



Financial statements

Natures Way Foods Limited

For the Period from 27 March 2010 to 1 April 2011



Company No. 2896421

Company information

Company registration number	2896421
Registered office	Park Farm Chichester Road Selsey West Sussex PO20 9HP
Directors	R A Langmead D W Langmead S V Barratt C Roberts R Parr
Secretary	D W Langmead
Bankers	Clydesdale Bank Plc
Solicitors	Thomas Eggar The Corn Exchange Baffins Lane Chichester West Sussex PO19 1GE Osborne Clark One London Wall London EC2Y 5EB
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor No 1 Dorset Street Southampton Hampshire SO15 2DP

Index

Report of the directors	3 - 6
Independent auditor's report	7 - 8
Principal accounting policies	9 - 10
Profit and loss account	11
Balance sheet	12
Notes to the financial statements	13 - 22

Report of the directors

The directors present their report and the financial statements of the company for the period from 27 March 2010 to 1 April 2011

Principal activities

The company was principally engaged in the processing and wholesale distribution of food products

Business review and Key performance indicators

The directors use a wide variety of indicators to measure the performance of the company and to benchmark it against industry standards. The following financial performance indicators are considered key

The company had a strong year, with sales growing to £111,575,103, a rise of 17.3% (2010 £95,135,132). This is the result of the company increasing its market share in the sectors it operates in.

Turnover per employee increased from £214k in 09/10 to £231k in 10/11 (8%). Other operating costs dropped to 11.5% of turnover (09/10 13.4%). The increase in sales and good cost control meant that Profit before tax increased to £14,658,052 (2010 £11,431,960).

The directors are pleased with the performance and believe that the company is in a strong position to continue to grow its market share.

Results and dividends

The profit for the period, after taxation, amounted to £9,021,688. Particulars of dividends paid are detailed in note 9 to the financial statements.

Financial risk management objectives and policies

The company continuously monitors the business and markets it operates in, in order to deal with any significant risks or uncertainties arising. The main risks to the company are related to market demand, competition and external factors. Inflation is considered by the board to be an area of increased risk for the coming year. By pursuing a policy of careful and regular monitoring of the market and competition and representation within cross-industry bodies the company attempts to minimise its risks in this area.

The company's principal financial instruments, comprise loans, finance leases, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from the company's operations.

The company also enters into forward currency contracts, the purpose of which is to manage the currency risks arising from the company's operations. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The company finances its operations with cash resources and borrowings in specific situations when the cost is relatively low or beneficial to the company. Interest rate risk is managed by linking the rate payable to the base rate or LIBOR and regularly reviewing market interest rates.

Liquidity risk

The company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The company's principal currency risk exposures are to the effect of the Euro and the US Dollar rates against Sterling due to some purchases of raw materials from overseas. The magnitude of this risk is regularly reviewed and the benefits of hedging instruments weighed against the cost. Details of the forward currency contracts in place at the period end are given in note 18 to the accounts.

Directors

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

R A Langmead
D W Langmead
S V Barratt
C Roberts
R Parr
I Summerfield
M D Rowbury

R Parr was appointed as a director on 1 January 2011.

I Summerfield resigned as a director on 1 January 2011.

M D Rowbury resigned as a director on 24 May 2010.

Qualifying third party indemnity provision

During the financial period, a qualifying third party indemnity provision for the benefit of the directors was in force.

Research and development

During the period the company continued to develop products to meet the needs of its markets including the introduction of a number of new product lines. All expenditure has been charged to the profit and loss account as it arises.

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group.

This is achieved through regular briefings to all departments in the company.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees

Donations

During the 53 week period the company made the following contributions

	Period from 27 March 2010 to 1 April 2011 £	Period from 28 March 2009 to 26 March 2010 £
Charitable	<u>19,444</u>	<u>18,613</u>

Health, safety and the environment

The company takes health and safety extremely seriously. The company works to ensure that the best health and safety practices are carried out throughout the business and that employees work in a safe environment.

The company continuously monitors its impact on the environment, attempting to minimise where possible its activities affecting the environment.

In addition, the company recognises it has an important role to play in the communities it operates in and has created a Corporate & Social Responsibility Plan to ensure that this is achieved.

Employees and employment practice

The company pursues an employment policy of equal opportunity and strives to follow best practice in recruitment and selection. It does not discriminate on the grounds of race, nationality, sex, marital status, disability, religious or political beliefs.

People and management

The continuing success of the company is thanks to the strength of the company's employees. The board is grateful for the strong support and enthusiasm shown by staff in a successful year. One of the company's Business Commitments is to be a 'brilliant place to work'. The board looks forward to continuing to build and develop the business with them in the future to deliver this.

Policy on the payment of creditors

It is the company's policy to set the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and abide by them.

Going concern

The company's business activities (together with the factors likely to affect its future development, performance and position) and the financial position of the company are set out in the Business Review on page 3. In addition, pages 3 and 4 include the company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposure to credit risk and liquidity risk.

The company has considerable financial resources together with good established relationships with a number of customers and suppliers. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

As at the date of this report, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the annual financial statements for the 53 week period ended 1 April 2011 have been prepared on the going concern basis.

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD

D W Langmead
Secretary
20 May 2011





Independent auditor's report to the members of Natures Way Foods Limited

We have audited the financial statements of Natures Way Foods Limited for the period from 27 March 2010 to 1 April 2011 which comprise the principal accounting policies, profit and loss account, balance sheet 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 APB's website at 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 1 April 2011 and of its profit for the period 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

Independent auditor's report to the members of Natures Way Foods Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors 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

PHILIP SHEPHERD (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
SOUTHAMPTON



17 June 2011

• •

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

The turnover shown in the profit and loss account represents the total amount receivable by the company for goods and services provided, excluding Value Added Tax. Revenue is recognised at the point of delivery, which is when the risk is transferred

Depreciation

Depreciation 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

Leasehold Property	-	Over the term of the lease
Plant & Machinery	-	3 - 10 years straight line
Fixtures and Fitting	-	3 - 10 years straight line

No depreciation is provided on assets in the course of construction

Stocks

Stocks are stated at the lower of cost and net realisable value on a first in first out basis

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the consolidated profit and loss account on a straight line basis

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Monetary 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.

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 classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Turnover	1	111,575,103	95,135,132
Cost of sales		(84,097,073)	(70,905,019)
Gross profit		27,478,030	24,230,113
Other operating charges	2	(12,879,535)	(12,771,048)
Operating profit	3	14,598,495	11,459,065
Interest receivable	6	206,843	136,126
Interest payable and similar charges	7	(147,286)	(163,231)
Profit on ordinary activities before taxation		14,658,052	11,431,960
Tax on profit on ordinary activities	8	(5,636,364)	(3,493,172)
Profit for the financial period	23	9,021,688	7,938,788

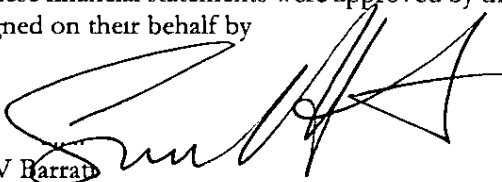
All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the period as set out above

Balance sheet

	Note	1 Apr 11 £	26 Mar 10 £
Fixed assets			
Tangible assets	10	19,433,312	17,057,514
Investments	11	–	11
		<u>19,433,312</u>	<u>17,057,525</u>
Current assets			
Stocks	12	1,571,918	1,130,504
Debtors	13	14,900,852	12,365,873
Cash at bank and in hand		10,060,460	2,246,698
		<u>26,533,230</u>	<u>15,743,075</u>
Creditors: amounts falling due within one year	14	(21,034,298)	(17,380,571)
Net current assets/(liabilities)		<u>5,498,932</u>	<u>(1,637,496)</u>
Total assets less current liabilities		<u>24,932,244</u>	<u>15,420,029</u>
Creditors: amounts falling due after more than one year	15	(3,195,721)	(1,913,153)
Provisions for liabilities			
Deferred taxation	17	(821,444)	(1,063,485)
		<u>20,915,079</u>	<u>12,443,391</u>
Capital and reserves			
Called-up equity share capital	22	150,000	150,000
Profit and loss account	23	20,765,079	12,293,391
Shareholders' funds	24	<u>20,915,079</u>	<u>12,443,391</u>

These financial statements were approved by the directors and authorised for issue on 20 May 2011, and are signed on their behalf by


S V Barran

Company Registration Number 2896421

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
 An analysis of turnover is given below

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
United Kingdom	109,770,911	93,433,791
Overseas	1,804,192	1,701,341
	<u>111,575,103</u>	<u>95,135,132</u>

2 Other operating charges

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Administrative expenses	<u>12,879,535</u>	<u>12,771,048</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Depreciation of owned fixed assets	2,501,901	1,993,200
Depreciation of assets held under finance leases and hire purchase agreements	1,354,708	1,719,749
Loss on disposal of fixed assets	6,222	350,609
Operating lease costs		
- Plant and equipment	341,011	232,640
- Other	882,974	882,974
Net profit on foreign currency translation	(55,919)	(48,173)
Auditor's remuneration	<u>53,750</u>	<u>47,500</u>
	1 Apr 11	26 Mar 10
	£	£
Auditor's remuneration - audit of the financial statements	<u>53,750</u>	<u>47,500</u>

4 Directors and employees

The average number of staff employed by the company during the financial period amounted to

	Period from 27 Mar 10 to 1 Apr 11 No	Period from 28 Mar 09 to 26 Mar 10 No
Number of production staff	382	345
Number of administrative staff	102	99
	<u>484</u>	<u>444</u>

The aggregate payroll costs of the above were

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Wages and salaries	13,447,536	12,619,790
Social security costs	1,349,672	1,274,682
Other pension costs	171,258	152,071
	<u>14,968,466</u>	<u>14,046,543</u>

5 Directors

Remuneration in respect of directors was as follows

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Remuneration receivable	831,193	1,222,162
Value of company pension contributions to money purchase schemes	20,051	20,250
Compensation for loss of directorship	87,250	—
	<u>938,494</u>	<u>1,242,412</u>

Remuneration of highest paid director

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Total remuneration (excluding pension contributions)	332,500	313,295
Value of company pension contributions to money purchase schemes	7,500	6,600
	<u>340,000</u>	<u>319,895</u>

5 Directors (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	Period from 27 Mar 10 to 1 Apr 11 No	Period from 28 Mar 09 to 26 Mar 10 No
Money purchase schemes	<u>5</u>	<u>4</u>

6 Interest receivable

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Bank interest receivable	74,099	40,621
Interest from group undertakings	132,744	95,505
	<u>206,843</u>	<u>136,126</u>

7 Interest payable and similar charges

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Finance lease interest	147,286	149,103
Interest on pension loan	–	14,128
	<u>147,286</u>	<u>163,231</u>

8 Taxation on ordinary activities

(a) Analysis of charge in the period

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Current tax		
In respect of the period		
UK Corporation tax based on the results for the period at 28% (2010 - 28%)	5,034,077	3,341,792
Over/under provision in prior year	844,328	(20,758)
Total current tax	5,878,405	3,321,034
Deferred tax		
Origination and reversal of timing differences	(242,041)	172,138
Tax on profit on ordinary activities	5,636,364	3,493,172

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Profit on ordinary activities before taxation	14,658,052	11,431,960
Profit on ordinary activities by rate of tax	4,104,255	3,200,949
Expenses not deductible for tax purposes	927,362	184,331
Capital allowances for period in excess of depreciation	65,666	(46,912)
Group relief	(109,787)	-
Adjustments to tax charge in respect of previous periods	844,328	(20,758)
Other timing differences	46,581	3,424
Total current tax (note 8(a))	5,878,405	3,321,034

9 Dividends

Dividends on shares classed as equity

	Period from 27 Mar 10 to 1 Apr 11 £	Period from 28 Mar 09 to 26 Mar 10 £
Paid during the year		
Equity dividends on ordinary shares	550,000	8,222,846

10 Tangible fixed assets

	Short Leasehold Land & Buildings £	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost				
At 27 March 2010	8,748,315	33,189,743	2,059,473	43,997,531
Additions	–	5,983,746	269,233	6,252,979
Disposals	–	(153,723)	–	(153,723)
At 1 April 2011	<u>8,748,315</u>	<u>39,019,766</u>	<u>2,328,706</u>	<u>50,096,787</u>
Depreciation				
At 27 March 2010	4,592,811	20,833,803	1,513,403	26,940,017
Charge for the period	653,069	2,975,325	228,215	3,856,609
On disposals	–	(133,151)	–	(133,151)
At 1 April 2011	<u>5,245,880</u>	<u>23,675,977</u>	<u>1,741,618</u>	<u>30,663,475</u>
Net book value				
At 1 April 2011	<u>3,502,435</u>	<u>15,343,789</u>	<u>587,088</u>	<u>19,433,312</u>
At 26 March 2010	<u>4,155,504</u>	<u>12,355,940</u>	<u>546,070</u>	<u>17,057,514</u>

There are fixed and floating charges, under a debenture agreement dated 16 June 2008, to Clydesdale Bank PLC over the property and assets of the company present and future

Included within the net book value of £19,433,312 is £7,799,357 (2010 - £4,744,393) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £1,354,708 (2010 - £1,719,749)

11 Investments

	Shares in group companies £
Cost	
At 27 March 2010 and 1 April 2011	<u>11</u>
Amounts written off	
Written off in period	<u>11</u>
At 1 April 2011	<u>11</u>
Net book value	
At 1 April 2011	<u>-</u>
At 26 March 2010	<u>11</u>

11 Investments (continued)

At the 1 April 2011 the company owns 100% of the issued share capital of the companies listed below

	1 Apr 11	26 Mar 10
	£	£
Aggregate capital and reserves		
Passion Café Foods Limited (dormant)	—	100

12 Stocks

	1 Apr 11	26 Mar 10
	£	£
Raw materials	1,488,440	1,066,441
Finished goods	83,478	64,063
	<u>1,571,918</u>	<u>1,130,504</u>

13 Debtors

	1 Apr 11	26 Mar 10
	£	£
Trade debtors	10,314,660	8,198,275
Amounts owed by group undertakings	2,691,306	2,234,997
Other debtors	1,532,957	1,720,170
Prepayments and accrued income	361,929	212,431
	<u>14,900,852</u>	<u>12,365,873</u>

The debtors above include the following amounts falling due after more than one year

	1 Apr 11	26 Mar 10
	£	£
Amounts owed by group undertakings	<u>2,232,243</u>	<u>2,234,997</u>

14 Creditors: amounts falling due within one year

	1 Apr 11	26 Mar 10
	£	£
Trade creditors	6,240,571	3,959,715
Amounts owed to group undertakings	371,612	534,502
Corporation tax	2,325,961	1,297,129
Other taxation and social security	377,429	433,464
Amounts due under finance leases and hire purchase agreements	3,862,402	1,948,188
Other creditors	31,187	909,205
Accruals and deferred income	7,825,136	8,298,368
	<u>21,034,298</u>	<u>17,380,571</u>

15 Creditors: amounts falling due after more than one year

	1 Apr 11	26 Mar 10
	£	£
Amounts due under finance leases and hire purchase agreements	<u>3,195,721</u>	<u>1,913,153</u>

16 Commitments under finance leases and hire purchase agreements

Future commitments under finance leases and hire purchase agreements net of future finance lease charges are as follows

	1 Apr 11	26 Mar 10
	£	£
Amounts payable within 1 year	3,515,501	1,948,189
Amounts payable between 1 and 2 years	2,030,068	1,698,625
Amounts payable between 3 and 5 years	1,512,554	214,527
	<u>7,058,123</u>	<u>3,861,341</u>

The hire purchase liabilities are secured on the underlying assets. The majority of the agreements have monthly repayment terms and include interest between 0.75% and 2.5% above either LIBOR or Bank Base Rate.

17 Deferred taxation

The movement in the deferred taxation provision during the period was

	Period from 27 Mar 10 to 1 Apr 11	Period from 28 Mar 09 to 26 Mar 10
	£	£
Provision brought forward	1,063,485	891,347
Profit and loss account movement arising during the period	(242,041)	172,138
Provision carried forward	<u>821,444</u>	<u>1,063,485</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	1 Apr 11	26 Mar 10
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>821,444</u>	<u>1,063,485</u>
	<u>821,444</u>	<u>1,063,485</u>

18 Derivatives

At the year end the company had in place a number of forward contracts which in total enabled them to buy €5,242,880 at 1.23 to £1 the latest of which was due to mature on 30 March 2012. Converted at the spot rate prevailing on 1 April 2011, the fair value of these contracts was £4,262,504. The company also had a contract for \$500,000 that is due to mature on 30 September 2011. Converted at the spot rate prevailing on 1 April 2011, the fair value of these contracts was £311,468.

As at 26 March 2010, the company had in place a forward contract to buy €2,000,000 Euros at 1.1452 to £1 due to mature on 28 May 2010. Converted at the spot rate prevailing on 26 March 2010, the fair value of these contracts was £1,746,420.

19 Leasing commitments

At 1 April 2011 the company had annual commitments under non-cancellable operating leases as set out below

	1 Apr 11		26 Mar 10	
	Land and buildings	Other Items	Land and buildings	Other Items
	£	£	£	£
Operating leases which expire				
Within 1 year	-	114,740	-	85,716
Within 2 to 5 years	-	172,981	-	146,925
After more than 5 years	882,974	-	882,974	-
	<u>882,974</u>	<u>287,721</u>	<u>882,974</u>	<u>232,641</u>

20 Contingent liabilities

As at 1 April 2011 and 26 March 2010, an unlimited cross guarantee existed between Natures Way Foods Investment Company Limited, Natures Way Foods Limited and Sun Salads Limited

21 Related party transactions

The company is exempt from the requirements of FRS 8 to disclose transactions with other wholly owned members of the group headed by Natures Way Foods Europe Limited on the grounds that consolidated accounts are publicly available from the registered office of Natures Way Foods Europe Limited

During the year the company paid rent of £883,070 (2010 £883,070) to D W Langmead, a director of Natures Way Foods Limited

During the year the company made sales of £nil (2010 £345,796) to Wild Rocket Foods LLC and purchases in respect of services provided of £nil (2010 £18,780) This company is controlled by D W Langmead and R A Langmead The balance outstanding at the year end was £nil (2010 £nil)

During the year the company paid management charges and consultancy fees amounting to £100,000 (2010 £1,878,125) to Langmead Estates Limited and £2,400,000 (2010 £57,000) to Langmead Farms Limited, both companies are controlled by D W Langmead, a director of Natures Way Foods Limited

During the year the company paid management charges and consultancy fees amounting to £1,136,345 (2010 £1,784,642) to Kingsbridge Estates Limited a company controlled by R A Langmead, a director of Natures Way Foods Limited During the year the company recharged costs of £35,038 (2010 £34,772) to Kingsbridge Estates Limited At the year end Natures Way Foods Limited was owed £627 (2010 £552)

During the year the company sold goods and recharged costs amounting to £179,625 (2010 £196,536) and purchased raw materials and professional services which in total were £9,036,926 (2010 £6,201,383) from companies owned or partly owned by D W Langmead, a director of Natures Way Foods Limited At the year end Natures Way Foods Limited owed these companies £350,145 (2010 £118,015) and was owed £25,600 (2010 £10,033) by them

During the year the company purchased raw materials of £70,146 (2010 £599,075) and £nil (2010 £30,000) in respect of consultancy services from Sun Salads Limited, which is a 90% subsidiary of Natures Way Investment Company Limited The company also recharged costs to Sun Salads Limited of £105,625 (2010 £22,963) during the year At the year end Natures Way Foods Limited was owed £348,745 (2010 £401,744)

During the year the company purchased raw materials of £406,272 (2010 £665,455) from Sun Salads Espana, which is a subsidiary of Sun Salads Limited At the year end Natures Way Foods Limited was owed £1,865,321 (2010 £1,835,965)

All transactions were carried out at arms length

22 Share capital

Allotted, called up and fully paid

	1 Apr 11 No	£	26 Mar 10 No	£
15,000,000 Ordinary shares of £0.01 each	<u>15,000,000</u>	<u>150,000</u>	<u>15,000,000</u>	<u>150,000</u>

23 Profit and loss account

	Period from 27 Mar 10 to 1 Apr 11	Period from 28 Mar 09 to 26 Mar 10
	£	£
Balance brought forward	12,293,391	12,577,449
Profit for the financial period	9,021,688	7,938,788
Equity dividends	(550,000)	(8,222,846)
Balance carried forward	<u>20,765,079</u>	<u>12,293,391</u>

24 Reconciliation of movements in shareholders' funds

	1 Apr 11	26 Mar 10
	£	£
Profit for the financial period	9,021,688	7,938,788
Equity dividends	(550,000)	(8,222,846)
Net addition/(reduction) to shareholders' funds	<u>8,471,688</u>	<u>(284,058)</u>
Opening shareholders' funds	12,443,391	12,727,449
Closing shareholders' funds	<u>20,915,079</u>	<u>12,443,391</u>

25 Ultimate parent company

The company's controlling related party is Natures Way Foods Europe Limited. The ultimate controlling parties are Mr D Langmead and Mr R Langmead by virtue of their shareholding in Natures Way Foods Europe Limited.

The smallest group of undertakings for which group accounts have been drawn up is that of Natures Way Foods Investment Company Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Natures Way Foods Europe Limited. Copies of the group accounts can be obtained from the registered office.