

Company Registration No. SC331521 (Scotland)

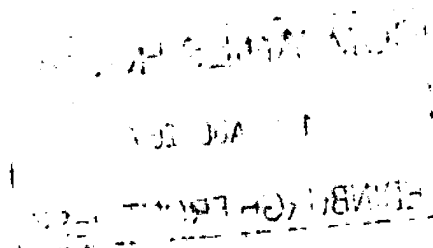
VEGWARE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2017



VEGWARE LIMITED

COMPANY INFORMATION

Directors	J Frankel D Robb K Wilson I Drury L Frankel C Murphy T Suter J Suter
Secretary	Burness Paull LLP
Company number	SC331521
Registered office	Canalside House 43-45 Polwarth Crescent Edinburgh EH11 1HS
Auditor	RSM UK Audit LLP Chartered Accountants First Floor, Quay 2 139 Fountainbridge Edinburgh EH3 9QG



VEGWARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2017

The directors present the strategic report for the year ended 31 January 2017.

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 £548,924 (2016: £512,445).

Vegware has consistently delivered double digit sales growth year after year, and the year to 31 January 2017 continued this trend with total sales of £14.9m (2016: £11.8m). UK sales grew to £11.6m (2016: £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 £3.4m in the 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

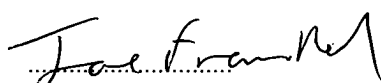
A proportion of stock is purchased from overseas markets in US dollars and Euro and is subject to fluctuations in exchange rates. The company uses forward contracts and option agreements to minimise the impact of this.

Financial key performance indicators (KPIs)

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

	2016/17	2015/16
Gross margin pre fulfilment	32%	33%
Debtor days	54	57
Average days of stock holding	77	89

On behalf of the board


J Frankel
Director
16/08/17

VEGWARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2017

The directors present their annual report and financial statements for the year ended 31 January 2017.

Principal activities

The principal activity of the company continued to be that of the development, importation and distribution of eco friendly catering disposables and food packaging.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Marjoram	(Resigned 10 June 2016)
J Frankel	
D Robb	
K Wilson	
I Drury	(Appointed 10 June 2016)
L Frankel	(Appointed 10 June 2016)
C Murphy	(Appointed 10 June 2016)
T Suter	(Appointed 10 June 2016)
J Suter	(Appointed 1 February 2017)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

Foreign currency

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 that unacceptable levels of risk are avoided or reduced to an acceptable level.

Future developments

Vegware aspires to create the world's foremost brand of eco catering disposables. We aim to achieve this by sustained organic growth, expanding geographically, 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.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

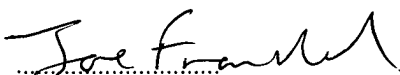
VEGWARE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



J Frankel

Director

16/08/17

VEGWARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JANUARY 2017

The directors are responsible for preparing the Strategic Report and 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEGWARE LIMITED

Opinion on financial statements

We have audited the financial statements on pages 6 to 24. 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2017 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.

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 <http://www.frc.org.uk/auditscopeukprivate>

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, based on the work undertaken in the course of our audit, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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.

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.

RSM UK Audit LLP

Claire Monaghan MA CA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

First Floor, Quay 2

139 Fountainbridge

Edinburgh

EH3 9QG

17/8/17

VEGWARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	2017 £	2016 £
Turnover	3	14,927,479	11,819,936
Cost of sales		(11,886,539)	(9,226,260)
Gross profit		3,040,940	2,593,676
Administrative expenses		(2,408,984)	(2,079,763)
Other operating income		2,228	1,514
Restructuring costs	4	(25,000)	-
Operating profit	8	609,184	515,427
Interest payable and similar expenses	9	(89,401)	(97,702)
Other gains and losses	10	28,537	94,720
Profit before taxation		548,320	512,445
Taxation	11	(91,826)	(103,492)
Profit for the financial year	25	456,494	408,953

VEGWARE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 JANUARY 2017**

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	13	141,814		175,280	
Investments	14	26		26	
		<u>141,840</u>		<u>175,306</u>	
Current assets					
Stocks	15	2,517,396		2,274,158	
Debtors	16	3,603,872		2,675,444	
Cash at bank and in hand		66,141		260,748	
		<u>6,187,409</u>		<u>5,210,350</u>	
Creditors: amounts falling due within one year	17	<u>(4,398,933)</u>		<u>(3,921,823)</u>	
Net current assets		<u>1,788,476</u>		<u>1,288,527</u>	
Total assets less current liabilities		<u>1,930,316</u>		<u>1,463,833</u>	
Creditors: amounts falling due after more than one year	18	(13,334)		(151,333)	
Provisions for liabilities	21	(23,013)		(16,756)	
Net assets		<u>1,893,969</u>		<u>1,295,744</u>	
Capital and reserves					
Called up share capital	24	270		195,250	
Share premium account	25	446,454		109,743	
Profit and loss reserves	25	1,447,245		990,751	
Total equity		<u>1,893,969</u>		<u>1,295,744</u>	

The financial statements were approved by the board of directors and authorised for issue on 16/08/17 and are signed on its behalf by:



J Frankel
Director

VEGWARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 February 2015		195,250	109,743	581,798	886,791
Year ended 31 January 2016:					
Profit and total comprehensive income for the year		-	-	408,953	408,953
Balance at 31 January 2016		195,250	109,743	990,751	1,295,744
Year ended 31 January 2017:					
Profit and total comprehensive income for the year		-	-	456,494	456,494
Issue of share capital	24	20	336,711	-	336,731
Redemption of shares	24	(195,000)	-	-	(195,000)
Balance at 31 January 2017		270	446,454	1,447,245	1,893,969

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies

Company information

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

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Vegware Holdings Limited. These consolidated financial statements are available from its registered office, Canalside House, 43-45 Polwarth Crescent, Edinburgh, United Kingdom, EH11 1HS.

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.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies (Continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets other than goodwill

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulate amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	50% on cost
----------	-------------

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies (Continued)

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in other gains or losses as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using an EBITDA based model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

1 Accounting policies (Continued)

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability. Grants relating to expenditure on tangible fixed assets are recognised in income at the same rate as the depreciation on the asset to which they relate.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock

In preparing these financial statements, the directors have determined whether stock values are appropriate, taking into consideration the impact of slow-moving and obsolete stock.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Sale of goods	14,927,479	11,819,936

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

3 Turnover and other revenue (Continued)

Other revenue

Grants received	-	1,447
-----------------	---	-------

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	11,565,478	9,430,174
Rest of Europe	2,782,265	1,856,083
Rest of the world	579,736	533,679
	<u>14,927,479</u>	<u>11,819,936</u>

4 Exceptional costs

	2017 £	2016 £
Restructuring costs	25,000	-

During the year the company undertook restructuring as part of its long term strategy with the result that 100% of the ordinary share capital of the company was acquired by a newly incorporated parent company, Vegware Holdings Limited. The company incurred costs of £25,000 (2016: £nil) in relation to this restructuring.

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Management	10	7
Admin	40	44
	<u>50</u>	<u>51</u>

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

5 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,374,437	1,219,081
Social security costs	117,659	102,789
Pension costs	51,333	41,300
	<u>1,543,429</u>	<u>1,363,170</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	230,271	159,504
Company pension contributions to defined contribution schemes	12,423	8,684
	<u>242,694</u>	<u>168,188</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2016 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	74,365	76,406
Company pension contributions to defined contribution schemes	5,206	5,020
	<u>79,571</u>	<u>81,426</u>

7 Share-based payment transactions

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.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

7 Share-based payment transactions (Continued)

	Number of share options		Weighted average exercise price	
	2017 Number	2016 Number	2017 £	2016 £
Outstanding at 1 February 2016	15,452	10,010	14.06	10.06
Granted	-	7,285	-	18.91
Forfeited	(14,412)	(1,843)	14.26	11.48
Exercised	(1,040)	-	11.28	-
Outstanding at 31 January 2017	-	15,452	-	14.06
Exercisable at 31 January 2017	-	-	-	-

8 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	83,718	(44,356)
Government grants	-	(1,447)
Fees payable to the company's auditor for the audit of the company's financial statements	9,200	6,100
Depreciation of owned tangible fixed assets	99,063	83,298
Cost of stocks recognised as an expense	10,854,898	8,554,792
Operating lease charges	52,877	57,067

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	1,766	2,344
Interest on invoice finance arrangements	77,771	69,358
Other interest on financial liabilities	9,702	26,000
Other interest	89,239	97,702
	162	-
	89,401	97,702

10 Other gains and losses

	2017 £	2016 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	28,537	94,720

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

11 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	112,995	89,761
Adjustments in respect of prior periods	(27,426)	10,675
Total current tax	85,569	100,436
Deferred tax		
Origination and reversal of timing differences	6,257	3,056
Total tax charge	91,826	103,492

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	548,320	512,445
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.16%)	109,664	103,309
Tax effect of expenses that are not deductible in determining taxable profit	10,719	-
Group relief	(10,913)	-
Depreciation on assets not qualifying for tax allowances	8,398	-
Other permanent differences	(1,134)	-
Under/(over) provided in prior years	(27,426)	-
Deferred tax adjustments in respect of prior years	4,159	-
Other differences	(1,641)	183
Taxation for the year	91,826	103,492

12 Intangible fixed assets

	Software £
Cost	
At 1 February 2016 and 31 January 2017	7,500
Amortisation and impairment	
At 1 February 2016 and 31 January 2017	7,500
Carrying amount	
At 31 January 2016 and 31 January 2017	-

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

13 Tangible fixed assets

	Property improvements	Plant and machinery	Equipment, fixtures and fittings	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 February 2016	60,662	167,548	40,015	81,923	350,148
Additions	8,259	30,399	8,327	18,612	65,597
At 31 January 2017	68,921	197,947	48,342	100,535	415,745
Depreciation and impairment					
At 1 February 2016	22,153	82,634	25,395	44,686	174,868
Depreciation charged in the year	24,552	46,458	13,277	14,776	99,063
At 31 January 2017	46,705	129,092	38,672	59,462	273,931
Carrying amount					
At 31 January 2017	22,216	68,855	9,670	41,073	141,814
At 31 January 2016	38,509	84,914	14,620	37,237	175,280

14 Fixed asset investments

	2017 £	2016 £
Unlisted investments	26	26

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 February 2016 & 31 January 2017	26
Carrying amount	
At 31 January 2017	26
At 31 January 2016	26

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

15 Stocks

	2017 £	2016 £
Raw materials and consumables	88,727	11,376
Finished goods and goods for resale	2,428,669	2,262,782
	<u>2,517,396</u>	<u>2,274,158</u>

16 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	2,232,794	1,861,034
Amounts owed by group undertakings	114,374	-
Derivative financial instruments	172,552	144,015
Other debtors	1,562	1,665
Prepayments and accrued income	1,082,590	668,730
	<u>3,603,872</u>	<u>2,675,444</u>

17 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	19	8,000	8,000
Trade creditors		2,251,613	1,887,957
Corporation tax		112,899	100,461
Other taxation and social security		43,749	59,521
Other creditors		1,603,970	1,538,364
Accruals and deferred income		378,702	327,520
		<u>4,398,933</u>	<u>3,921,823</u>

Other creditors includes £1,568,215 (2016: £1,509,687) in relation to an invoice financing facility which is secured by floating charge over the assets of the company.

The bank loan is secured by a bond and floating charge over the whole property and undertaking of the company and a personal guarantee of £20,000 from one of the directors.

The company makes monthly repayments of bank borrowings, which carry interest at a rate of 5%.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

18 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	19	13,334	21,333
Other borrowings	19	-	130,000
		<u>13,334</u>	<u>151,333</u>

19 Borrowings

	2017 £	2016 £
Bank loans	21,334	29,333
Other loans	-	130,000
	<u>21,334</u>	<u>159,333</u>

Payable within one year	8,000	8,000
Payable after one year	<u>13,334</u>	<u>151,333</u>

20 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	<u>172,552</u>	<u>144,015</u>

Foreign exchange forward contracts

The company uses foreign currency forward contracts to manage the foreign change risk of future transactions and cash flows.

The contracts are valued based on available market data. The company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in profit or loss.

At the year end the total carrying amount of outstanding foreign exchange forward contracts that the company has committed to in respect of US Dollars are £172,552 (2016: £144,015).

21 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	22	23,013	16,756
		<u>23,013</u>	<u>16,756</u>

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

22 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	23,013	16,756
	<u>23,013</u>	<u>16,756</u>
Movements in the year:		2017 £
Liability at 1 February 2016		16,756
Charge to profit or loss		6,257
		<u>23,013</u>
Liability at 31 January 2017		<u>23,013</u>

The deferred tax liability set out above relates to accelerated capital allowances, of which £9,692 is expected to reverse within twelve months.

23 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	51,333	41,300
	<u>51,333</u>	<u>41,300</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year end contributions amounting to £6,978 (2016: £6,816) were payable to the fund and are included in creditors.

24 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
270,466 Ordinary shares of 0.1p each	270	250
	<u>270</u>	<u>250</u>
Preference share capital		
Issued and fully paid		
Preference shares of £1 each	-	195,000
	<u>-</u>	<u>195,000</u>

The company has one class of ordinary shares which have full voting and dividend rights.

The company had one class of preference shares which had no rights to dividends and no voting rights. On a return of capital or winding up the holders of preference shares were entitled to be paid £1 for every preference share held in preference to the holders of the ordinary shares.

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

24 Share capital (Continued)

Reconciliation of movements during the year:

	Ordinary Number	Preference Number
At 1 February 2016	250,000	195,000
Issue of fully paid shares	20,466	-
Shares redeemed	-	(195,000)
At 31 January 2017	270,466	-

During the year 20,466 (2016: 0) ordinary shares with a nominal value of £20 (2016: £nil) were issued for cash consideration of £336,731 (2016: £nil) to raise funds for the repayment of the company's preference shares and loans.

During the year 195,000 (2016: 0) preference shares with a nominal value of £195,000 (2016: £nil) were redeemed by the company for a consideration of £195,000 (2016: £nil).

25 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £	2016 £
Within one year	11,420	-
Between one and five years	12,825	41,250
	24,245	41,250

VEGWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2017

27 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchase of goods			
	2017	2016		
	£	£		
Other related parties	12,318	39,034		
	Payment of interest		Reimbursement of expenses	
	2017	2016	2017	2016
	£	£	£	£
Key management personnel	-	-	25,771	43,825
Other related parties	9,260	26,000	-	-
	9,260	26,000	25,771	43,825

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
Amounts owed to related parties		
Key management personnel	4,182	2,631
Other related parties	-	134,196
	4,182	136,827

Transactions with related parties are undertaken at arm's length. Balances owed to related parties are unsecured and will be settled in cash. £nil (2016: £130,000) of amounts due to other related parties attracts interest of 20% per annum.

28 Controlling party

Vegware Holdings Limited is the immediate parent of the company and is the smallest and largest company for which consolidated accounts including Vegware Limited are prepared.

There is no ultimate controlling party.