

# COMPLAN FOODS LIMITED

## FINANCIAL STATEMENTS

25 JULY 2009

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# COMPLAN FOODS LIMITED

## FINANCIAL STATEMENTS

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

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CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 11
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	13
Notes to the detailed profit and loss account	14

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# COMPLAN FOODS LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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<b>THE BOARD OF DIRECTORS</b>	Mrs K Naylor Mr P Avis Lord M Saatchi Mr P Eraut
<b>COMPANY SECRETARY</b>	Mr P Avis
<b>REGISTERED OFFICE</b>	Heathrow Business Centre 65 High Street Egham Surrey TW20 9EY
<b>AUDITOR</b>	Menzies LLP Heathrow Business Centre 65 High Street Egham Surrey TW20 9EY
<b>BANKERS</b>	Bank of Scotland Plc 14 - 16 Cockspur Street London SW1Y 5BL
<b>SOLICITORS</b>	Lawrence Stephens Morley House 26 Holborn Viaduct London EC1A 2AT

# COMPLAN FOODS LIMITED

## THE DIRECTORS' REPORT

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

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The directors have pleasure in presenting their report and the financial statements of the company for the period from 27 July 2008 to 25 July 2009.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was as a marketer of vitamin and mineral fortified food products.

Over the year, the company has continued to review and update its marketing plans for its brands. The financial results have been positively affected by significantly lower raw material prices, the exit from an onerous sales contract and the lifting of Export restrictions due to Foot and Mouth. The latter enabled the company to recommence sales to its largest international market. These factors have culminated in record profits for the company.

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

Complan has a good market position in most of the 17 countries in which it trades. Although the retail environment is tough in some of these markets, management has confidence that the business is making progress, in terms of its strategy and sales growth.

### DIRECTORS

The directors who served the company during the period were as follows:

Mrs K Naylor

Mr P Eraut

Mr P Avis

Lord M Saatchi

Mrs C Page

(Appointed 1 June 2009)

(Appointed 23 October 2008)

(Resigned 5 June 2009)

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

# COMPLAN FOODS LIMITED

## THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

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### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:  
Heathrow Business Centre  
65 High Street  
Egham  
Surrey  
TW20 9EY

Signed on behalf of the directors



Mr P Avis  
Director

Approved by the directors on 4/11/09

# COMPLAN FOODS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMPLAN FOODS LIMITED

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

We have audited the financial statements of Complan Foods Limited for the period from 27 July 2008 to 25 July 2009 on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB'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 directors; and the overall presentation of the financial statements.

### 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 25 July 2009 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Heathrow Business Centre  
65 High Street  
Egham  
Surrey  
TW20 9EY

13/11/2009

*Menzies LLP*  
JULIE ADAMS FCA (Senior  
Statutory Auditor)  
For and on behalf of  
MENZIES LLP  
Chartered Accountants  
& Statutory Auditor

# COMPLAN FOODS LIMITED

## PROFIT AND LOSS ACCOUNT

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

	Note	Period from 27 Jul 08 to 25 Jul 09 £	Period from 29 Jul 07 to 26 Jul 08 £
<b>TURNOVER</b>	<b>2</b>	6,568,458	5,243,503
Cost of sales		2,645,455	2,713,057
<b>GROSS PROFIT</b>		3,923,003	2,530,446
Distribution costs		162,178	-
Administrative expenses		2,126,284	2,206,650
Other operating income	<b>3</b>	(114,222)	-
<b>OPERATING PROFIT</b>	<b>4</b>	1,748,763	323,796
Attributable to:			
Operating profit before exceptional items		1,634,541	323,796
Exceptional Items	<b>4</b>	114,222	-
		1,748,763	323,796
Cost of restructuring the company		(156,624)	(99,643)
		1,592,139	224,153
Interest receivable		23,894	58,112
Interest payable and similar charges	<b>6</b>	(308,090)	(475,095)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,307,943	(192,830)
Tax on profit/(loss) on ordinary activities		366,424	(2,734)
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>		941,519	(190,096)

The notes on pages 7 to 11 form part of these financial statements.

# COMPLAN FOODS LIMITED

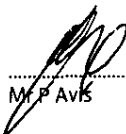
## BALANCE SHEET

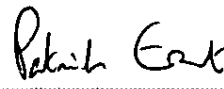
25 JULY 2009

	Note	25 Jul 09 £	£	26 Jul 08 £	£
<b>FIXED ASSETS</b>					
Intangible assets	7		4,908,874		5,286,478
<b>CURRENT ASSETS</b>					
Stocks		398,480		438,464	
Debtors	8	1,111,880		1,243,742	
Cash at bank		1,576,002		626,895	
		3,086,362		2,309,101	
<b>CREDITORS: Amounts falling due within one year</b>	10	2,775,584		2,067,046	
<b>NET CURRENT ASSETS</b>			310,778		242,055
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			5,219,652		5,528,533
<b>CREDITORS: Amounts falling due after more than one year</b>	11		3,963,346		5,213,746
			1,256,306		314,787
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	15		980,000		980,000
Profit and loss account	16		276,306		(665,213)
<b>SHAREHOLDERS' FUNDS</b>			1,256,306		314,787

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the directors and authorised for issue on 4/11/09, and are signed on their behalf by:

  
Mr P Avis

  
Mr P Eraut

Company Registration Number: 04418784

The notes on pages 7 to 11 form part of these financial statements.



# COMPLAN FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

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### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

#### **Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts and is recognised upon receipt of goods by customers.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Brands - 20 years straight line

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

# COMPLAN FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

### 1. ACCOUNTING POLICIES (continued)

#### Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument. Dividend and distributions relating to equity instruments are debited directly to equity.

Income and expenditure arising on loan notes is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

### 2. TURNOVER

The turnover and loss before tax are attributable to principle activity of the company. No segmental information has been disclosed as, in the opinion of the directors, this would be prejudicial to the interests of the company.

### 3. OTHER OPERATING INCOME

	Period from 27 Jul 08 to 25 Jul 09 £	Period from 29 Jul 07 to 26 Jul 08 £
Exceptional other operating income	<u>114,222</u>	<u>-</u>

During the period the company reviewed its logistics and operational requirements. The early termination of a specific service contract resulted in a one-off payment to the company of £114,222.

### 4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Period from 27 Jul 08 to 25 Jul 09 £	Period from 29 Jul 07 to 26 Jul 08 £
Amortisation of intangible assets	377,604	377,604
Auditor's fees	10,200	7,250
Net profit on foreign currency translation	(1,364)	-
Exceptional other operating income	<u>(114,222)</u>	<u>-</u>

### 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	Period from 27 Jul 08 to 25 Jul 09 £	Period from 29 Jul 07 to 26 Jul 08 £
Aggregate remuneration	<u>233,536</u>	<u>149,825</u>

A amount of £45,905 (2008: £42,579) was paid to third parties for services of directors.

# COMPLAN FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 27 Jul 08 to 25 Jul 09 £	Period from 29 Jul 07 to 26 Jul 08 £
Bank interest payable	140,314	256,673
Interest on other loans	162,669	197,996
Other finance charges	5,107	20,426
	<u>308,090</u>	<u>475,095</u>

### 7. INTANGIBLE FIXED ASSETS

	Brands £
<b>COST</b>	
At 27 July 2008 and 25 July 2009	<u>9,170,404</u>
<b>AMORTISATION</b>	
At 27 July 2008	3,883,926
Charge for the period	377,604
At 25 July 2009	<u>4,261,530</u>
<b>NET BOOK VALUE</b>	
At 25 July 2009	<u>4,908,874</u>
At 26 July 2008	<u>5,286,478</u>

### 8. DEBTORS

	25 Jul 09 £	26 Jul 08 £
Trade debtors	985,557	934,957
Other debtors	126,323	179,461
Deferred taxation (note 9)	-	129,324
	<u>1,111,880</u>	<u>1,243,742</u>

### 9. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	Period from 27 Jul 08 to 25 Jul 09 £	Period from 29 Jul 07 to 26 Jul 08 £
Included in debtors (note 8)	-	<u>129,324</u>
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
	25 Jul 09 £	26 Jul 08 £
Other timing differences	-	129,324
	<u>-</u>	<u>129,324</u>

# COMPLAN FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

### 10. CREDITORS: Amounts falling due within one year

	25 Jul 09 £	26 Jul 08 £
Bank loans and overdrafts	679,583	169,893
Trade creditors	350,309	595,219
Corporation tax	237,100	-
Other taxation and social security	15,870	9,933
Other creditors	1,492,722	1,292,001
	<u>2,775,584</u>	<u>2,067,046</u>

### 11. CREDITORS: Amounts falling due after more than one year

	25 Jul 09 £	26 Jul 08 £
Bank loans	1,863,721	2,543,296
Other creditors	2,099,625	2,670,450
	<u>3,963,346</u>	<u>5,213,746</u>

The bank loan is secured by a first charge over the company's assets. These borrowings above are stated net of related issue costs of £119,347. A charge of £5,107 (2008: £20,426) was taken to the profit and loss account during the year in relation to the related issue costs.

### 12. COMMITMENTS UNDER OPERATING LEASES

At 25 July 2009 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	25 Jul 09 £	26 Jul 08 £
Operating leases which expire:		
Within 2 to 5 years	<u>24,225</u>	<u>24,225</u>

### 13. CONTINGENCIES

The Directors are aware of a potential liability arising as a result of a past event. However, it is considered that the chance of this liability resulting in an economic outflow is remote and as such, has not been provided for in the financial statements. If the contingent liability were to crystallise, the Directors believe it may be in the region of £30,000.

### 14. RELATED PARTY TRANSACTIONS

Included within other debtors is an amount of £76,248 (2008: £74,006) which represents an unsecured interest bearing loan to Complan Foods Limited Employee Benefit Trust to facilitate the acquisition of shares in the company from previous shareholders.

Included within other creditors falling due within one year is an amount of £76,248 (2008: £74,006) which represents an unsecured interest bearing loan received from certain shareholders for the sole purpose of onward lending to the Complan Foods Limited Employee Benefit Trust.

Loan notes included within other creditors due after more than one year comprise 10% fixed rate unsecured notes issued to certain shareholders. The holders of the loan notes have given an undertaking to the Bank of Scotland that the loan notes will not be redeemed until the bank loan is fully repaid. The balance at the year end is £2,099,625 (2008: £1,939,200).

On 21 April 2009 H J Heinz Company Limited ceased to hold its 34% shareholding in Complan Foods Limited. Purchases during the year to 21 April 2009 amounted to £2,104,456 (2008: £2,770,463). At 21 April 2009, there was a trade creditor balance of £528,771 (2008: £457,524) and a loan creditor balance of £975,000 (2008: £1,292,800) due to H J Heinz Company Limited.

During the year the company paid KN Consulting £45,905 (2008: £42,579) for services of directors.

# COMPLAN FOODS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 27 JULY 2008 TO 25 JULY 2009

### 15. SHARE CAPITAL

#### Authorised share capital:

	25 Jul 09 £	26 Jul 08 £
678,207 Ordinary 'A' shares shares of £1 each	678,207	432,898
340,000 Ordinary 'B' shares shares of £1 each	-	340,000
421,793 Ordinary 'C' shares shares of £1 each	421,793	327,102
	<u>1,100,000</u>	<u>1,100,000</u>

#### Allotted, called up and fully paid:

	25 Jul 09		26 Jul 08	
	No	£	No	£
Ordinary 'A' shares shares of £1 each	678,207	678,207	432,898	432,898
Ordinary 'B' shares shares of £1 each	-	-	340,000	340,000
Ordinary 'C' shares shares of £1 each	301,793	301,793	207,102	207,102
	<u>980,000</u>	<u>980,000</u>	<u>980,000</u>	<u>980,000</u>

On 21 April 2009 245,309 of the existing 340,000 issued ordinary "B" shares of £1 each were re-designated as ordinary "A" shares of £1 each, and 94,691 of the existing 340,000 issued ordinary "B" shares of £1 each were re-designated as ordinary "C" shares of £1 each. Each of the shares have attached thereto the respective rights and are subject to the limitations and restrictions set out in the Articles of Association of the Company.

The holders of the ordinary 'A' shares may appoint two members of the Board of Directors and the holders of the ordinary 'B' shares, one member. Holders of the ordinary 'C' shares are appointed directly as members. In all other respects, each class of shares rank parri passu and carry equal voting rights.

### 16. PROFIT AND LOSS ACCOUNT

	Period from 27 Jul 08 to 25 Jul 09 £	Period from 29 Jul 07 to 26 Jul 08 £
Balance brought forward	(665,213)	(475,117)
Profit/(loss) for the financial period	941,519	(190,096)
Balance carried forward	<u>276,306</u>	<u>(665,213)</u>

### 17. POST BALANCE SHEET EVENTS

On 28 August 2009 the company agreed to repay the subordinated loan of £821,028 (included within other creditors due within one year) in full and were given a discount of £53,828. The discount has been recognised in the following period.

### 18. ULTIMATE CONTROLLING RELATED PARTY

The ultimate controlling related parties are considered to be the individual holders of the ordinary 'A' shares by virtue of a shareholders' agreement requiring them and certain holders of the ordinary 'C' shares to vote en bloc.