

Registered number: 03380095

Needwood Foods Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2018

FRIDAY



A8EW55F4

A29

27/09/2019

#127

COMPANIES HOUSE

DAINS
ACCOUNTANTS

Needwood Foods Limited

Company Information

Directors	J H Williams F E Bavester
Company secretary	J H Williams
Registered number	03380095
Registered office	11 Mallard Way Pride Park Derby DE24 8GX
Trading Address	Pirelli Stadium Princess Way Burton-Upon-Trent Staffordshire DE13 0AR
Independent auditors	Dains LLP Statutory Auditor & Chartered Accountants Charlotte House Stanier Way The Wyvern Business Park Derby DE21 6BF
Bankers	Handelsbanken First Avenue Centrum 100 Burton-Upon-Trent Staffordshire DE14 2WE

Needwood Foods Limited

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10 - 11
Notes to the financial statements	12 - 27

**Strategic Report
For the Year Ended 31 December 2018**

Introduction

The principal activity of the Company in the year under review continued to be that of importing dried fruit.

Business review

The Company's turnover has decreased by 5.8% this year after an increase of 8.8% the prior year. Relationships with customers and suppliers remain strong and the Company continues to work closely with both. The Company's trade is expected to continue to be strong, and the Directors are confident that the outlook remains positive.

Costs have been well managed as in previous years, particularly in relation to foreign currency fluctuations as a result of good buying policies implemented by the Directors.

Principal risks and uncertainties

The Company is subject to cash flow and liquidity risk. To reduce these risks the company carefully monitors its cash flows and ensures that investment opportunities are held within liquidity parameters.

The Company is also subject to credit risk which is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of provision for bad and doubtful receivables.

Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance, being turnover and gross profit.

This report was approved by the board on 24 September 2019 and signed on its behalf.



F E Bavester
Director

**Directors' Report
For the Year Ended 31 December 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

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's financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £309,394 (2017 - £337,909).

Dividends totalling £137,482 were declared during the year (2017: £80,000).

Directors

The Directors who served during the year were:

J H Williams
F E Bavester

Disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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 auditors are aware of that information.

Auditors

The auditors, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Needwood Foods Limited

**Directors' Report (continued)
For the Year Ended 31 December 2018**

This report was approved by the board on 24 September 2019 and signed on its behalf.



F E Bavester
Director

Independent Auditors' Report to the Shareholders of Needwood Foods Limited

Opinion

We have audited the financial statements of Needwood Foods Limited (the 'Company') for the year ended 31 December 2018, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

Independent Auditors' Report to the Shareholders of Needwood Foods Limited (continued)

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Shareholders of Needwood Foods Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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 Auditors' 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.



Lisa Richards FCCA (Senior statutory auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Charlotte House
Stanier Way
The Wyvern Business Park
Derby
DE21 6BF

24 September 2019

Needwood Foods Limited

**Profit and Loss Account
For the Year Ended 31 December 2018**

	Note	2018 £	2017 £
Turnover	4	17,987,373	19,104,327
Cost of sales		(17,232,408)	(18,352,841)
Gross profit		754,965	751,486
Administrative expenses		(376,879)	(356,088)
Operating profit	5	378,086	395,398
Interest receivable and similar income	9	8,480	5,983
Profit before tax		386,566	401,381
Tax on profit	10	(77,172)	(63,472)
Profit for the financial year		309,394	337,909

The notes on pages 12 to 27 form part of these financial statements.

Needwood Foods Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2018**

	Note	2018 £	2017 £
Profit for the financial year		309,394	337,909
Other comprehensive income			
Cash flow hedge movement		151,056	(539,212)
Other comprehensive income for the year		151,056	(539,212)
Total comprehensive income for the year		460,450	(201,303)

The notes on pages 12 to 27 form part of these financial statements.

Needwood Foods Limited
Registered number:03380095

Balance Sheet
As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	12	3,380	3,380
Tangible assets	13	94,645	125,487
		<u>98,025</u>	<u>128,867</u>
Current assets			
Stocks	14	2,874,362	1,929,051
Debtors: amounts falling due within one year	15	3,568,895	3,542,948
Cash at bank and in hand	16	1,230,191	1,949,501
		<u>7,673,448</u>	<u>7,421,500</u>
Creditors: amounts falling due within one year	17	(2,637,622)	(2,739,484)
Net current assets		<u>5,035,826</u>	<u>4,682,016</u>
Total assets less current liabilities		<u>5,133,851</u>	<u>4,810,883</u>
Net assets		<u><u>5,133,851</u></u>	<u><u>4,810,883</u></u>
Capital and reserves			
Called up share capital	20	3,000	3,000
Other reserves	21	171,526	20,470
Profit and loss account	21	4,959,325	4,787,413
		<u>5,133,851</u>	<u>4,810,883</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2019.



F E Bavester
Director

The notes on pages 12 to 27 form part of these financial statements.

Needwood Foods Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	3,000	20,470	4,787,413	4,810,883
Comprehensive income for the year				
Profit for the year	-	-	309,394	309,394
Cash flow hedge movement	-	151,056	-	151,056
Total comprehensive income for the year	-	151,056	309,394	460,450
Dividends: Equity capital	-	-	(137,482)	(137,482)
At 31 December 2018	3,000	171,526	4,959,325	5,133,851

The notes on pages 12 to 27 form part of these financial statements.

Needwood Foods Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2017**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	3,000	559,682	4,529,504	5,092,186
Comprehensive income for the year				
Profit for the year	-	-	337,909	337,909
Cash flow hedge movement	-	(539,212)	-	(539,212)
Total comprehensive income for the year	-	(539,212)	337,909	(201,303)
Dividends: Equity capital	-	-	(80,000)	(80,000)
At 31 December 2017	3,000	20,470	4,787,413	4,810,883

The notes on pages 12 to 27 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

1. General information

Needwood Foods Limited is a private Company limited by shares, incorporated in England and Wales.

The Company's registered office is 11 Mallard Way, Pride Park, Derby, DE24 8GX.

The Company's trading address is Pirelli Stadium, Princess Way, Burton-Upon-Trent, Staffordshire, DE13 0AR.

The principal activity of the Company in the year under review continued to be that of importing dried fruit.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Needwood Holdings Limited as at 31 December 2018 and these financial statements may be obtained from 11 Mallard Way, Pride Park, Derby, DE24 8GX.

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

2.4 Revenue

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

Sale of goods

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

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

2.5 Operating leases: the Company as lessee

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

2.6 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2. Accounting policies (continued)

2.7 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 payment obligations.

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

2.8 Taxation

Tax is recognised in the Profit and loss account, except that a charge 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.

2.9 Intangible assets

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

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

Patents are not amortised as they have an indefinite life. These assets are reviewed for impairment each year.

2. Accounting policies (continued)

2.10 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.

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

Depreciation is provided on the following basis:

Motor vehicles	-	25%
Fixtures, fittings and equipment	-	25%

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 in the Profit and loss account.

2.11 Stocks

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

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

2.12 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.

2.13 Cash and cash equivalents

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

2.14 Creditors

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

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other

2. Accounting policies (continued)

2.15 Financial instruments (continued)

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 debtors and creditors, 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 the 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 Profit and loss account.

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

2.16 Hedge accounting

The Company uses foreign currency forward contracts to manage its exposure to cash flow risk on its commitments to purchase in foreign currency. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the Financial Statements
For the Year Ended 31 December 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical areas of judgement:

Tangible and intangible fixed assets

Tangible and intangible fixed assets are depreciated over their useful life taking into account, where appropriate, residual values. Assessment of useful lives and residual values are performed annually, taking into account factors such as technological innovation, maintenance programmes, market information and management considerations. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. Detail on tangible fixed assets can be found in note 13 and intangible fixed assets can be found in note 12.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	16,155,737	17,343,131
Rest of the World	1,831,635	1,761,196
	<u>17,987,372</u>	<u>19,104,327</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	31,789	20,975
Exchange differences	(80,358)	(72,647)
Defined contribution pension cost	<u>75,000</u>	<u>75,000</u>

Needwood Foods Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>5,150</u>	<u>5,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

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

	2018 £	2017 £
Wages and salaries	146,357	148,746
Social security costs	14,047	15,491
Cost of defined contribution scheme	75,000	75,000
	<u>235,404</u>	<u>239,237</u>

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

	2018 No.	2017 No.
Directors	2	2
Administration	2	2
	<u>4</u>	<u>4</u>

Needwood Foods Limited**Notes to the Financial Statements
For the Year Ended 31 December 2018**

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	85,831	89,946
Company contributions to defined contribution pension schemes	75,000	75,000
	<u>160,831</u>	<u>164,946</u>

During the year retirement benefits were accruing to 2 Directors (2017 - 2) in respect of defined contribution pension schemes.

9. Interest receivable

	2018 £	2017 £
Other interest receivable	8,480	5,983
	<u>8,480</u>	<u>5,983</u>

10. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	77,172	63,472
Total current tax	<u>77,172</u>	<u>63,472</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>77,172</u>	<u>63,472</u>

Notes to the Financial Statements
For the Year Ended 31 December 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>386,566</u>	<u>401,381</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	73,448	77,266
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	248	443
Capital allowances for year in excess of depreciation	3,476	(14,237)
Total tax charge for the year	<u><u>77,172</u></u>	<u><u>63,472</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2018 £	2017 £
Dividends paid on equity capital	137,482	80,000
	<u><u>137,482</u></u>	<u><u>80,000</u></u>

Notes to the Financial Statements
For the Year Ended 31 December 2018

12. Intangible assets

	Patents £	Goodwill £	Total £
Cost			
At 1 January 2018	3,380	135,000	138,380
At 31 December 2018	3,380	135,000	138,380
Amortisation			
At 1 January 2018	-	135,000	135,000
At 31 December 2018	-	135,000	135,000
Net book value			
At 31 December 2018	3,380	-	3,380
At 31 December 2017	3,380	-	3,380

Notes to the Financial Statements
For the Year Ended 31 December 2018

13. Tangible fixed assets

	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 January 2018	125,205	36,784	161,989
Additions	-	2,647	2,647
Disposals	-	(6,027)	(6,027)
At 31 December 2018	125,205	33,404	158,609
Depreciation			
At 1 January 2018	8,689	27,813	36,502
Charge for the year on owned assets	29,129	2,660	31,789
Disposals	-	(4,327)	(4,327)
At 31 December 2018	37,818	26,146	63,964
Net book value			
At 31 December 2018	87,387	7,258	94,645
At 31 December 2017	116,516	8,971	125,487

Needwood Foods Limited**Notes to the Financial Statements
For the Year Ended 31 December 2018****14. Stocks**

	2018 £	2017 £
Work in progress (goods to be sold)	1,176,880	622,706
Finished goods and goods for resale	1,697,482	1,306,345
	<u>2,874,362</u>	<u>1,929,051</u>

Stock recognised in cost of sales during the year as an expense was £16,890,706 (2017 : £16,876,675) .

An impairment loss of £33,644 (2017 : £29,799) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

15. Debtors

	2018 £	2017 £
Trade debtors	3,374,883	3,474,264
Other debtors	20,819	34,224
Prepayments and accrued income	1,667	13,990
Financial instruments	171,526	20,470
	<u>3,568,895</u>	<u>3,542,948</u>

16. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,230,191	1,949,501
	<u>1,230,191</u>	<u>1,949,501</u>

Notes to the Financial Statements
For the Year Ended 31 December 2018

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors related to stock in transit	1,176,880	622,706
Trade creditors	1,262,778	1,964,293
Amounts owed to group undertakings	48,215	22,576
Corporation tax	77,171	63,472
Other taxation and social security	4,394	4,908
Accruals and deferred income	68,184	61,529
	<u>2,637,622</u>	<u>2,739,484</u>

18. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,230,191	1,949,501
Financial assets that are debt instruments measured at amortised cost	3,397,369	3,522,478
Derivative financial instruments measured at fair value through other comprehensive income	171,526	20,470
	<u>4,799,086</u>	<u>5,492,449</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,637,622)</u>	<u>(2,739,484)</u>

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

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and VAT repayable.

Derivative financial instruments measured at fair value through other comprehensive income comprise forward rate contracts.

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

Notes to the Financial Statements
For the Year Ended 31 December 2018

19. Derivative financial instruments

Cash flow hedges

Forward foreign currency contracts

The following table details the forward foreign currency contract outstanding as at the year-end:

	Average contractual exchange rate 2018 (rate)	Notional value 2018 £	Average contractual exchange rate 2017 (rate)	Notional value 2017 £
Buy USD Sell GBP				
Less than 3 months	1.33	4,166,076	1.32	1,621,872
3 to 6 months	1.31	1,722,542	1.36	1,210,850
6 to 9 months	1.30	646,541	1.36	840,559
9 to 12 months	1.30	23,511	-	-
Buy USD Sell AUD				
Less than 3 months	0.73	296,233	0.77	263,647
3 to 6 months	-	-	0.78	340,667
6 to 9 months	-	-	0.78	340,667
9 to 12 months	-	-	0.78	75,539
			Fair value 2018 £	Fair value 2017 £
Buy USD Sell GBP				
Less than 3 months			116,254	7,891
3 to 6 months			36,690	7,121
6 to 9 months			10,626	4,166
9 to 12 months			77	-
Buy USD Sell AUD				
Less than 3 months			7,878	633
3 to 6 months			-	434
6 to 9 months			-	221
9 to 12 months			-	4
Total outstanding contracts			171,526	20,470

The Company has entered into contracts to purchase goods from suppliers in foreign currency. The Company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

Gains of £171,526 (2017 : £20,470) were recognised in other comprehensive income and hedge ineffectiveness resulting in £6,752 (2017 : £25,270) was recognised in profit or loss.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

20. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
2,550 (2017 - 2,550) Ordinary A shares of £1.00 each	2,550	2,550
180 (2017 - 180) Ordinary B shares of £1.00 each	180	180
270 (2017 - 270) Ordinary C shares of £1.00 each	270	270
	<u>3,000</u>	<u>3,000</u>

The rights of each share category are as follows:

- Ordinary A shareholders have full voting rights and are entitled to received dividends.
- Ordinary B shareholders have full voting rights but are not entitled to received dividends.
- Ordinary C shareholders have no voting rights and are not entitled to receive dividends.

21. Reserves

Other reserves

Gains and losses on certain derivative instruments are recognised in the hedging reserve (to the extent that the hedge is effective). Gains and losses are released to profit and loss at the same time as the hedged item impacts earnings.

The cash flows are expected to occur and affect the profit and loss within the next 12 months.

Profit and loss account

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £75,000 (2017 : £75,000). Contributions totalling £Nil (2017 : £Nil) were payable to the fund at the balance sheet date.

**Notes to the Financial Statements
For the Year Ended 31 December 2018**

23. Related party transactions

The Director, J H Williams, is also a Director of The Albion Football Club (Burton-on-Trent) Limited (known as 'Burton Albion Football Club'), a Company registered in England and Wales.

During the year, the Company paid rent and purchased marketing services from Burton Albion Football Club amounting to £38,345 (2017 : £40,181). At the balance sheet date £94 was outstanding (2017 : £75). All transactions were conducted on a normal trading basis.

The Director, F Bavester, is also a director of The National Dried Fruit Trade Association (UK) Limited, a Company registered in England and Wales.

During the year, the Company made purchases from The National Dried Fruit Trade Association (UK) Limited amounting to £3,959 (2017 : £1,724). At the balance sheet date £Nil (2017 : £Nil) was outstanding. All transactions were conducted on a normal trading basis.

At the year end a balance of £1,992 (2017 : £Nil) was owed to the Company by a Director, F Bavester. This loan was interest free.

24. Controlling party

The ultimate parent is Needwood Holdings Limited. The ultimate controlling party is J H Williams by virtue of his majority shareholding in Needwood Holdings Limited.