF MOVEMENTS ON RESERVES Year ended 30 September 2015

	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 October 2014	2,885	12,173	38,365	53,423
Profit for the financial year	-	-	5,883	5,883
Revaluation reserve adjustment on sale of properties	-	(115)	115	-
Additional depreciation on revalued cost of assets	-	(113)	113	-
Actuarial loss relating to pension scheme net of deferred tax (note 21)	-	-	(1,764)	(1,764)
Dividends (note 18)	-	-	-	-
Foreign exchange movements	-	-	1	1
At 30 September 2015	2,885	11,945	42,713	57,543

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS Year ended 30 September 2015

	2015 £'000	2014 £'000
Profit for the financial year	5,883	14,393
Actuarial loss relating to pension scheme net of deferred tax (note 21)	(1,764)	(1,677)
Foreign exchange movements	1	-
Dividends (note 18)	-	(16,000)
Net increase/(decrease) in shareholders' funds	4,120	(3,284)
Opening shareholders' funds	54,423	57,707
Closing shareholders' funds	58,543	54,423

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 September 2015**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies adopted are described below and have been applied consistently in both the current and prior year.

**Accounting convention**

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and on a going concern basis after due consideration of the principal risks and uncertainties as disclosed in the report of the directors, and in accordance with applicable United Kingdom accounting standards. In reaching this conclusion the Board have considered the financial position of the Company including its renewed and extended funding facilities. The Board has undertaken a review of the Company's forecasts and associated risks and sensitivities and have concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly have adopted the going concern basis in preparing the financial statements.

**Intangible fixed assets**

For the acquisition of a business, purchased goodwill and other intangibles are capitalised in the year in which they arise and amortised over their useful life up to a maximum of 20 years. Provision is made for any impairment.

Negative goodwill arising on the purchase of a business is capitalised and credited to the profit and loss account as the assets to which it relates are realised.

The negative goodwill arising on the acquisition of the trade and certain assets of Daylay Foods relates to tangible fixed assets. Accordingly, this negative goodwill is being credited to the profit and loss account over the same period as the assets are depreciated.

Other intangible assets are amortised over their useful life up to a maximum of 10 years.

**Investments**

Investment held as fixed assets are stated at cost less provision for any impairment.

**Consolidated accounts**

The directors have relied on the exemption from preparing group accounts under section 400 of the Companies Act 2006 as the Company is an intermediate parent undertaking within the Group headed by Noble Foods Group Limited, which prepares consolidated accounts for the Group. The financial statements therefore present information about the Company as an individual undertaking and not about its group.

**Cash flow statement**

The Company has taken advantage of the exemption not to prepare a cash flow statement as its United Kingdom parent company, Noble Foods Group Limited, produces a consolidated cash flow statement which includes the Company.

**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment.

Freehold land is not depreciated. Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives. The freehold land and buildings were professionally revalued by Bidwells property consultants on an existing use basis in July 2012. Individual freehold and leasehold properties are professionally revalued approximately every 3 years, when this valuation falls beyond the 3 years, then carrying values are reviewed and if it is likely that there has been a material change in value, then a professional valuation will take place. In the years between the full valuations freehold land and buildings are included in the balance sheet at current value. Any surplus or deficit on book value arising from a full valuation is transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 30 September 2015**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Tangible fixed assets (continued)**

The rates of depreciation are as follows:

Freehold buildings	2-10% per annum
Plant and machinery, fixtures and fittings	2.5-25% per annum

The Company operates certain equipment which are purchased and sold in US Dollars, some of which are funded through dollar denominated loans. On the future disposal of these assets, the dollar proceeds will be used to repay the balances remaining on the dollar loans. The Company considers that a natural hedge exists and therefore under SSAP 20 both the owned equipment and associated loans are re-translated within a branch to the year end exchange rate with the resulting differences being taken to reserves. Associated tax movements are also taken to reserves.

**Leases and hire purchase contracts**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the contract in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is assessed on a first in first out basis and in the case of certain processed or partly processed stocks includes attributable overheads. The accumulated costs relating to the raising of livestock are included in stocks and the cost is spread over the laying lives of the flocks.

**Taxation**

The tax expense represents the sum of the corporation tax currently payable and the deferred tax.

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

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 30 September 2015**

**1. ACCOUNTING POLICIES (CONTINUED)**

**Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**Derivative financial instruments**

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

**Pension costs**

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax. The turnover arises principally in the United Kingdom, and is attributable to the Company's principal activities. The directors are of the opinion that it would be seriously prejudicial to the interests of the Company if segmental information were disclosed.

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 3. OPERATING PROFIT

	2015 £'000	2014 £'000
<b>Operating profit is after charging/(crediting):</b>		
Depreciation of tangible fixed assets:		
- Owned assets	6,519	6,846
- Assets held under finance leases and hire purchase contracts	26	27
Loss/(Profit) on sale of fixed assets	1,124	(364)
Amortisation of other intangible assets	432	437
Release of negative goodwill	(107)	(107)
Negative goodwill release on disposal	-	(13)
Rentals under operating leases		
- Hire of plant and machinery	671	892
- Other operating leases	4,632	5,409
Auditor's remuneration		
- Audit fees	116	132
- Other services	109	154

Auditor's remuneration for audit fees represents fees payable to the Company's auditor for the audit of the Company's annual accounts.

The non-audit services in the current and prior year are other services relating to taxation.

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2015 £'000	2014 £'000
<b>Directors' emoluments</b>		
Emoluments	850	2,636
Compensation for loss of office	-	150
Pension contributions	22	56
	<u>872</u>	<u>2,842</u>

The remuneration of the highest paid director during the year was £850,000 (2014: £1,538,000) of which £496,000 (2014: £497,000) were accrued benefits in connection with incentives linked to long term business performance. Contributions due to pension schemes in the year in respect of the highest paid director were £22,000 (2014: £23,000).

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	2015 Number	2014 Number
<b>Average number of persons employed (including directors)</b>		
Production	866	1,055
Sales and distribution	242	266
Administration	45	53
	<u>1,153</u>	<u>1,374</u>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs during the period (including directors)</b>		
Wages and salaries	33,075	40,859
Social security costs	3,418	4,003
Pension costs	504	704
	<u>36,997</u>	<u>45,566</u>

None of the directors (2014: one) are members of the defined benefit pension scheme.

### 5. INTEREST

	2015 £'000	2014 £'000
<b>a) Interest receivable and similar income</b>		
Group interest bearing loans	1,878	1,769
Net return on pension scheme	684	628
Other interest receivable	85	-
	<u>2,647</u>	<u>2,397</u>
<b>b) Interest payable and similar charges</b>		
Finance lease and other interest	47	7
Invoice financing and other interest	4,810	4,040
Group interest bearing loans	91	-
	<u>4,948</u>	<u>4,047</u>

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2015 £'000	2014 £'000
<b>a) Analysis of charge in the year</b>		
<b>Current tax</b>		
United Kingdom corporation tax charge for the year	2,489	4,267
Adjustments in respect of prior periods	(362)	(676)
	<u>2,127</u>	<u>3,591</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	647	304
Effect of change in tax rate on opening liability	-	(54)
Adjustment in respect of FRS17	441	472
	<u>3,215</u>	<u>4,313</u>

### b) Factors affecting the tax charge for the year

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 20.5% (2014: 22%). The actual tax charge for the year is different than that resulting from applying the standard rate for the reasons set out in the following reconciliation:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	<u>9,098</u>	<u>18,706</u>
Tax on profit on ordinary activities at standard rate	1,865	4,115
Effects of:		
Expenses not deductible for tax purposes	716	1,166
Differences between capital allowances and depreciation	575	84
Movement in short-term timing differences	(265)	(569)
Non taxable income	(388)	(332)
Group relief not paid for	(14)	(197)
Prior period adjustments	(362)	(676)
Current tax for the year (note 6a)	<u>2,127</u>	<u>3,591</u>

### c) Factors that may affect the future tax charge

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £4,052,000 (2014: £4,219,000).

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. This tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £1,924,000 (2014: £1,913,000).

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 30 September 2015**

**6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

**d) Change in tax rates**

The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The Government enacted further reductions in the main tax rate on 18 November 2015, down to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. Subsequently, as part of the Finance Bill 2016, the Government has stated its intention to further reduce the rate, replacing the reduction to 18% with 17% effective 1 April 2020. As none of these tax rates were substantively enacted at the balance sheet date, the relevant rate reductions are not yet reflected in these financial statements in accordance with FRS 21 as it is a non-adjusting event occurring after the reporting period.

We estimate that the future rate change to 18% would reduce our UK deferred tax liability recognised at 30 September 2015 from £2,032,000 to £1,828,000. The actual impact will be dependent on our deferred tax position at that time.

**7. INTANGIBLE FIXED ASSETS**

	<b>Other intangible assets £'000</b>	<b>Goodwill £'000</b>	<b>Negative goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 October 2014	13,531	4,261	(10,924)	6,868
Additions	39	-	-	39
At 30 September 2015	13,570	4,261	(10,924)	6,907
<b>Amortisation</b>				
At 1 October 2014	11,568	4,261	(5,732)	10,097
Charge for the year	432	-	(107)	325
At 30 September 2015	12,000	4,261	(5,839)	10,422
<b>Net book value</b>				
At 30 September 2015	1,570	-	(5,085)	(3,515)
At 30 September 2014	1,963	-	(5,192)	(3,229)

Negative goodwill is credited to the profit and loss account over the useful economic life of the associated fixed assets.



# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 8. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant, machinery, fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>			
At 1 October 2014	50,634	81,142	131,776
Additions	398	4,902	5,300
Disposals	(130)	(27,529)	(27,659)
FX on Aircraft	-	71	71
At 30 September 2015	50,902	58,586	109,488
<b>Accumulated depreciation</b>			
At 1 October 2014	1,441	45,387	46,828
Charge for the year	881	5,664	6,545
Disposals	(5)	(21,181)	(21,186)
At 30 September 2015	2,317	29,870	32,187
<b>Net book value</b>			
At 30 September 2015	48,585	28,716	77,301
At 30 September 2014	49,193	35,755	84,948

Included in the total for land and buildings is an amount of £8,475,000 (2014: £8,510,000) relating to land that is not being depreciated.

The net book value of plant and machinery includes £11,000 (2014: £37,000) in respect of assets held under finance leases and hire purchase contracts.

Land and buildings were professionally valued at 3 July 2012 and subsequent additions have been recorded at cost. A review of carrying values was carried out during the year which indicated no material change in value.

Comparable amounts determined according to the historical cost convention:-

	Land and buildings £'000	Plant, machinery, fixtures and fittings £'000	Total £'000
<b>2015</b>			
Cost	50,966	58,586	109,552
Accumulated depreciation	(18,064)	(29,870)	(47,934)
Net book value 30 September 2015	32,902	28,716	61,618
<b>2014</b>			
Cost	50,610	81,142	131,752
Accumulated depreciation	(17,189)	(45,387)	(62,576)
Net book value 30 September 2014	33,421	35,755	69,176

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 9. INVESTMENTS

	Other investments £'000	Shares in Subsidiary under- takings £'000	Total £'000
Cost			
At 1 October 2014	1	121	122
Disposals	-	(111)	(111)
At 30 September 2015	1	10	11
Provision for impairment			
At 1 October 2014	-	111	111
Disposals	-	(111)	(111)
	-	-	-
Net book value at 30 September 2015	1	10	11
Net book value at 30 September 2014	1	10	11

At 30 September 2015 the Company had the following investments in subsidiary undertakings.

Company	Nature of Business	Country of operation/ Incorporation	Share capital	Ordinary shares %
Noble Egg Limited (formerly Eggworld Limited)	Dormant	England & Wales	1 ordinary share of £1	100
Noble Foods Inc	Eggs	United States of America	1000 ordinary shares of \$0.01	100
Noble Foods International Limited	Dormant	England & Wales	675,000 A ordinary shares of £1	90
Goldenlay Foods Limited	Dormant	England & Wales	10000 ordinary shares of £1	100

During the year the following companies in which Noble Foods Limited had an investment have been dissolved:

Dell Foods (Chilled Products) Limited  
H D Hardie & Company Limited  
Daylay Foods Limited  
Goldenlay Limited

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 10. STOCKS

	2015 £'000	2014 £'000
Livestock	6,235	5,380
Raw materials and consumables	3,889	6,248
Finished goods and goods for resale	1,453	3,348
	<u>11,577</u>	<u>14,976</u>

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

### 11. DEBTORS

	2015 £'000	2014 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	24,375	48,889
Amount due from Group Companies	61,113	53,211
VAT recoverable	1,326	1,640
Other debtors	9,785	5,843
Prepayments and accrued income	11,038	15,048
	<u>107,637</u>	<u>124,631</u>

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Obligations under hire purchase contracts and finance leases (note 15)	11	27
Bank loans (note 14)	87,000	-
Other loans	2,079	-
Trade creditors	32,015	56,042
Amounts due to Group Companies	10	-
Corporation tax	317	2,029
Other taxes and social security	811	1,566
Other creditors	2,611	4,647
	<u>124,854</u>	<u>64,311</u>

Other loans of £2,079,000 (2014: £nil) represent amounts due within one year on loans secured on specific fixed assets which form the object of those loans.

### 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £'000	2014 £'000
Bank loans (note 14)	-	85,000
Obligations under hire purchase contracts and finance leases (note 15)	-	10
Other loans (note 14)	7,743	16,694
	<u>7,743</u>	<u>101,704</u>

Other loans of £7,743,000 (2014: £16,694,000) represent amounts due under an invoice financing arrangement. Obligations under hire purchase and finance leases are secured on the underlying assets.

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 14. BANK LOANS AND OVERDRAFT

	2015 £'000	2014 £'000
Bank loans and overdrafts	87,000	85,000
Other loans	9,822	16,694
	<u>96,822</u>	<u>101,694</u>
<b>Analysed in the balance sheet as:</b>		
Within one year	89,079	-
After more than one year	7,743	101,694
	<u>96,822</u>	<u>101,694</u>
<b>Analysis of bank loan and overdraft repayments:</b>		
Within one year	87,000	-
Between one and two years	-	85,000
Between two and five years	-	-
	<u>87,000</u>	<u>85,000</u>
<b>Analysis of other loan repayments:</b>		
Within one year	2,079	-
Between one and two years	-	16,694
Between two and five years	7,743	-
	<u>9,822</u>	<u>16,694</u>

The bank loans are secured by a fixed charge on the group's assets and a floating charge on the undertaking and assets of the group. The Group had banking facilities in place until May 2016, since the year end these facilities have been renewed and extended until February 2019.

Other loans comprise £7,743,000 (2014: £16,694,000) due under an invoice financing arrangement secured against trade debtors of the Company. Under the invoice financing arrangement the Company has borrowing facilities of up to 90% of approved debts.

Interest on the bank loans and invoice discounting facility was charged up to 3.7% above the three month London Interbank Offered Rate.

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND FINANCE LEASE AGREEMENTS

	2015 £'000	2014 £'000
Analysis of repayments:		
In one year or less	14	34
In more than one year but not more than two years	-	14
In more than two years but not more than five years	-	-
	<u>14</u>	<u>48</u>
Less future finance charges	(3)	(11)
	<u>11</u>	<u>37</u>

### 16. PROVISIONS FOR LIABILITIES

	Deferred taxation £'000	Total £'000
At 1 October 2014	1,385	1,385
Charged to the profit and loss account	647	647
Utilised	-	-
	<u>2,032</u>	<u>2,032</u>
At 30 September 2015		

The deferred taxation balance consists of the following amounts:

	2015 £'000	2014 £'000
Differences between capital allowances and depreciation	2,311	1,778
Other timing differences	(279)	(393)
	<u>2,032</u>	<u>1,385</u>

### 17. CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'000
Authorised, called up, allotted and fully paid 1,000,000 ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

### 18. DIVIDENDS

	2015 £'000	2014 £'000
Dividends paid of £Nil (2014: £16.00) per ordinary share	<u>-</u>	<u>16,000</u>

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 19. CAPITAL COMMITMENTS

At 30 September the company had the following capital commitments:

	2015 £'000	2014 £'000
Contracted but not provided	64	271

### 20. FINANCIAL COMMITMENTS

At 30 September the company was committed to making the following payments during the next year in respect of operating leases:

	2015 Land and buildings £'000	2015 Other £'000	2014 Land and buildings £'000	2014 Other £'000
Leases which expire:				
Within one year	70	368	22	623
Within one to two years	111	516	150	596
Within two to five years	80	1,645	198	1,241
After more than five years	454	97	-	722
	<u>715</u>	<u>2,626</u>	<u>370</u>	<u>3,182</u>

### 21. PENSION SCHEMES

Noble Foods Limited operates a defined contribution pension scheme for all eligible employees. Contributions made to the defined contribution pension scheme during the year were £504,000 (2014: £752,000). It also has a defined benefit pension scheme which is closed to new members and closed to future accruals.

The defined benefit pension scheme assets are held in a separate Trustee-administered fund in order to meet the long term pension liabilities to past and present employees. The Trustees of the Scheme are required to act in the best interest of the Scheme's beneficiaries, the appointment of Trustees to the Scheme is determined by the Scheme's trust documentation. The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cash flows to be paid out of the Scheme using the projected unit method. This amount is reflected in the balance sheet.

As at 30 September 2015 contributions are payable to the Scheme by the Company at the rates set out in the Schedule of Contributions dated 5 February 2013. The estimated amounts of contributions expected to be paid to the scheme during the 2015 financial period in accordance with the Schedule is £1.5million, however, after considering the Scheme funding position agreement has been reached with the Trustees and contributions during the 2016 financial period will be £0.8million and nil in 2017.

The Scheme position as reflected in these accounts has been calculated based upon the most recent full actuarial valuation at 5 April 2012, updated to 30 September 2015, carried out by David Jarman, Fellow of the Institute of Actuaries, a suitably qualified independent actuary.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**Year ended 30 September 2015**

**21. PENSION SCHEMES (CONTINUED)**

The principal actuarial assumptions (absolute terms) at the balance sheet date were:

	<b>2015 £'000</b>	<b>2014 £'000</b>
Discount rate	3.65%	3.95%
Expected return on plan assets	5.20%	5.70%
Retail price inflation	3.30%	3.50%
Consumer price inflation	2.30%	2.70%
Salary growth – Executives	n/a	n/a
Salary growth – Non executives	n/a	n/a
Rate of increase in pensions in payment – Pre April 2005 Pension	3.10%	3.25%
Rate of increase in pensions in payment – Post April 2005 Pension	2.05%	2.10%
Mortality	105%/100% (M/F), S2, CMI 2014 1.5%	95% S2, CMI 2013 1.5%

The major categories of plan assets as a percentage of total plan assets are as follows:

	<b>2015 £'000</b>	<b>2014 £'000</b>
Equities / Properties	66.9%	67.5%
Bonds	32.7%	31.9%
Cash	0.4%	0.6%
	100%	100%

The amounts recognised in the balance sheet are as follows:

	<b>2015 £'000</b>	<b>2014 £'000</b>
Present value of funded obligations	(34,067)	(33,598)
Fair value of plan assets	34,935	34,697
Restriction on the amount that can be recognised as an asset	(868)	(1,099)
Deficit	-	-
Related deferred tax asset	-	-
Net liability	-	-
<b>Amounts in the balance sheet</b>		
Liabilities	-	-
Net liability	-	-



# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 21. PENSION SCHEMES (CONTINUED)

The total expense recognised in the profit and loss account are as follows:

	2015 £'000	2014 £'000
Current service cost	-	-
Interest on obligation	1,307	1,372
Expected return on pension scheme assets	(1,991)	(2,000)
Adjustments on curtailments and settlements	-	-
	(684)	(628)

Changes in the present value of the defined benefit obligation are as follows:

	2015 £'000	2014 £'000
Opening defined benefit obligation	33,598	30,992
Service cost	-	-
Employee contributions	-	-
Interest cost	1,307	1,372
Actuarial losses	209	2,256
Adjustments on curtailment and settlements	-	-
Benefits paid	(1,047)	(1,022)
<b>Closing defined benefit obligation</b>	<b>34,067</b>	<b>33,598</b>

Changes in the fair value of plan assets are as follows:

	2015 £'000	2014 £'000
Opening fair value of plan assets	34,697	32,081
Expected return	1,991	2,000
Actuarial (losses)/gains	(2,227)	117
Employer contributions	1,521	1,521
Employee contributions	-	-
Benefits paid	(1,047)	(1,022)
<b>Closing fair value of plan assets</b>	<b>34,935</b>	<b>34,697</b>
Actual return on plan assets	(236)	2,117

Statement of Total Recognised Gains and Losses (STRGL):

	2015 £'000	2014 £'000
Actuarial losses for the year	(2,436)	(2,139)
(Decrease)/Increase in the restriction on the amount that can be recognised as an asset	231	(10)
<b>Cumulative amount of actuarial gains and losses recognised in the STRGL*</b>	<b>(8,431)</b>	<b>(6,226)</b>

\* Since FRS 17 disclosures in 2002/03

# NOBLE FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 30 September 2015

### 21. PENSION SCHEMES (CONTINUED)

The five year history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligation	(34,067)	(33,598)	(30,992)	(28,085)	(26,868)
Fair value of plan assets	34,935	34,697	32,081	29,196	25,839
Surplus restriction	(868)	(1,099)	(1,089)	(1,111)	-
Deficit	-	-	-	-	(1,029)
Experience adjustments on plan liabilities	(1,281)	(239)	99	422	(87)
Changes in the assumptions underlying the present value of scheme liabilities	1,072	(2,017)	(3,405)	(1,500)	1,504
Experience adjustments on plan assets	(2,227)	117	2,143	2,381	(2,925)

### 22. DERIVATIVES NOT INCLUDED AT FAIR VALUE

The Company has derivatives that matured during the year, these derivatives were not included at fair value in the accounts for 2014:

	Principal £'000	Fair value 2015 £'000	Fair value 2014 £'000
Interest rate swap contracts	60,000	-	(92)

The Company used the derivatives to manage its exposure to interest rate movements on its bank borrowings. The fair values are based on market values of equivalent instruments at the balance sheet date. The interest rate swap contracts with nominal values of £60 million have fixed interest payments at an average rate of 0.85 per cent for periods up until 2015 and have floating interest receipts at LIBOR.

### 23. DISCONTINUED ACTIVITIES

During the current year further non core activities have been transferred to Noble Foods, a related party with a common ultimate parent company (see note 25). Turnover of the non core activities prior to the transfer was £96,926,000 (2014: £199,903,000), gross margin was £13,240,000 (2014: £25,145,000) and the operating profit was £4,247,000 (2014: £8,944,000).

### 24. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The immediate parent company is Noble Foods Holdings Limited which is incorporated in Great Britain and the ultimate holding company is Noble Foods Group Guernsey Limited, incorporated in Guernsey. Copies of the UK group accounts can be obtained from Noble Foods Group Limited, Cotswold Farm, Standlake, Witney, Oxfordshire, OX29 7RB.

Noble Foods Group Limited is the smallest company into which these financial statements are consolidated, and Noble Foods Group Guernsey Limited is the largest. Copies of the UK group accounts can be obtained from Noble Foods Group Limited, Cotswold Farm, Standlake, Witney, Oxfordshire, OX29 7RB.

The voting share capital of Noble Foods Group Guernsey Limited is owned 50% by M R J Kent, 49% by Phase Investments and 1% by P D Dean and these are therefore considered as the ultimate controlling parties.

## **NOBLE FOODS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Year ended 30 September 2015**

#### **25. RELATED PARTY TRANSACTIONS**

In accordance with Financial Reporting Standard No.8 "Related Party Disclosures", transactions with other group undertakings within, and investee related parties of, the Noble group have not been disclosed in these financial statements.

Gubblecote Properties Ltd provided consultancy services to the Company totalling £484,467 (2014: £494,790) during the year, it also provided electricity totalling £108,460 (2014: £Nil). P D Dean is an employee of Gubblecote Properties Ltd. The Company rented a number of properties from P D Dean, total rentals during the year were £56,365 (2014: £58,000). The Company also rented a property from the Dean Family Discretionary Settlement, rentals paid during the year were £3,708 (2014: £10,000). P D Dean was not required to make any contributions to any Group Company during the year in respect of private usage of Company assets (2014: £nil). During the year the Company received £5,285,000 (2014: £7,291,000) in respect of the sale of receivables to Noble Pullet Finance Limited, a company in which P D Dean is materially interested as a shareholder, the sales were made on a normal trading basis.

During the year the Company purchased services to the value of £164,300 (2014: £159,000) from Bulbourne Insurance Services Ltd, a company in which P D Dean and M R J Kent are materially interested as shareholders. The purchases were made on a normal trading basis. In addition, the Company paid £418,000 (2014: £426,000) to a third party insurance broker in respect of policies placed with Bulbourne Insurance Services Ltd.

During the previous year the Company sold fixed assets to the value of £3,300,000 (2014), stock to the value of £1,901,663 (2014) and goods on a normal trading basis to the value of £9,954,000 (2014) to Noble Egg Innovations, a company in which P D Dean and M R J Kent are the ultimate controlling parties. During the current year £15,010,000 of goods on a normal trading basis have been sold to Noble Egg Innovations. At the year end the 2014 fixed asset and stock transactions remain outstanding. The Company also charged £1,150,000 (2014: £727,000) in respect of services provided to Noble Egg Innovations.

During the year the Company sold fixed assets to the value of £5,167,000 (2014: £Nil), stock to the value of £5,720,000 (2014: Nil) and net goods and royalties purchased on a normal trading basis to the value of £12,316,000 (2014: Nil) to Noble Foods, a company which has a common ultimate parent company (Noble Foods Group Guernsey Limited) and a company in which P D Dean and M R J Kent are the ultimate controlling parties. At the year end Noble Foods had not made any payments in respect of the fixed assets and stock transactions.

Balerno International Ltd ("Balerno") provided no consultancy or other services to the Company during the year (2014: nil). Balerno is owned by M R J Kent. M R J Kent was not required to make any contributions to any Group Company during the year in respect of private usage of Company assets (2014: nil).

#### **26. CONTINGENT LIABILITY**

The company has guaranteed by way of a fixed and floating charge over its assets, the bank borrowings of its parent company and other group companies.