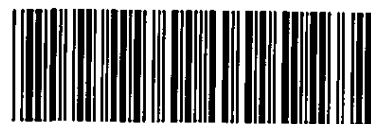


Financial Statements

Natures Way Foods Limited

For the period 2 April to 30 March 2012

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A41 19/12/2012 #380
COMPANIES HOUSE

Registered number: 2896421

Company Information

Directors	R A Langmead D W Langmead S V Barratt R Parr C Roberts (resigned 30 September 2011) A Craig (appointed 3 October 2011 & resigned 2 December 2011) K H Naylor (appointed 16 January 2012) D G Williams (appointed 1 April 2012)
Company secretary	D W Langmead
Company number	2896421
Registered office	Park Farm Chichester Road Selsey West Sussex PO20 9HP
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Dorset Street Southampton Hampshire SO15 2DP
Bankers	Clydesdale Bank Plc
Solicitors	Thomas Eggar The Corn Exchange Baffins Lane Chichester West Sussex PO19 1GE

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Directors' report

For the period ended 30 March 2012

The directors present their report and the financial statements for the period ended 30 March 2012

Principal activities

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

Business review

As retail sales growth slowed and the economic background continued to be challenging the company's sales fell slightly year on year to £108,469,431, a drop of 0.9% (2011 adjusted to 52 weeks £109,831,213). This also had an impact on margin.

The company continued to focus on growth and invested £8.0m in a new factory, Natures Way Foods Merston, to enable further growth in the company's produce business. The site is adjacent to one of its other facilities in West Sussex. The Directors are pleased that this was completed on schedule and on budget, and puts the company in a strong position to grow its market share and expand going forwards.

The increased costs associated with the new factory, combined with inflation on input prices and margin pressure from its customers means that Profit before tax decreased to £6,632,749 (2011 £14,658,052).

The directors are pleased with the performance in a challenging year and believe that the company is well placed to grow its market share in the markets it operates in.

Results

The profit for the period, after taxation, amounted to £3,839,795 (2011 - £9,021,688).

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.

Directors' report

For the period ended 30 March 2012

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 17 to the accounts

Directors

The directors who served during the period were

R A Langmead

D W Langmead

S V Barratt

C Roberts (resigned 30 September 2011)

R Parr

A Craig (appointed 3 October 2011 & resigned 2 December 2011)

K H Naylor (appointed 16 January 2012)

Research and development activities

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

Directors' report

For the period ended 30 March 2012

Political and charitable contributions

During the 52 week period the company made charitable contributions of £18,487 (2011 £19,444)

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.

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 1. The Directors' Report includes 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 business for the foreseeable future. Accordingly, the annual financial statements for the 52 week period ended 30 March 2012 have been prepared on the going concern basis.

Company's policy for 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.

Directors' report

For the period ended 30 March 2012

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments 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.

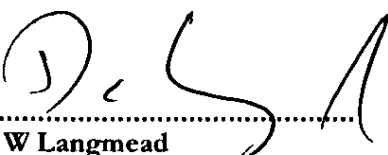
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

Provision 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 information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

This report was approved by the board on 13 July 2012 and signed on its behalf


.....
D W Langmead
Director

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 ended 30 March 2012, 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 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 Auditing Practices Board'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 30 March 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent auditor's report to the members of Natures Way 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 black ink, appearing to read "Grant Thornton" followed by a long horizontal line and the letters "UK LLP".

Philip Shepherd (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Southampton

Date 23 July 2012

Profit and loss account

For the period ended 30 March 2012

		Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
	Note		
Turnover	1,2	108,469,431	111,575,103
Cost of sales		(85,502,969)	(84,097,073)
Gross profit		22,966,462	27,478,030
Administrative expenses		(16,505,807)	(12,879,535)
Operating profit	3	6,460,655	14,598,495
Interest receivable and similar income	7	164,355	206,843
Interest payable and similar charges	8	(262,261)	(147,286)
Profit on ordinary activities before taxation		6,362,749	14,658,052
Tax on profit on ordinary activities	9	(2,522,954)	(5,636,364)
Profit for the financial period	22	3,839,795	9,021,688

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

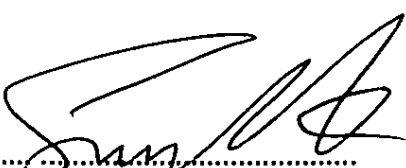
The notes on pages 9 to 20 form part of these financial statements

Balance sheet

As at 30 March 2012

	Note	£	30 March 2012 £	£	1 April 2011 £
Fixed assets					
Tangible assets	11		25,610,906		19,433,312
Current assets					
Stocks	12	1,927,013		1,571,918	
Debtors	13	13,542,559		14,900,852	
Cash at bank		1,217,415		10,060,460	
		<u>16,686,987</u>		<u>26,533,230</u>	
Creditors: amounts falling due within one year	14	<u>(19,886,170)</u>		<u>(21,034,298)</u>	
Net current (liabilities)/assets			<u>(3,199,183)</u>		5,498,932
Total assets less current liabilities			<u>22,411,723</u>		<u>24,932,244</u>
Creditors: amounts falling due after more than one year	15		<u>(6,013,077)</u>		<u>(3,195,721)</u>
Provisions for liabilities					
Deferred tax	16		<u>(941,406)</u>		<u>(821,444)</u>
Net assets			<u>15,457,240</u>		<u>20,915,079</u>
Capital and reserves					
Called up share capital	21		150,000		150,000
Profit and loss account	22		<u>15,307,240</u>		<u>20,765,079</u>
Shareholders' funds	23		<u>15,457,240</u>		<u>20,915,079</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 July 2012


.....
S V Barratt
Director

The notes on pages 9 to 20 form part of these financial statements

Notes to the financial statements

For the period ended 30 March 2012

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 applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 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.

1.4 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:

Leasehold Property	-	over the term of the lease
Plant & machinery	-	3 - 10 years straight line
Fixtures and fittings	-	3 - 10 years straight line

No depreciation is provided on assets in the course of construction.

1.5 Investments

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

1.6 Leasing and hire purchase

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.

1.7 Operating leases

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

Notes to the financial statements

For the period ended 30 March 2012

1. Accounting policies (continued)

1.8 Stocks

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

1.9 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

1.10 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

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period

1.12 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

Notes to the financial statements

For the period ended 30 March 2012

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

A geographical analysis of turnover is as follows

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
United Kingdom	107,091,218	109,770,911
Overseas	1,378,213	1,804,192
	<u>108,469,431</u>	<u>111,575,103</u>

3. Operating profit

The operating profit is stated after charging/(crediting)

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
Depreciation of tangible fixed assets		
- owned by the company	3,084,139	2,501,901
- held under finance leases	1,628,025	1,354,708
Operating lease rentals		
- plant and machinery	255,585	341,011
- other operating leases	1,076,523	882,974
Difference on foreign exchange	34,002	(55,919)
Profit / (Loss) on disposal of assets	(4,252)	6,222
	<u></u>	<u></u>

4. Auditors' remuneration

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
Fees payable for the audit of the company's annual accounts	47,500	47,500
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	350	-
	<u></u>	<u></u>

Notes to the financial statements

For the period ended 30 March 2012

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
Wages and salaries	14,610,645	13,447,536
Social security costs	1,351,668	1,349,672
Other pension costs	176,367	171,258
	<u>16,138,680</u>	<u>14,968,466</u>

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

	Period from 2 April 11 to 30 March 2012 No.	Period from 27 March 10 to 1 April 2011 No.
Production staff	417	382
Admin staff	145	102
	<u>562</u>	<u>484</u>

6. Directors' remuneration

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
Emoluments	<u>1,062,526</u>	<u>831,193</u>
Company pension contributions to defined contribution pension schemes	<u>13,118</u>	<u>20,051</u>
Compensation for loss of office	<u>11,000</u>	<u>87,250</u>

During the period retirement benefits were accruing to 3 directors (2011 - 5) in respect of defined contribution pension schemes

Notes to the financial statements

For the period ended 30 March 2012

6. Directors' remuneration (continued)

The highest paid director received remuneration of £791,998 (2011 - £332,500) from the group

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,950 (2011 - £7,500)

7. Interest receivable

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
Interest receivable from group undertakings	94,099	132,744
Other interest receivable	70,256	74,099
	<u>164,355</u>	<u>206,843</u>

8. Interest payable

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
On bank loans	23,078	-
On finance leases and hire purchase contracts	239,183	147,286
	<u>262,261</u>	<u>147,286</u>

Notes to the financial statements

For the period ended 30 March 2012

9. Taxation

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on profit for the period	2,478,577	5,034,077
Adjustments in respect of prior periods	(75,585)	844,328
Total current tax	2,402,992	5,878,405
Deferred tax (see note 16)		
Origination and reversal of timing differences	119,962	(242,041)
Tax on profit on ordinary activities	2,522,954	5,636,364

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 26% (2011 - 28%). The differences are explained below

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
Profit on ordinary activities before tax	6,362,749	14,658,052
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 28%)	1,654,315	4,104,255
Effects of:		
Expenses not deductible for tax purposes	1,610,357	927,362
Capital allowances for period in excess of depreciation	(97,426)	65,666
Adjustments to tax charge in respect of prior periods	(75,585)	844,328
Short term timing difference leading to an increase (decrease) in taxation	(110,083)	46,581
Group relief	(578,586)	(109,787)
Current tax charge for the period (see note above)	2,402,992	5,878,405

Notes to the financial statements

For the period ended 30 March 2012

10. Dividends

	Period from 2 April 11 to 30 March 2012 £	Period from 27 March 10 to 1 April 2011 £
Dividends paid to parent company	<u>9,297,634</u>	<u>550,000</u>

11. Tangible fixed assets

	Leasehold property £	Plant & machinery £	Fixtures and fittings £	Total £
Cost				
At 2 April 2011	8,748,315	39,019,766	2,328,706	50,096,787
Additions	126,438	10,139,298	624,099	10,889,835
Disposals	-	(80,375)	-	(80,375)
At 30 March 2012	<u>8,874,753</u>	<u>49,078,689</u>	<u>2,952,805</u>	<u>60,906,247</u>
Depreciation				
At 2 April 2011	5,245,880	23,675,977	1,741,618	30,663,475
Charge for the period	644,709	3,768,280	299,252	4,712,241
On disposals	-	(80,375)	-	(80,375)
At 30 March 2012	<u>5,890,589</u>	<u>27,363,882</u>	<u>2,040,870</u>	<u>35,295,341</u>
Net book value				
At 30 March 2012	<u>2,984,164</u>	<u>21,714,807</u>	<u>911,935</u>	<u>25,610,906</u>
At 1 April 2011	<u>3,502,435</u>	<u>15,343,789</u>	<u>587,088</u>	<u>19,433,312</u>

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

	30 March 2012 £	1 April 2011 £
Plant and machinery	<u>9,093,742</u>	<u>7,799,357</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

Notes to the financial statements

For the period ended 30 March 2012

12. Stocks

	30 March 2012 £	1 April 2011 £
Raw materials	1,863,763	1,488,440
Finished goods and goods for resale	63,250	83,478
	<u>1,927,013</u>	<u>1,571,918</u>

13. Debtors

	30 March 2012 £	1 April 2011 £
Due after more than one year		
Amounts owed by group undertakings	2,084,026	2,232,243
Due within one year		
Trade debtors	9,674,955	10,314,660
Amounts owed by group undertakings	-	459,063
Other debtors	1,294,705	1,532,957
Prepayments and accrued income	488,873	361,929
	<u>13,542,559</u>	<u>14,900,852</u>

14. Creditors:

Amounts falling due within one year

	30 March 2012 £	1 April 2011 £
Bank loans and overdrafts	2,984,926	-
Net obligations under finance leases and hire purchase contracts	4,085,477	3,862,402
Trade creditors	5,323,424	6,240,571
Amounts owed to group undertakings	48,001	371,612
Corporation tax	800,933	2,325,961
Social security and other taxes	390,178	377,429
Other creditors	35,224	31,187
Accruals and deferred income	6,218,007	7,825,136
	<u>19,886,170</u>	<u>21,034,298</u>

Notes to the financial statements

For the period ended 30 March 2012

15. Creditors:

Amounts falling due after more than one year

	30 March 2012 £	1 April 2011 £
Bank loans	2,278,101	-
Net obligations under finance leases and hire purchase contracts	3,734,976	3,195,721
	<u>6,013,077</u>	<u>3,195,721</u>

Included within the above are amounts falling due as follows

	30 March 2012 £	1 April 2011 £
Between one and two years		
Bank loans	<u>2,278,101</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows

	30 March 2012 £	1 April 2011 £
Repayable by instalments	<u>54,661</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	30 March 2012 £	1 April 2011 £
Between one and five years	3,680,315	3,195,721
After five years	54,661	-
	<u>3,734,976</u>	<u>3,195,721</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 3.2% above either LIBOR or Bank Base Rate.

Notes to the financial statements

For the period ended 30 March 2012

16. Deferred taxation

	30 March 2012 £	1 April 2011 £
At beginning of period	821,444	1,063,485
Charge for/(released during) period	119,962	(242,041)
At end of period	<u>941,406</u>	<u>821,444</u>

The provision for deferred taxation is made up as follows

	30 March 2012 £	1 April 2011 £
Accelerated capital allowances	<u>941,406</u>	<u>821,444</u>

17. Derivatives

At the year end the company had in place a number of forward contracts which in total enabled them to buy €3,849,444 at 1 169 to £1 the latest of which is due to mature on 30 November 2012. Converted at the spot rate of 1 03 prevailing on 30 March 2012, the fair value of these contracts was £3,753,128.

As at 1 April 2011 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 was due to mature on 30 September 2011. Converted at the spot rate of 1 61 prevailing on 1 April 2011, the fair value of the contracts was £311,468.

18. Operating lease commitments

At 30 March 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	30 March 2012 £	1 April 2011 £	30 March 2012 £	1 April 2011 £
Expiry date:				
Within 1 year	-	-	5,013	114,740
Between 2 and 5 years	210,000	-	318,200	172,981
After more than 5 years	<u>1,422,974</u>	<u>882,974</u>	<u>95,740</u>	<u>-</u>

19. Contingent liabilities

As at 30 March 2012 and 1 April 2011, an unlimited cross guarantee existed between Natures Way Foods Investment Company Limited, Natures Way Foods Limited and Sun Salads Limited.

Notes to the financial statements

For the period ended 30 March 2012

20. 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 £882,974 (2011 £883,070) to D W Langmead, a director of the company

During the year the company paid management charges and consultancy fees amounting to £401,119 (2011 £100,000) to Landlink Estates Limited (previously Langmead Estates Limited) and £3,350,625 (2011 £2,400,000) to Langmead Farms Limited, both companies are controlled by D W Langmead, a director of the company

On 28 October 2011, the company advanced Landlink Estates Limited £2,600,000 No amounts were outstanding at the period end

During the year the company paid management charges and consultancy fees amounting to £2,777,205 (2011 £1,136,345) to Kingsbridge Estates Limited a company controlled by R A Langmead, a director of the company During the year the company recharged costs of £6,859 (2011 £35,038) to Kingsbridge Estates Limited At the year end Natures Way Foods Limited was owed £500 (2011 £627)

During the year the company paid rent to Kingsbridge Estates Limited of £187,500

On 2 September the company advanced R A Langmead, a director of the company, £1,000,000, this was also the maximum outstanding during the period No amounts were outstanding at the period end

During the year the company sold goods and recharged costs amounting to £74,254 (2011 £179,625) and purchased raw materials and professional services which in total were £9,866,416 (2011 £9,036,926) 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 £177,297 (2011 £350,145) and was owed £Nil (2011 £25,600) by them

During the year the company purchased raw materials of £491,923 (2011 £70,146) 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 £57,956 (2011 £105,625) during the year At the year end Natures Way Foods Limited was owed £313,925 (2011 £348,745)

During the year the company purchased raw materials of £476,648 (2011 £406,272) from Sun Salads Espana, which is a subsidiary of Sun Salads Limited At the year end Natures Way Foods Limited was owed £1,770,100 (2011 £1,865,321)

All transactions were carried out at arms length

Notes to the financial statements

For the period ended 30 March 2012

21. Share capital

	30 March 2012 £	1 April 2011 £
Allotted, called up and fully paid		
15,000,000 Ordinary shares of £0.01 each	150,000	150,000

22. Reserves

	Profit and loss account £
At 2 April 2011	20,765,079
Profit for the period	3,839,795
Dividends paid to parent company	(9,297,634)
At 30 March 2012	15,307,240

23. Reconciliation of movement in shareholders' funds

	30 March 2012 £	1 April 2011 £
Opening shareholders' funds	20,915,079	12,443,391
Profit for the period	3,839,795	9,021,688
Dividends (Note 10)	(9,297,634)	(550,000)
Closing shareholders' funds	15,457,240	20,915,079

24. Ultimate parent undertaking and controlling party

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

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