

# Financial Statements Natural Balance Foods Limited

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**For the Year Ended 31 March 2016**

**Registered number: 05083700**



**Natural Balance Foods Limited**  
**Registered number:05083700**

## Company Information

<b>Directors</b>	C J Combs R Porter Smith (resigned 14 August 2015) G Combs (appointed 12 August 2015) J M M M Boone (appointed 14 August 2015) I Maes (appointed 14 August 2015) P F O'Grady (resigned 14 August 2015)
<b>Company secretary</b>	J Johnston
<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

**Natural Balance Foods Limited**  
**Registered number:05083700**

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**Natural Balance Foods Limited**  
**Registered number:05083700**

## Strategic report

For the Year Ended 31 March 2016

### 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, market and sell under the Nākd and JC's Trek brands a wide range of snack bars and flavour infused raisins to most UK based retail, grocery, and convenience and health food distributors. The primary objective is to 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 £22,247,443 to £32,946,405 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 permit 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.

**Natural Balance Foods Limited**  
**Registered number:05083700**

## Strategic report (continued)

For the Year Ended 31 March 2016

### 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.

### Customer Risk

The Company has a diverse customer base and continues to make sales to new customers. It has a relatively high level of customer concentration. Recently the level of concentration has reduced.

### Financial key performance indicators

Our key performance indicators are:

	2016	2015
Sales	48.1%	67.2%

### Sales Growth

The last 12 months have seen Natural Balances Foods Limited continue to grow at a rate in excess of the industry average 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.

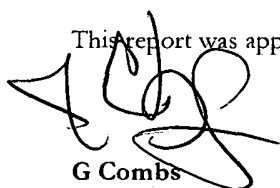
### Gross Profit

Gross profit has been retained by the strong sales margin throughout.

### Net Profit

Net profit has been retained by management maintaining a strong ethos in controlling overheads without it impacting the growth of the company.

This report was approved by the board on 4 August 2016 and signed on its behalf.



**G Combs**  
Director

## Natural Balance Foods Limited

# Directors' report

For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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.

### Results and dividends

The profit for the year, after taxation, amounted to £1,826,898 (2015 - £1,653,315).

No dividends have been paid in the year (2014: £246,526).

### Directors

The directors who served during the year were:

C J Combs  
R Porter Smith  
G Combs (appointed 12 August 2015)  
J M M M Boone (appointed 14 August 2015)  
I Maes (appointed 14 August 2015)  
P F O'Grady (appointed 14 August 2015)  
J Johnston (appointed 22 September 2015)

### Future developments

The directors note that 2016 was a terrific year for Natural Balance Foods. This is highlighted by the investment made by Lotus Bakeries, successful NPD & territorial expansion and increased market share. We are equally optimistic about next year, with exciting new products coming on line, continued domestic and international expansion and market gains. The company has an excellent balance sheet, and is profitable with good cash flow.

**Natural Balance Foods Limited**

**Directors' report**  
**For the Year Ended 31 March 2016**

**Disclosure of information to auditor**

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

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

**Post balance sheet events**

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

**Auditors**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 4 August 2016 and signed on its behalf.



**G Combs**  
Director



## 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 2016, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes. 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**

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/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2016 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 Strategic report and the Directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in cursive script, appearing to read "James Rogers".

James Rogers (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Reading  
Date: 09/08/16.

## Statement of comprehensive income

For the Year Ended 31 March 2016

	Note	2016 £	As restated 2015 £
Turnover	3	32,946,405	22,247,443
Cost of sales		(21,903,033)	(14,234,473)
<b>Gross profit</b>		<b>11,043,372</b>	<b>8,012,970</b>
Administrative expenses		(8,243,115)	(6,047,942)
Other operating charges		(17,573)	-
<b>Operating profit</b>	4	<b>2,782,684</b>	<b>1,965,028</b>
Interest payable and expenses	8	(7,009)	(7,409)
<b>Profit before tax</b>		<b>2,775,675</b>	<b>1,957,619</b>
Tax on profit	9	(481,554)	(448,061)
<b>Profit for the year</b>		<b><u>2,294,121</u></b>	<b><u>1,509,558</u></b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b><u>2,294,121</u></b>	<b><u>1,509,558</u></b>

## Balance sheet

As at 31 March 2016

	Note	2016 £	As restated 2015 £
<b>Fixed assets</b>			
Intangible assets	11	96,901	94,774
Tangible assets	12	288,233	260,127
Investments	13	5,573	5,573
		<u>390,707</u>	<u>360,474</u>
<b>Current assets</b>			
Stocks	14	4,040,237	2,445,229
Debtors: amounts falling due within one year	15	5,588,387	5,061,595
Cash at bank and in hand	16	726,766	273,084
		<u>10,355,390</u>	<u>7,779,908</u>
Creditors: amounts falling due within one year	17	(5,471,797)	(4,568,607)
		<u>4,883,593</u>	<u>3,211,301</u>
<b>Net current assets</b>			
		<u>4,883,593</u>	<u>3,211,301</u>
<b>Total assets less current liabilities</b>			
		<u>5,274,300</u>	<u>3,571,775</u>
Creditors: amounts falling due after more than one year	18	-	(595,162)
<b>Provisions for liabilities</b>			
Deferred tax	22	(58,340)	(54,774)
		<u>(58,340)</u>	<u>(54,774)</u>
<b>Net assets</b>			
		<u><u>5,215,960</u></u>	<u><u>2,921,839</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	1,176	1,176
Share premium account	24	299,824	299,824
Profit and loss account	24	4,914,960	2,620,839
		<u>5,215,960</u>	<u>2,921,839</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4/8/16



**G Combs**  
 Director

The notes on pages 11 to 30 form part of these financial statements.

## Statement of changes in equity

For the Year Ended 31 March 2016

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 April 2015	1,176	299,824	2,620,839	2,921,839
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,294,121	2,294,121
Actuarial gains on pension scheme	-	-	-	-
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	2,294,121	2,294,121
<b>Total transactions with owners</b>	-	-	-	-
<b>At 31 March 2016</b>	<b>1,176</b>	<b>299,824</b>	<b>4,914,960</b>	<b>5,215,960</b>

## Statement of changes in equity

For the Year Ended 31 March 2015

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 April 2014	1,176	299,824	1,357,807	1,658,807
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,509,558	1,509,558
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	1,509,558	1,509,558
Dividends: Equity capital	-	-	(246,526)	(246,526)
<b>Total transactions with owners</b>	-	-	(246,526)	(246,526)
<b>At 31 March 2015</b>	<b>1,176</b>	<b>299,824</b>	<b>2,620,839</b>	<b>2,921,839</b>

The notes on pages 11 to 30 form part of these financial statements.

# Notes to the financial statements

For the Year Ended 31 March 2016

## **1. General information**

Natural Balance Foods Limited is a limited liability company incorporated in the United Kingdom. Its registered office and principal trading address is Unit 10 Wornal Park, Worminghall, Buckinghamshire, HP18 9PH

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note ).

The following principal accounting policies have been applied:

### **2.2 Revenue and expenditure**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## Notes to the financial statements

For the Year Ended 31 March 2016

### **2. Accounting policies (continued)**

#### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

#### **Expenditure – listing fees**

Listing fees are expensed in the year in which they are occurred in line with group policies from the parent entity.

### **2.3 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

### **2.4 Tangible fixed assets**

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line and reducing balance basis as appropriate.

## Notes to the financial statements

For the Year Ended 31 March 2016

### 2. Accounting policies (continued)

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

#### 2.5 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

#### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are re-measured to market value at each Balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

#### 2.7 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



## Notes to the financial statements

For the Year Ended 31 March 2016

### **2. Accounting policies (continued)**

#### **2.9 Cash and cash equivalents**

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

#### **2.10 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- i) at fair value with changes recognised in the Profit and loss account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## Notes to the financial statements

For the Year Ended 31 March 2016

### **2. Accounting policies (continued)**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

#### **2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### **2.12 Foreign currency translation**

##### **Functional and presentation currency**

The company's functional and presentational currency is GBP.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

#### **2.13 Finance costs**

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### **2.14 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

## Notes to the financial statements

For the Year Ended 31 March 2016

### **2. Accounting policies (continued)**

#### **2.15 Pensions**

##### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### **2.16 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

#### **2.17 Borrowing costs**

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

#### **2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

#### **2.19 Current and deferred taxation**

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

## Notes to the financial statements

For the Year Ended 31 March 2016

### **2. Accounting policies (continued)**

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## Notes to the financial statements

For the Year Ended 31 March 2016

### 3. Analysis of turnover

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	30,157,205	20,929,978
Rest of the world	2,789,200	1,317,465
	<u>32,946,405</u>	<u>22,247,443</u>

### 4. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	69,454	67,203
Amortisation of intangible assets, including goodwill	18,868	31,786
Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements	15,000	24,326
Exchange differences	7,947	1,380
Defined contribution pension cost	<u>3,997</u>	<u>-</u>

### 5. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>15,000</u>	<u>24,326</u>

## Notes to the financial statements

For the Year Ended 31 March 2016

### 6. Employees

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

	2016	2015
	£	£
Wages and salaries	1,853,453	1,150,855
Social security costs	206,749	136,412
Cost of defined contribution scheme	3,997	-
	<u>2,064,199</u>	<u>1,287,267</u>

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

	2016	2015
	No.	No.
	<u>39</u>	<u>26</u>

### 7. Directors' remuneration

	2016	2015
	£	£
Directors' emoluments	170,531	173,875
	<u>170,531</u>	<u>173,875</u>

### 8. Interest payable and similar charges

	2016	2015
	£	£
Bank interest payable	1,452	1,525
Finance leases and hire purchase contracts	5,557	5,884
	<u>7,009</u>	<u>7,409</u>

## Notes to the financial statements

For the Year Ended 31 March 2016

### 9. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	477,988	442,488
	<u>477,988</u>	<u>442,488</u>
<b>Total current tax</b>	<u>477,988</u>	<u>442,488</u>
<b>Deferred tax</b>		
Accelerated capital allowances	3,566	5,573
<b>Total deferred tax</b>	<u>3,566</u>	<u>5,573</u>
<b>Taxation on profit on ordinary activities</b>	<u>481,554</u>	<u>448,061</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 21%) as set out below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>2,775,675</u>	<u>1,957,619</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	582,892	411,100
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	189	194
Capital allowances for year in excess of depreciation	-	(7,663)
Fixed asset differences	524	985
Adjustments to tax charge in respect of prior periods	(9,105)	(880)
Deferred tax	3,566	5,573
Other differences leading to an increase (decrease) in the tax charge	(96,512)	38,752
<b>Total tax charge for the year</b>	<u>481,554</u>	<u>448,061</u>

# Notes to the financial statements

For the Year Ended 31 March 2016

## 10. Dividends

	2016 £	2015 £
Equity dividends	-	246,526
	<u>-</u>	<u>246,526</u>

## 11. Intangible assets

	Software £
<b>Cost</b>	
At 1 April 2015	126,560
Additions	20,995
At 31 March 2016	<u>147,555</u>
<b>Amortisation</b>	
At 1 April 2015	31,786
Charge for the year	18,868
At 31 March 2016	<u>50,654</u>
<b>Net book value</b>	
At 31 March 2016	<u>96,901</u>
At 31 March 2015	<u>94,774</u>



## Notes to the financial statements

For the Year Ended 31 March 2016

### 12. Tangible fixed assets

	Land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2015	2,548	313,217	74,884	390,649
Additions	-	49,008	29,684	78,692
At 31 March 2016	<u>2,548</u>	<u>362,225</u>	<u>104,568</u>	<u>469,341</u>
<b>Depreciation</b>				
At 1 April 2015	-	91,374	39,148	130,522
Charge owned for the period	-	43,404	7,182	50,586
At 31 March 2016	<u>-</u>	<u>134,778</u>	<u>46,330</u>	<u>181,108</u>
<b>Net book value</b>				
At 31 March 2016	<u>2,548</u>	<u>227,447</u>	<u>58,238</u>	<u>288,233</u>
At 31 March 2015	<u>2,548</u>	<u>221,843</u>	<u>35,736</u>	<u>260,127</u>

The net book value of land and building may be further analysed as follows:

	2016	2015
	£	£
Long leasehold	2,548	2,548
	<u>2,548</u>	<u>2,548</u>

## Notes to the financial statements

For the Year Ended 31 March 2016

### 13. Fixed asset investments

	Investments in subsidiary companies
	£
<b>Cost or valuation</b>	
At 1 April 2015	5,573
At 31 March 2016	<u>5,573</u>
At 31 March 2016	<u>-</u>
<b>Net book value</b>	
At 31 March 2016	<u><u>5,573</u></u>
At 31 March 2015	<u><u>5,573</u></u>

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Natural Balance Foods Inc	USA	Ordinary	100%	Delivering healthy snack food options to the Retail and Wholesale market

The aggregate of the share capital and reserves as at 31 March 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Natural Balance Foods Inc	(558,058)	(309,028)

## Notes to the financial statements

For the Year Ended 31 March 2016

### 14. Stocks

	2016 £	2015 £
Raw materials and consumables	60,000	110,546
Finished goods and goods for resale	3,980,237	2,334,683
	<u>4,040,237</u>	<u>2,445,229</u>

### 15. Debtors

	2016 £	2015 £
Trade debtors	4,998,036	4,300,521
Amounts owed by group undertakings	404,903	272,321
Prepayments and accrued income	185,448	488,753
	<u>5,588,387</u>	<u>5,061,595</u>

### 16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	726,766	273,084
	<u>726,766</u>	<u>273,084</u>

## Notes to the financial statements

For the Year Ended 31 March 2016

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

	2016 £	2015 £
Bank loans	1,411,797	1,292,112
Trade creditors	3,459,998	2,491,068
Corporation tax	177,988	419,082
Taxation and social security	122,137	203,657
Obligations under finance lease and hire purchase contracts	70,122	6,037
Other creditors	6,489	9,873
Accruals and deferred income	223,266	146,778
	<u>5,471,797</u>	<u>4,568,607</u>

#### Secured loans

The invoice discounting facility is secured against trade debtors.

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

	2016 £	2015 £
Bank loans	-	552,212
Net obligations under finance leases and hire purchase contracts	-	42,950
	<u>-</u>	<u>595,162</u>

### 19. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
<b>Amounts falling due within one year</b>		
Bank loans	1,411,797	1,292,112
	<u>1,411,797</u>	<u>1,292,112</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	-	552,212
	<u>-</u>	<u>552,212</u>
	<u>-</u>	<u>-</u>

## Notes to the financial statements

For the Year Ended 31 March 2016

### 20. Hire purchase & finance leases

Minimum lease payments under hire purchase fall due as follows:

	2016 £	2015 £
Within one year	-	42,950
	<u>-</u>	<u>42,950</u>

### 21. Financial instruments

	2016 £	2015 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	726,766	273,084
Financial assets that are debt instruments measured at amortised cost	5,402,939	4,572,842
	<u>6,129,705</u>	<u>4,845,926</u>

#### Financial liabilities

Financial liabilities measured at amortised cost	(5,095,295)	(4,478,330)
	<u>(5,095,295)</u>	<u>(4,478,330)</u>

Financial assets measured at fair value through profit and loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors and amounts due from group companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

## Notes to the financial statements

For the Year Ended 31 March 2016

### 22. Deferred taxation

	Deferred tax
	£
At 1 April 2015	(54,774)
Charged to the profit or loss	(3,566)
<b>At 31 March 2016</b>	<b><u>(58,340)</u></b>

The provision for deferred taxation is made up as follows:

	2016	2015
	£	£
Accelerated capital allowances	(58,340)	(54,774)
	<b><u>(54,774)</u></b>	<b><u>(54,774)</u></b>

### 23. Share capital

	2016	2015
	£	£
<b>Allotted, called up and fully paid</b>		
1,176- Ordinary shares of £1 each	<b><u>1,176</u></b>	<b><u>1,176</u></b>

### 24. Reserves

Profit and loss account

Includes all current and prior period profits and losses.

## Notes to the financial statements

For the Year Ended 31 March 2016

### 25. Related party transactions

During the period the following transactions with related parties were noted:

Sales of £132,582 (2015: £277,894) were made to Natural Balance Foods inc., a wholly owned subsidiary. As of the balance sheet date a total of £410,476 (2015: £277,894) was outstanding.

Purchases of £3,600 (2015: £nil) were made from D2F Solutions limited, a related party through a common directorship. As of the balance sheet date a total of £300 (2015: £nil) was outstanding.

Sales of £nil (2015: £nil) were made to Koninklijke Peijnenburg BV, a related party through a common group parent. As of the balance sheet date a total of £184,744 (2015: £nil) was outstanding.

### 26. Controlling party

67.2% of the companies' share capital is owned by Lotus Bakeries NV, who are considered to be the ultimate controlling party.

### 27. Prior year adjustment

During the period, the company aligned their accounting policy for recognition of listing fees with that of their parent company. Previously listing fees were prepaid and released over the listing term. This resulted in all prepaid listing fees being written back to the Statement of Comprehensive Income in prior periods. The effect of this adjustment was an increase in administrative expenses of £263,990 (2015: £143,757) and a reduction in opening reserves of £346,686 (2015: £202,929) in the current period.

### 28. Commitments under operating leases

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	38,261	6,037
Later than 1 year and not later than 5 years	1,096	35,442
<b>Total</b>	<b>39,357</b>	<b>41,479</b>

Natural Balance Foods Limited

Notes to the financial statements For the Year Ended 31 March 2016

29. First time adoption of FRS 102

Note	As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Intangible assets	-	-	-	-	94,774	94,774
Tangible assets	266,277	-	266,277	354,901	(94,774)	260,127
investments	5,573	-	5,573	5,573	-	5,573
<b>Fixed assets</b>	271,850	-	271,850	360,474	-	360,474
Current assets	5,299,192	-	5,299,192	7,779,908	-	7,779,908
Creditors: amounts falling due within one year	(3,855,871)	-	(3,855,871)	(4,568,607)	-	(4,568,607)
<b>Net current assets</b>	1,443,321	-	1,443,321	3,211,301	-	3,211,301
<b>Total assets less current liabilities</b>	1,715,171	-	1,715,171	3,571,775	-	3,571,775
Creditors: amounts falling due after more than one year	(7,163)	-	(7,163)	(595,162)	-	(595,162)
Provisions for liabilities	(49,201)	-	(49,201)	(54,774)	-	(54,774)
<b>Net assets</b>	1,658,807	-	1,658,807	2,921,839	-	2,921,839
Capital and reserves	1,658,807	-	1,658,807	2,921,839	-	2,921,839



Natural Balance Foods Limited

Notes to the financial statements

For the Year Ended 31 March 2016

	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Note			
Turnover	22,247,443	-	22,247,443
Cost of sales	(14,234,473)	-	(14,234,473)
	8,012,970	-	8,012,970
Administrative expenses	(6,047,942)	-	(6,047,942)
<b>Operating profit</b>	1,965,028	-	1,965,028
Interest payable and similar charges	(7,409)	-	(7,409)
Taxation	(448,061)	-	(448,061)
<b>Profit on ordinary activities after taxation and for the financial year</b>	<u>1,509,558</u>	<u>-</u>	<u>1,509,558</u>