

# Financial Statements

## Natural Balance Foods Limited

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**For the year ended 31 March 2014**

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COMPANIES HOUSE

**Registered number: 05083700**

**Natural Balance Foods Limited**

## Company Information

<b>Director</b>	J C Combs
<b>Company secretary</b>	P F O'Grady
<b>Registered number</b>	05083700
<b>Registered office</b>	Unit 10 Wornal Park WORMINGHALL Buckinghamshire HP18 9PH
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road IQ Winnersh WOKINGHAM Berkshire RG41 5TS

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## **Natural Balance Foods Limited**

# **Strategic report**

**For the year ended 31 March 2014**

### **Introduction**

Natural Balance Foods Limited has been in the forefront of delivering healthy snack food options primarily to the British Retail and Wholesale market. We design, marketing and sell under the N?kd and JC's Trek brands a wide range of snack bars and flavor infused raisins to most UK based retail grocery, convenience and health food distributors. The primary objective to is deliver wholefood alternatives that taste great.

### **Business review**

The company has experienced remarkable growth since inception and during this period.

The company has experienced sales growth from £7,515,771 to £13,299,578, +77% growth during this period.

Growth has come from existing accounts experiencing increasing Rate of Sale (ROI), new listings, new products and new accounts.

### **Principal risks and uncertainties**

The company is exposed to many of the same financial risks as any other company or food company; a reduction in sales, customer default, rising product costs and recall.

Our structure of third party manufacturing helps to mitigate many of the production associated risks. Production agreements help to defer the immediate effects of commodity related spikes and permits management some time to mitigate these risks with product changes, and encouraging third party manufacturers to purchase on long nut, date, and packaging contracts. Each of our third party manufacturers have a Supply Agreement in place requiring, amongst other things, ingredient checks, production standards and Quality Control.

Our credit terms to customers is rather strict with any and all credit requests requiring three orders paid on time prior to credit consideration; then is only extended upon HSBC approval. During this period of time we have expanded our Insurance Coverage and Product Recall Insurance.

### **Credit Risk**

The Company's principal financial assets are cash and trade debtors. The principle credit risk arises from its trade debtors, each checked with our bank and regularly reviewed in conjunction with aged debt.

### **Cash Flow Risks**

The Company seeks to manage risks to ensure sufficient liquidity to meet foreseeable needs. It does not invest in any non company related assets. Considerable time and effort has been expended during the last six months of this period to better-forecast future demand via COGNOS, which shall next year, tie in with a proper cash flow mechanic

### **Currency Risk**

The Company was not exposed to material currency fluctuations. A small proportion of our sales are conducted or exposed in Canadian Dollars, US Dollars and Euro's. Most of our third party manufacturers are exposed to world commodity price fluctuations in British Pounds relating to Dates, nuts and packaging.

**Natural Balance Foods Limited**

## Strategic report (continued)

For the year ended 31 March 2014

### Financial key performance indicators

	2013	2014
Sales Growth	41.6%	76.9%
Gross Profit	34.5%	36.1%
Net Profit	7.3%	10.1%

#### Sales Growth

The last 12 months have seen Natural Balance Foods Ltd grow at an astonishing rate, this is due to incredibly strong growth in all of our sales categories, particularly the Grocery sector. Overall the growth is underpinned by a mainstream shift towards healthy eating.

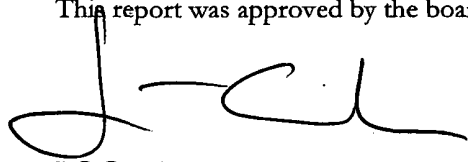
#### Gross Profit

Increase in gross profit has been achieved by the strong sales margin throughout, together with an improvement in the wholesale market prices of raw materials, resulting in much lower COGS.

#### Net Profit

Net profit has seen a healthy increase year on year, management has maintained a strong ethos in controlling overheads without it impacting the profit growth of the company.

This report was approved by the board and signed on its behalf.



**J C Combs**  
Director

Date:

*DEC 19, 2014*

## **Natural Balance Foods Limited**

# **Director's report**

**For the year ended 31 March 2014**

The director presents his report and the financial statements for the year ended 31 March 2014.

### **Principal activities**

The principal activity of the company was the sale of nutritional based cereal bars.

### **Directors**

The directors who served during the year were:

J C Combs

R Poter Smith (resigned on 4 November 2014)

### **Director's responsibilities statement**

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

### **Disclosure of information to auditor**

The director at the time when this Director's report is approved has confirmed that:

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

### **Auditor**

Grant Thornton UK LLP were appointed as auditors during the year following a period during which the company did not have an auditor in accordance with section 485(3) of the Companies Act 2006. They offer

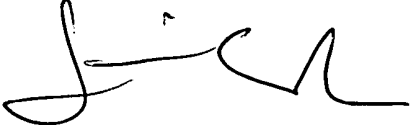
**Natural Balance Foods Limited**

## Director's report

**For the year ended 31 March 2014**

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



J C Combs  
Director

Date:

Dec 19, 2014



## Independent auditor's report to the members of Natural Balance Foods Limited

We have audited the financial statements of Natural Balance Foods Limited for the year ended 31 March 2014, which comprise the profit and loss account, the balance sheet and the related notes. 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 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 director and auditor**

As explained more fully in the Director's responsibilities statement, the director is 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 (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 31 March 2014 and of its profit for the year 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 matter prescribed by the Companies Act 2006**

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



## Independent auditor's report to the members of Natural Balance Foods Limited

### **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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report and in preparing the Directors' report.

*Grant Thornton UK LLP*

Jim Rogers (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Reading

Date: *24 December 2014*

**Natural Balance Foods Limited**

## Profit and loss account

For the year ended 31 March 2014

	Note	2014 £	2013 £
<b>Turnover</b>	2	<b>13,299,578</b>	7,515,771
Cost of sales		<u>(8,496,134)</u>	<u>(4,918,089)</u>
<b>Gross profit</b>		<b>4,803,444</b>	2,597,682
Administrative expenses		<u>(3,459,445)</u>	<u>(1,916,447)</u>
<b>Operating profit</b>	3	<b>1,343,999</b>	681,235
Interest payable and similar charges		<u>(1,291)</u>	<u>(840)</u>
<b>Profit on ordinary activities before taxation</b>		<b>1,342,708</b>	680,395
Tax on profit on ordinary activities	5	<u>(283,520)</u>	<u>(134,009)</u>
<b>Profit for the financial year</b>	13	<b><u>1,059,188</u></b>	<b><u>546,386</u></b>

The notes on pages 10 to 16 form part of these financial statements.

## Balance sheet

As at 31 March 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	6		266,277		153,880
Investments	7		5,573		-
			<u>271,850</u>		<u>153,880</u>
<b>Current assets</b>					
Stocks		1,732,531		742,947	
Debtors	8	3,369,780		1,391,254	
Cash at bank		399,810		146,430	
		<u>5,502,121</u>		<u>2,280,631</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(3,855,871)</u>		<u>(1,344,383)</u>	
<b>Net current assets</b>			<u>1,646,250</u>		<u>936,248</u>
<b>Total assets less current liabilities</b>			<u>1,918,100</u>		<u>1,090,128</u>
<b>Creditors: amounts falling due after more than one year</b>	10		(7,163)		(10,569)
<b>Provisions for liabilities</b>					
Deferred tax	11		<u>(49,201)</u>		<u>(26,890)</u>
<b>Net assets</b>			<u><u>1,861,736</u></u>		<u><u>1,052,669</u></u>
<b>Capital and reserves</b>					
Called up share capital	12		1,176		1,176
Share premium account	13		299,824		299,824
Profit and loss account	13		<u>1,560,736</u>		<u>751,669</u>
<b>Shareholders' funds</b>			<u><u>1,861,736</u></u>		<u><u>1,052,669</u></u>

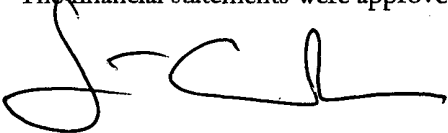
The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**Natural Balance Foods Limited**

## Balance sheet (continued)

As at 31 March 2014

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**J C Combs**  
Director

Date: Dec 19, 2014

The notes on pages 10 to 16 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 March 2014

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

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).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised when goods are dispatched.

### 1.3 Tangible fixed assets and depreciation

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

Land and buildings	-	No charge
Plant and machinery	-	15% reducing balance
Motor vehicles	-	25% straight line

### 1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

### 1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 1.6 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

# Notes to the financial statements

For the year ended 31 March 2014

## 1. Accounting policies (continued)

### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

### 1.8 Deferred taxation

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

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

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

Deferred tax assets and liabilities are not discounted.

### 1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

## 2. Turnover

0.0% of the company's turnover (2013 - NIL) is attributable to geographical markets outside the United Kingdom.

## 3. Operating profit

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	35,201	21,010
- held under finance leases	2,857	6,259
Auditor's remuneration	12,500	-

**Natural Balance Foods Limited**

# Notes to the financial statements

For the year ended 31 March 2014

## 4. Director's remuneration

	2014 £	2013 £
Aggregate remuneration	<u>120,500</u>	<u>119,125</u>

The highest paid director received remuneration of £NIL (2013 - £NIL).

## 5. Taxation

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	261,209	125,320
<b>Deferred tax (see note 11)</b>		
Origination and reversal of timing differences	<u>22,311</u>	<u>8,689</u>
<b>Tax on profit on ordinary activities</b>	<u>283,520</u>	<u>134,009</u>

## 6. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 April 2013	2,548	181,143	27,236	210,927
Additions	-	150,455	-	150,455
At 31 March 2014	<u>2,548</u>	<u>331,598</u>	<u>27,236</u>	<u>361,382</u>
<b>Depreciation</b>				
At 1 April 2013	-	32,668	24,379	57,047
Charge for the year	-	35,201	2,857	38,058
At 31 March 2014	<u>-</u>	<u>67,869</u>	<u>27,236</u>	<u>95,105</u>
<b>Net book value</b>				
At 31 March 2014	<u>2,548</u>	<u>263,729</u>	<u>-</u>	<u>266,277</u>
At 31 March 2013	<u>2,548</u>	<u>148,475</u>	<u>2,857</u>	<u>153,880</u>

**Natural Balance Foods Limited**

# Notes to the financial statements

For the year ended 31 March 2014

## 6. Tangible fixed assets (continued)

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

	2014	2013
	£	£
Motor vehicles	<u>11,300</u>	<u>2,857</u>

## 7. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2013	-
Additions	<u>5,573</u>
At 31 March 2014	<u>5,573</u>
<b>Net book value</b>	
At 31 March 2014	<u>5,573</u>
At 31 March 2013	<u>-</u>

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Natural Balance Foods Inc	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Natural Balance Foods Inc	<u>33,547</u>	<u>(53,193)</u>

**Natural Balance Foods Limited**

# Notes to the financial statements

For the year ended 31 March 2014

## 8. Debtors

	2014	2013
	£	£
Trade debtors	2,840,191	1,214,158
Amounts owed by group undertakings	62,206	-
Other debtors	467,383	177,096
	<u>3,369,780</u>	<u>1,391,254</u>

## 9. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Net obligations under finance leases and hire purchase contracts	3,288	3,740
Trade creditors	2,060,419	918,392
Corporation tax	260,607	125,320
Other taxation and social security	65,023	18,634
Proceeds of factored debts	1,353,756	266,809
Other creditors	112,778	11,488
	<u>3,855,871</u>	<u>1,344,383</u>

The invoice discounting facility is secured against trade debtors.

## 10. Creditors: Amounts falling due after more than one year

	2014	2013
	£	£
Net obligations under finance leases and hire purchase contracts	<u>7,163</u>	<u>10,569</u>

## 11. Deferred taxation

	2014	2013
	£	£
At beginning of year	26,890	18,201
Charge for year (P&L)	22,311	8,689
	<u>49,201</u>	<u>26,890</u>

**Natural Balance Foods Limited**

# Notes to the financial statements

For the year ended 31 March 2014

## 11. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2014	2013
	£	£
Accelerated capital allowances	49,201	26,890

## 12. Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
1,176 Ordinary shares shares of £1 each	1,176	1,176

## 13. Reserves

	Share premium account	Profit and loss account
	£	£
At 1 April 2013	299,824	751,669
Profit for the financial year		1,059,188
Dividends: Equity capital		(250,121)
At 31 March 2014	299,824	1,560,736

## 14. Dividends

	2014	2013
	£	£
Dividends paid on equity capital	250,121	100,022

## 15. Contingent liabilities

The company had no contingent liabilities as at 31 March 2014 or 31 March 2013.

## 16. Capital commitments

The company had capital commitments of £nil at 31 March 2014 and £nil at 31 March 2013.

**Natural Balance Foods Limited**

## Notes to the financial statements

For the year ended 31 March 2014

### **17. Operating lease commitments**

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Expiry date:		
Between 2 and 5 years	8,544	8,544
After more than 5 years	2,628	2,628
	<u>          </u>	<u>          </u>

### **18. Related party transactions**

The company had no related party transactions during the year 31 March 2014 or during the year 31 March 2013.