

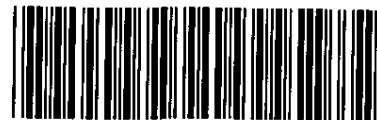
VEGWARE LIMITED

Company registration number SC331521

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2016

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VEGWARE LIMITED

COMPANY INFORMATION

Directors	J Frankel D Marjoram (resigned 10 June 2016) K Wilson D Robb
Company secretary	MBM Secretarial Services Limited
Registered number	SC331521
Registered office	Canalside House 43-45 Polwarth Crescent Edinburgh EH15 1HS
Independent auditor	Scott-Moncrieff Exchange Place 3 Semple Street Edinburgh EH3 8BL
Bankers	The Royal Bank of Scotland plc Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN
Solicitors	MBM Commercial LLP 5th Floor 125 Princes Street Edinburgh EH12 4AD

VEGWARE LIMITED

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VEGWARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2016

Introduction

Vegware develops and manufactures environmental foodservice packaging and delivers a solution for zero-to-landfill in a foodservice environment.

Vegware products are made from renewable or recycled materials, are completely compostable after use and can be recycled with food waste. This is a key factor in the promotion of zero waste in the foodservice sector. In addition to a strong focus on product R&D and innovation, we provide our clients with full creative and environmental consultancy including assistance with implementation of food and packaging waste recycling.

Vegware's innovative approach makes it a market leader in the UK and we enjoy very strong relationships across the industry, including major contract caterers and national distributors. Growth in Europe is accelerating through a mix of direct development and expansion through our UK network. We are building a global brand with operations spanning five continents coordinated from our global headquarters in the UK.

Vegware's combination of innovative products and services, knowledge capital, strong web presence, growing global presence, and a supportive legislative and consumer environment, is creating the platform to enable Vegware to become one of the world's foremost brands of eco catering disposables.

Business review

Vegware is a young, dynamic fast-growing international business achieving a profit on ordinary activities before taxation of £512,445 (2015: £568,438).

Vegware has consistently delivered double digit sales growth year after year, and the year to 31 January 2016 continued this trend with total sales of £11.8m. UK sales last year grew to £9.4m, which was driven by the continued excellent relationships with core clients and the development of significant new business. UK sales are projected to continue to grow strongly as these key relationships continue to be developed and new distributor relationships are established.

Export sales grew to £2.4m in the last financial year and Vegware is now sold in more than 25 countries globally. The application of additional resource to the key international markets should see export sales continue to show strong growth.

Principal risks and uncertainties

A proportion of stock is purchased from overseas markets in US dollars and Euro and is subject to fluctuations in exchange rates. The company uses forward contracts and option agreements to minimise the impact of this.

VEGWARE LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 JANUARY 2016**

Financial key performance indicators (KPIs)

The Board monitors the progress of the company by reference to the following KPIs:

	2015/16	2014/15
Gross margin pre fulfilment	33%	34%
Debtor Days	49	50
Average days stock holding	76	78

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



J Frankel
Director

Date: 23/6/16

Company registration no: SC331521

VEGWARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2016

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

Principal activity

The principal activity of the company is the development, importation and distribution of eco friendly catering disposables and food packaging.

Results and dividends

The profit for the year, after taxation, amounted to £408,953 (2015 - £481,025).

Directors

The directors who served during the year, and since the year end, were

J Frankel
D Marjoram (resigned 10 June 2016)
K Wilson
D Robb

Future developments

Vegware aspires to create the world's foremost brand of eco catering disposables. We aim to achieve this by sustained organic growth, contract wins and client retention through a solution-based approach backed up with exceptional service and supply chain. Our aspiration is to be at the leading edge of innovation with our people, our products, our services and our clients.

VEGWARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2016

Financial instruments

The company enters into forward contracts and option agreements in order to reduce the impact of future volatility in foreign currency exchange rates on its results. The company does not speculate in the trading of derivative financial instruments. The company is subject to risk factors both internal and external to its business.

The Board regularly reviews the process of identifying, evaluating and managing the significant risks that it faces and considers the acceptance of appropriate risk to be an integral part of business. The Board aims to ensure to ensure that unacceptable levels of risk are avoided or reduced to an acceptable level.

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

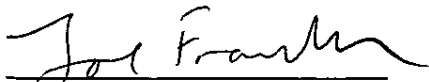
On 10 June 2016 the company issued 19,426 ordinary shares for a consideration of £324,997. These funds were subsequently used to redeem the company's preference shares and repay loans of £130,000.

Immediately following these transactions, the company's entire share capital was acquired by Vegware Holdings Limited.

Auditors

The auditor, Scott-Moncrieff, will be proposed for reappointment under section 485 of the Companies Act 2006.

This report was approved by the board on 23/6/16 and signed on its behalf by:



J Frankel
Director

VEGWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGWARE LIMITED

We have audited the financial statements of Vegware Limited for the year ended 31 January 2016, which comprise the Statement of Income and Retained Earnings, Balance Sheet, Statement of Cash Flows, and related notes. The financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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 set out in the Directors' report, 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 Practice's 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.

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 January 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 and the Directors' report has been prepared in accordance with applicable legal requirements.

VEGWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGWARE 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.



Gareth Magee (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Chartered Accountants
Statutory Auditor
Exchange Place 3
Semple Street
EH3 8BL

Date: 23/6/16

VEGWARE LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JANUARY 2016**

	Note	2016 £	As restated 2015 £
Turnover	5	11,819,936	9,829,956
Cost of sales		(9,226,260)	(7,504,622)
Gross profit		2,593,676	2,325,334
Administrative expenses		(2,079,763)	(1,721,870)
Other operating income	6	1,514	3,530
Operating profit	7	515,427	606,994
Interest payable and expenses		(97,702)	(87,851)
Other finance income	10	94,720	49,295
Profit on ordinary activities before taxation		512,445	568,438
Taxation on profit on ordinary activities	11	(103,492)	(87,413)
Profit for the financial year		<u>408,953</u>	<u>481,025</u>
Retained earnings at the beginning of the year		581,798	130,773
		581,798	130,773
Profit for the financial year		408,953	481,025
Dividends declared and paid		-	(30,000)
Retained earnings at the end of the year		<u>990,751</u>	<u>581,798</u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

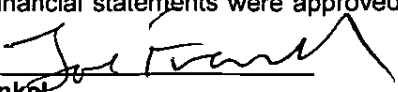
The notes on pages 10 to 25 form part of these financial statements.

VEGWARE LIMITED
REGISTERED NUMBER: SC331521

BALANCE SHEET
AS AT 31 JANUARY 2016

	Note	2016 £	As restated 2015 £
Fixed assets			
Tangible assets	13	175,280	108,090
Investments	14	26	26
		<u>175,306</u>	<u>108,116</u>
Current assets			
Stocks		2,274,158	1,913,898
Debtors: amounts falling due within one year	15	2,531,429	2,218,798
Current asset investments	16	144,015	131,729
Cash at bank and in hand		260,748	37,708
		<u>5,210,350</u>	<u>4,302,133</u>
Creditors: amounts falling due within one year	17	(3,921,823)	(3,350,436)
Net current assets		<u>1,288,527</u>	<u>951,697</u>
Total assets less current liabilities		<u>1,463,833</u>	<u>1,059,813</u>
Creditors: amounts falling due after more than one year	18	(151,333)	(159,333)
Provisions for liabilities			
Deferred tax		(16,756)	(13,689)
		<u>(16,756)</u>	<u>(13,689)</u>
Net assets		<u>1,295,744</u>	<u>886,791</u>
Capital and reserves			
Called up share capital	21	195,250	195,250
Share premium account		109,743	109,743
Profit and loss account		990,751	581,798
		<u>1,295,744</u>	<u>886,791</u>

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


J Frankel

Director

Date: 23/6/16

The notes on pages 10 to 25 form part of these financial statements.

VEGWARE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	408,953	481,025
Adjustments for:		
Depreciation of tangible assets	83,297	42,731
Increase in stocks	(360,260)	(943,023)
Interest paid	97,702	87,851
Taxation	24,767	44,100
Increase in debtors	(335,964)	(805,916)
Increase in creditors	655,454	1,024,893
Unrealised gains from changes in fair value of derivatives	(94,720)	(49,295)
Net cash generated from operating activities	<u>479,229</u>	<u>(117,634)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(150,488)	(103,889)
Purchase of unlisted and other investments	-	(17)
Net cash from investing activities	<u>(150,488)</u>	<u>(103,906)</u>
Cash flows from financing activities		
Repayment of other loans	-	(15,617)
Repayment of bank loans	(7,999)	(8,001)
Dividends paid	-	(30,000)
Interest paid	(97,702)	(87,851)
Net cash used in financing activities	<u>(105,701)</u>	<u>(141,469)</u>
Net increase / (decrease) in cash and cash equivalents	<u>223,040</u>	<u>(363,009)</u>
Cash and cash equivalents at beginning of year	37,708	400,717
Cash and cash equivalents at the end of year	<u><u>260,748</u></u>	<u><u>37,708</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	260,748	37,708
	<u><u>260,748</u></u>	<u><u>37,708</u></u>

The notes on pages 10 to 25 form part of these financial statements.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

1. General information

Vegware Limited is a company incorporated in Scotland. The registered office is Canalside House, 43-45 Polwarth Crescent, Edinburgh, EH11 1HS.

2. 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 29.

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 4).

The following principal accounting policies have been applied:

3. Accounting policies

3.1 Going concern

The directors are of the opinion that the company can meet its obligations as they fall due for the foreseeable future. The company has a healthy net assets position and a positive bank balance. The directors have prepared budgets and cash flow projections that show the company should continue to be profitable for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

3.2 Turnover

Turnover represents value of the goods and services supplied by the company during the year, excluding value added tax.

3.3 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.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

3. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Property improvements	-	Over the period of the lease
Plant and machinery	- 33%	on cost
Equipment fixtures and fittings	- 33%	on cost
Computer equipment	- 25%	on cost
Website costs	- 50%	on cost

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 Income and Retained Earnings.

3.4 Operating lease transactions

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

3.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

3.6 Stocks

Stock and work in progress are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

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 the Statement of Income and Retained Earnings

3.7 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.

3.8 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

3. Accounting policies (continued)

3.9 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.

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 Statement of Income and Retained Earnings.

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.

Derivatives, foreign exchange options 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 Statement of Income and Retained Earnings in finance costs or income as appropriate. The company does not currently apply hedge accounting for foreign exchange derivatives.

3.10 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.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

3. Accounting policies (continued)

3.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Income and Retained Earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

3.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Pounds Sterling.

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 Statement of Income and Retained Earnings 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 Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

3.13 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 Statement of Income and Retained Earnings 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.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

3. Accounting policies (continued)

3.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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:

- 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.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgment:

Determine whether stock values are appropriate and take into consideration the impact of slow-moving and obsolete stock.

5. Analysis of turnover

The turnover is attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	9,430,174	8,217,380
Rest of Europe	1,856,083	1,497,228
Rest of the world	533,679	115,348
	<u>11,819,936</u>	<u>9,829,956</u>

VEGWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

6. Other operating income

	2016 £	2015 £
Government grants receivable	1,447	3,530
Profit on disposal of tangible assets	67	-
	<u>1,514</u>	<u>3,530</u>

7. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	83,298	42,731
Auditor's remuneration - fees for non-audit services	8,095	4,450
Auditor's remuneration - audit fee	6,100	5,500
Exchange differences	(44,356)	(23,909)
Defined contribution pension cost	<u>41,300</u>	<u>30,553</u>

8. Employees

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

	2016 £	2015 £
Wages and salaries	1,210,001	970,263
Social security costs	102,789	85,507
Cost of defined contribution scheme	41,300	30,553
	<u>1,354,090</u>	<u>1,086,323</u>

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

	2016 No.	2015 No.
Total	<u>51</u>	<u>42</u>

VEGWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	159,504	155,873
Company contributions to defined contribution pension schemes	8,684	7,062
	<u>168,188</u>	<u>162,935</u>

During the year retirement benefits were accruing to 2 directors (2015 - 2) in respect of defined contribution pension schemes.

10. Other finance income

	2016 £	2015 £
Gain on derivatives	94,720	49,295
	<u>94,720</u>	<u>49,295</u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Corporation tax	89,761	102,094
Adjustments in respect of previous years	10,675	813
	<u>100,436</u>	<u>102,907</u>
Research and development tax credit	-	(23,333)
	<u>-</u>	<u>(23,333)</u>
Total current tax	<u>100,436</u>	<u>79,574</u>
Deferred tax		
Origination and reversal of timing differences	3,056	7,839
Total deferred tax	<u>3,056</u>	<u>7,839</u>
Taxation on profit on ordinary activities	<u>103,492</u>	<u>87,413</u>

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016

11. Taxation (continued)

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 20.16% (2015 - 21.32%).

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2016 £	2015 £
Interim dividend paid	-	30,000
	<u>-</u>	<u>30,000</u>

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016

13. Tangible fixed assets

	Property improve- ments	Plant and machinery	Equipment fixtures and fittings	Computer equipment	Website costs	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 February 2015	14,673	98,879	28,621	57,487	7,500	207,160
Additions	45,989	68,669	11,394	24,436	-	150,488
At 31 January 2016	<u>60,662</u>	<u>167,548</u>	<u>40,015</u>	<u>81,923</u>	<u>7,500</u>	<u>357,648</u>
Depreciation						
At 1 February 2015	4,132	42,915	11,027	33,496	7,500	99,070
Charge owned for the period	18,021	39,719	14,368	11,190	-	83,298
At 31 January 2016	<u>22,153</u>	<u>82,634</u>	<u>25,395</u>	<u>44,686</u>	<u>7,500</u>	<u>182,368</u>
Net book value						
At 31 January 2016	<u>38,509</u>	<u>84,914</u>	<u>14,620</u>	<u>37,237</u>	<u>-</u>	<u>175,280</u>
At 31 January 2015	<u>10,541</u>	<u>55,964</u>	<u>17,594</u>	<u>23,991</u>	<u>-</u>	<u>108,090</u>

VEGWARE LIMITED

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14. Fixed asset investments

	Unlisted investments
	£
Cost or valuation	
At 1 February 2015	26
At 31 January 2016	<u>26</u>
At 31 January 2016	<u>-</u>
Net book value	
At 31 January 2016	<u>26</u>
At 31 January 2015	<u>26</u>

The company's investment, at the balance sheet date, in the share capital of companies include the following:

Vegware US Inc	100 shares
Vegware Australia PTY Ltd	1,200 shares
Vegware South Africa PTY Ltd	50,000 shares
Vegware Hong Kong	200 shares

15. Debtors

	2016 £	2015 £
Trade debtors	1,861,034	1,674,205
Other debtors	1,665	-
Prepayments and accrued income	668,730	521,260
Tax recoverable	-	23,333
	<u>2,531,429</u>	<u>2,218,798</u>

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16. Current asset investments

	2016 £	As restated 2015 £
Derivatives	144,015	131,729
	<u>144,015</u>	<u>131,729</u>

17. Creditors: Amounts falling due within one year

	2016 £	As restated 2015 £
Bank loans	8,000	8,000
Trade creditors	1,887,957	1,465,162
Amounts due on invoice discounting	1,509,687	1,135,203
Corporation tax	100,461	102,094
Taxation and social security	59,521	146,091
Other creditors	28,677	153,196
Accruals and deferred income	327,520	258,256
Derivatives	-	82,434
	<u>3,921,823</u>	<u>3,350,436</u>

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

	2016 £	2015 £
Other loans	130,000	130,000
Bank loans	21,333	29,333
	<u>151,333</u>	<u>159,333</u>

Secured loans

The bank loan is secured by a bond and floating charge over the property and undertaking of the company and by a personal guarantee totalling £20,000, from two of the directors, J Frankel and D Marjoram. Amounts due on invoice discounting are secured by a floating charge over all of the assets and undertaking of the company.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2016**

19. Financial instruments

	2016	<i>As restated</i>
	£	2015
		£
Financial assets		
Financial assets measured at fair value through profit or loss	144,015	131,729
Financial assets that are equity instruments measured at cost less impairment	26	26
Financial assets that are debt instruments measured at amortised cost	1,862,699	1,674,205
	<u>2,006,740</u>	<u>1,805,960</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,913,175)	(3,179,150)
Financial liabilities measured at fair value through profit or loss	-	(82,434)
	<u>(3,913,175)</u>	<u>(3,261,584)</u>

Financial assets measured at fair value through profit or loss comprise current asset investments.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial assets that are equity instruments measured at cost less impairment comprise fixed asset investments.

Financial liabilities measured at amortised cost comprise trade creditors, amounts due on invoice discounting, other creditors, accruals and deferred income, bank loans, and other loans.

Financial liabilities measured at fair value through profit or loss comprise of derivatives.

VEGWARE LIMITED

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FOR THE YEAR ENDED 31 JANUARY 2016**

20. Deferred taxation

	Deferred tax £
At 1 February 2015	(13,689)
Charged to the profit or loss	(3,067)
At 31 January 2016	<u>(16,756)</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(16,756)	(13,689)
	<u>(16,756)</u>	<u>(13,689)</u>

21. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
250,000 Ordinary shares of £0.001 each	250	250
195,000 Preference shares of £1 each	195,000	195,000
	<u>195,250</u>	<u>195,250</u>

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2016

22. Share based payments

Under the terms of the company's Enterprise Management Incentive scheme, the Board may offer employees and directors options to purchase ordinary shares in the company. The options are exercisable once the company has achieved an exit event as stated in the agreement. The options shall lapse at the earlier of the following;

1. Within 12 months following the option holder's death;
2. From the date upon which the option holder ceases to be an employee of the Company;
3. 10 years from the date of granting; or
4. Immediately following completion of an exit event.

The share options outstanding at the beginning and the end of the year are as follows:

	Weighted average exercise price £ 2016	Number 2016	Weighted average exercise price £ 2015	Number 2015
Outstanding at the beginning of the year	10.06	10,010	7.88	4,100
Granted during the year	18.91	7,285	11.28	6,570
Forfeited during the year	(11.48)	(1,843)	(8.71)	(660)
	<u>14.06</u>	<u>15,452</u>	<u>10.06</u>	<u>10,010</u>
Outstanding at the end of the year				

An exit event occurred after the year end (note 27) at which point 1,040 options were exercised and the remainder were forfeited. No charge has been recognised in the Statement of Income and Retained Earnings for the year ended 31 January 2016 for share options exercised as the impact is not material for the period.

23. Prior year adjustment

The company uses currency derivatives to hedge against currency fluctuations. There were in use for the year ended 31 January 2015 but were not included in the financial statements as they were not considered material to the results for the year. They have been included in these financial statements. This has resulted in an increase in net assets of £49,295 and a corresponding increase in profit for the financial year for the year ended 31 January 2015.

24. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to £41,300 (2015: £30,553). At 31 January 2016 contributions amounting to £6,816 (2015: £5,192) were payable to the fund and were included in creditors.

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25. Commitments under operating leases

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

	2016 £	2015 £
Later than 1 year and not later than 5 years	41,250	73,750
Total	<u>41,250</u>	<u>73,750</u>

26. Related party transactions

Creditors: amounts falling due after more than 1 year includes a loan of £130,000 (2015: £130,000) from Bradenham Partners LLP for which there is no set date of repayment. The loan is payable in the event of an exit as defined in the terms of the agreement.

The loan attracts interest at 20%. At the year end a total of £131,747 (2015: £131,747) was due to Bradenham Partners LLP.

Professional fees and expenses of £39,034 were paid to Bradenham Partners LLP during the year (2015: £39,268). At the year end £2,449 (2015: £5,980) was due to Bradenham Partners LLP and is included in trade creditors.

During the year dividends of £nil (2015: £6,000) were paid to Bradenham Partners LLP. K Wilson and D Robb are members of Bradenham Partners LLP.

Included in other creditors is a balance of £2,631 (2015: £1,875) due to J Frankel, a director in the company in relation to the reimbursement of expenses. This loan is interest free and has no fixed terms of repayment.

During the year dividends were paid to directors as follows:

J Frankel £nil (2015: £11,850)
D Marjoram £nil (2015: £4,050)

During the year ended 31 January 2016 dividends were paid to the family of the directors totalling £nil (2015: £4,320).

27. Post balance sheet events

On 10 June 2016 the company issued 19,426 ordinary shares for a consideration of £324,997. These funds were subsequently used to redeem the company's preference shares and repay loans of £130,000.

Immediately following these transactions, the company's entire share capital was acquired by Vegware Holdings Limited.

28. Controlling party

As at 31 January 2016, the company has no ultimate controlling party.

VEGWARE LIMITED

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29. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.