

Company Registration No. 03554199 (England and Wales)

**WINDMILL ORGANICS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# WINDMILL ORGANICS LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Mr N. McDonald
<b>Secretary</b>	Ms. D. Berger
<b>Company number</b>	03554199
<b>Registered office</b>	34a Clifton Road Kingston-upon-Thames Surrey KT2 6PH
<b>Auditor</b>	Arthur G Mead Limited Fitzrovia House 153-157 Cleveland Street London W1T 6QW
<b>Business address</b>	34a Clifton Road Kingston-upon-Thames Surrey KT2 6PH

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# **WINDMILL ORGANICS LIMITED**

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# WINDMILL ORGANICS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The director presents the strategic report for the year ended 31 December 2016.

### **Fair review of the business**

The director is very happy with the results for the year and hopes to grow on this in the current year, he has identified numerous opportunities for the group and will seek to develop these.

### **Principal risks and uncertainties**

The principle risk to the business are those of exchange rate risk and supplier risk, the company reduces these risks by hedging and contracting suppliers at fixed rates, the company has also forward contracted on currency to reduce the exposure to currency fluctuations.

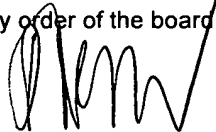
### **Development and performance**

The company continues to grow and exceed all forecasts, it also continues to seek new products and markets in the hope of growing turnover.

### **Key performance indicators**

The key performance is the gross profit margin which the director is pleased with the margin achieved in 2015 cost as a percentage of turnover is also monitored.

By order of the board



Ms. D. Berger

**Secretary**

29 September 2017

# WINDMILL ORGANICS LIMITED

## DIRECTOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2016

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The director presents his annual report and financial statements for the year ended 31 December 2016.

#### Principal activities

The principal activity of the company continued to be that of the wholesale of organic foodstuff.

#### Director

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

Mr N. McDonald

#### Results and dividends

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

Ordinary dividends were paid amounting to £121,000. The director does not recommend payment of a further dividend.

#### Auditor

The auditor, Arthur G Mead Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually 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 auditor of the company and group is aware of that information.

By order of the board



Ms. D. Berger

**Secretary**

29 September 2017

# **WINDMILL ORGANICS LIMITED**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2016***

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The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **WINDMILL ORGANICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF WINDMILL ORGANICS LIMITED**

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We have audited the financial statements of Windmill Organics Limited for the year ended 31 December 2016 set out on pages 6 to 28. 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 FRS 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 director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 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, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

# **WINDMILL ORGANICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF WINDMILL ORGANICS LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

**Gerard McKey (Senior Statutory Auditor)**  
**for and on behalf of Arthur G Mead Limited**

29 September 2017

**Chartered Accountants**  
**Statutory Auditor**

Fitzrovia House  
153-157 Cleveland Street  
London  
W1T 6QW



# WINDMILL ORGANICS LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	<b>3</b>	45,072,748	37,526,432
Cost of sales		(29,316,972)	(24,312,555)
<b>Gross profit</b>		15,755,776	13,213,877
Administrative expenses		(6,477,172)	(4,874,590)
Other operating income		269,282	270,405
<b>Operating profit</b>	<b>4</b>	9,547,886	8,609,692
Interest receivable and similar income	<b>7</b>	4,148	1,746
<b>Profit before taxation</b>		9,552,034	8,611,438
Taxation	<b>8</b>	(1,972,951)	(1,663,705)
<b>Profit for the financial year</b>		7,579,083	6,947,733
Profit for the financial year is attributable to:			
- Owners of the parent company		7,368,047	6,664,083
- Non-controlling interests		211,036	283,650
		7,579,083	6,947,733

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# WINDMILL ORGANICS LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

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	2016 £	2015 £
Profit for the year	7,579,083	6,947,733
Other comprehensive income	-	-
Total comprehensive income for the year	<u>7,579,083</u>	<u>6,947,733</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	7,368,047	6,664,083
- Non-controlling interests	211,036	283,650
	<u>7,579,083</u>	<u>6,947,733</u>

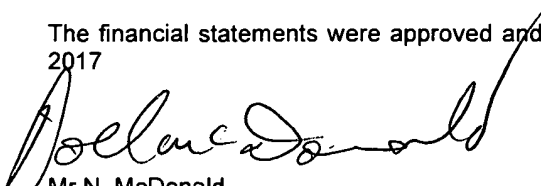
# WINDMILL ORGANICS LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	10		15,500		31,000
Other intangible assets	10		114,893		123,945
Total intangible assets			130,393		154,945
Tangible assets	11		7,372,863		5,126,050
			7,503,256		5,280,995
<b>Current assets</b>					
Stocks	15	8,440,657		6,438,200	
Debtors	16	6,752,808		5,793,868	
Cash at bank and in hand		14,063,447		11,083,810	
		29,256,912		23,315,878	
<b>Creditors: amounts falling due within one year</b>	17	(5,352,998)		(4,658,786)	
<b>Net current assets</b>			23,903,914		18,657,092
<b>Total assets less current liabilities</b>			31,407,170		23,938,087
<b>Creditors: amounts falling due after more than one year</b>	18		(85,000)		(74,000)
<b>Net assets</b>			31,322,170		23,864,087
<b>Capital and reserves</b>					
Called up share capital	21		1,000		1,000
Profit and loss reserves			30,501,691		23,254,644
<b>Equity attributable to owners of the parent company</b>			30,502,691		23,255,644
<b>Non-controlling interests</b>			819,479		608,443
			31,322,170		23,864,087

The financial statements were approved and signed by the director and authorised for issue on 29 September 2017

  
Mr N. McDonald  
Director

# WINDMILL ORGANICS LIMITED

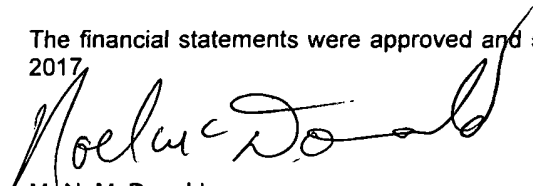
## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	10		15,500		31,000
Other intangible assets	10		114,893		123,945
Total intangible assets			130,393		154,945
Tangible assets	11		392,653		378,215
Investments	12		7,945,403		5,618,573
			8,468,449		6,151,733
<b>Current assets</b>					
Stocks	15	2,620,000		2,050,000	
Debtors	16	3,530,491		3,622,646	
Cash at bank and in hand		13,678,747		10,970,204	
		19,829,238		16,642,850	
<b>Creditors: amounts falling due within one year</b>	17	(2,082,335)		(2,429,334)	
<b>Net current assets</b>			17,746,903		14,213,516
<b>Total assets less current liabilities</b>			26,215,352		20,365,249
<b>Capital and reserves</b>					
Called up share capital	21		1,000		1,000
Profit and loss reserves			26,214,352		20,364,249
<b>Total equity</b>			26,215,352		20,365,249

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £5,971,103 (2015 - £5,314,054 profit).

The financial statements were approved and signed by the director and authorised for issue on 29 September 2017.

  
Mr N. McDonald  
Director

Company Registration No. 03554199

# WINDMILL ORGANICS LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
<b>Balance at 1 January 2015</b>		1,000	16,875,561	16,876,561	321,293	17,197,854
<b>Year ended 31 December 2015:</b>						
Profit and total comprehensive income for the year		-	6,664,083	6,664,083	283,650	6,947,733
Dividends	9	-	(285,000)	(285,000)	-	(285,000)
Other movements		-	-	-	3,500	3,500
<b>Balance at 31 December 2015</b>		1,000	23,254,644	23,255,644	608,443	23,864,087
<b>Year ended 31 December 2016:</b>						
Profit and total comprehensive income for the year		-	7,368,047	7,368,047	211,036	7,579,083
Dividends	9	-	(121,000)	(121,000)	-	(121,000)
<b>Balance at 31 December 2016</b>		1,000	30,501,691	30,502,691	819,479	31,322,170

# WINDMILL ORGANICS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		1,000	15,335,195	15,336,195
<b>Year ended 31 December 2015:</b>				
Profit and total comprehensive income for the year		-	5,314,054	5,314,054
Dividends	9	-	(285,000)	(285,000)
<b>Balance at 31 December 2015</b>		1,000	20,364,249	20,365,249
<b>Year ended 31 December 2016:</b>				
Profit and total comprehensive income for the year		-	5,971,103	5,971,103
Dividends	9	-	(121,000)	(121,000)
<b>Balance at 31 December 2016</b>		1,000	26,214,352	26,215,352

# WINDMILL ORGANICS LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	7,809,329		6,702,438	
Income taxes paid		(1,865,128)		(1,143,960)	
<b>Net cash inflow from operating activities</b>		<b>5,944,201</b>		<b>5,558,478</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(3,713)		(14,727)	
Purchase of tangible fixed assets		(2,854,999)		(2,293,450)	
Proceeds on disposal of investment property		-		(3,500)	
Interest received		4,148		1,746	
<b>Net cash used in investing activities</b>		<b>(2,854,564)</b>		<b>(2,309,931)</b>	
<b>Financing activities</b>					
Repayment of borrowings		11,000		(4,000)	
Dividends paid to equity shareholders		(121,000)		(285,000)	
<b>Net cash used in financing activities</b>		<b>(110,000)</b>		<b>(289,000)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>2,979,637</b>		<b>2,959,547</b>	
Cash and cash equivalents at beginning of year		11,083,810		8,120,763	
<b>Cash and cash equivalents at end of year</b>		<b>14,063,447</b>		<b>11,083,810</b>	

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

##### Company information

Windmill Organics Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 34a Clifton Road, Kingston-upon-Thames, Surrey, KT2 6PH.

The group consists of Windmill Organics Limited and all of its subsidiaries.

##### 1.1 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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The 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 for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- 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 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

##### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.



# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Windmill Organics Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

#### 1.3 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services 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.

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.

#### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 Years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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:

Brands	Over the legal life of the asset
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#### 1.7 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:

Land and buildings Freehold	2% Reducing balance
Land and buildings Leasehold	Over term of lease
Plant and machinery	20% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance
Motor vehicles	25% Reducing balance

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 recognised in the profit and loss account.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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.

#### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets 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.

#### 1.12 Financial instruments

The group 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 in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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.

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1 Accounting policies

(Continued)

##### **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 group 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.

##### **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 group after deducting all of its liabilities.

Basic financial liabilities, including 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest 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 finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 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.

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.13 Equity instruments**

Equity instruments issued by the group are recorded at the 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 group.

#### **1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.15 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.

#### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is 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.

### 3 Turnover and other revenue

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

	2016 £	2015 £
<b>Turnover</b>		
Food Products	45,072,748	37,526,432
	<u>          </u>	<u>          </u>
<b>Other significant revenue</b>		
Interest income	4,148	1,746
	<u>          </u>	<u>          </u>

#### Turnover analysed by geographical market

	2016 £	2015 £
UK & Rest of Europe	45,072,748	37,526,432
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(269,282)	(270,405)
Depreciation of owned tangible fixed assets	608,186	388,314
(Profit)/loss on disposal of investment property	-	3,500
Amortisation of intangible assets	28,265	29,561
Cost of stocks recognised as an expense	27,972,899	23,161,034
	<u>          </u>	<u>          </u>

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 5 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	32,000	32,741

### 6 Employees

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

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Administration	31	28	15	14
Production	52	47	-	-
	<u>83</u>	<u>75</u>	<u>15</u>	<u>14</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	3,173,437	2,395,775	337,097	257,183
Social security costs	29,325	21,437	29,325	21,437
Pension costs	1,608	-	1,608	-
	<u>3,204,370</u>	<u>2,417,212</u>	<u>368,030</u>	<u>278,620</u>

### 7 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	4,148	1,746

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	4,148	1,746
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# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 8 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,499,072	1,355,213
Foreign current tax on profits for the current period	473,879	308,492
Total current tax	<u>1,972,951</u>	<u>1,663,705</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	<u>9,552,034</u>	<u>8,611,438</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	1,910,407	1,722,288
Tax effect of expenses that are not deductible in determining taxable profit	7,602	6,042
Permanent capital allowances in excess of depreciation	(2,565)	(1,887)
Tax at marginal rate	-	16,023
Foreign exchange differences	57,507	(78,761)
Taxation charge for the year	<u>1,972,951</u>	<u>1,663,705</u>

### 9 Dividends

	2016 £	2015 £
Interim paid	<u>121,000</u>	<u>285,000</u>

### 10 Intangible fixed assets

Group	Goodwill £	Brands £	Total £
<b>Cost</b>			
At 1 January 2016	310,000	220,257	530,257
Additions - separately acquired	-	3,713	3,713
At 31 December 2016	<u>310,000</u>	<u>223,970</u>	<u>533,970</u>
<b>Amortisation and impairment</b>			
At 1 January 2016	279,000	96,312	375,312
Amortisation charged for the year	15,500	12,765	28,265
At 31 December 2016	<u>294,500</u>	<u>109,077</u>	<u>403,577</u>

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 10 Intangible fixed assets

(Continued)

#### Carrying amount

At 31 December 2016	15,500	114,893	130,393
At 31 December 2015	31,000	123,945	154,945

#### Company

Goodwill	Brands	Total
£	£	£

#### Cost

At 1 January 2016	310,000	220,257	530,257
Additions - separately acquired	-	3,713	3,713
At 31 December 2016	310,000	223,970	533,970

#### Amortisation and impairment

At 1 January 2016	279,000	96,312	375,312
Amortisation charged for the year	15,500	12,765	28,265
At 31 December 2016	294,500	109,077	403,577

#### Carrying amount

At 31 December 2016	15,500	114,893	130,393
At 31 December 2015	31,000	123,945	154,945

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 11 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, Motor vehicles fittings & equipment £	£	Total £
<b>Cost</b>						
At 1 January 2016	3,365,382	16,384	2,387,304	225,476	6,200	6,000,746
Additions	987,874	-	1,855,460	11,665	-	2,854,999
At 31 December 2016	4,353,256	16,384	4,242,764	237,141	6,200	8,855,745
<b>Depreciation and impairment</b>						
At 1 January 2016	226,777	16,384	488,170	138,505	4,860	874,696
Depreciation charged in the year	101,751	-	496,599	9,501	335	608,186
At 31 December 2016	328,528	16,384	984,769	148,006	5,195	1,482,882
<b>Carrying amount</b>						
At 31 December 2016	4,024,728	-	3,257,995	89,135	1,005	7,372,863
At 31 December 2015	3,138,605	-	1,899,134	86,971	1,340	5,126,050

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2016

Company	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2016	353,543	16,384	225,476	6,200	601,603
Additions	12,609	-	11,665	-	24,274
At 31 December 2016	366,152	16,384	237,141	6,200	625,877
<b>Depreciation and impairment</b>					
At 1 January 2016	63,639	16,384	138,505	4,860	223,388
Depreciation charged in the year	-	-	9,501	335	9,836
At 31 December 2016	63,639	16,384	148,006	5,195	233,224
<b>Carrying amount</b>					
At 31 December 2016	302,513	-	89,135	1,005	392,653
At 31 December 2015	289,904	-	86,971	1,340	378,215

#### 12 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	13	-	-	8,164	8,164
Loans to subsidiaries	13	-	-	7,937,239	5,610,409
		-	-	7,945,403	5,618,573

#### Movements in fixed asset investments

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
<b>Cost or valuation</b>			
At 1 January 2016	8,164	5,610,409	5,618,573
Additions	-	2,326,830	2,326,830
At 31 December 2016	8,164	7,937,239	7,945,403
<b>Carrying amount</b>			
At 31 December 2016	8,164	7,937,239	7,945,403
At 31 December 2015	8,164	5,610,409	5,618,573

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 13 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Machandel BV	Holland	Food Production	Ordinary Shares	70.00	
Windmill BV	Holland	Property Investment	Ordinary Shares	100.00	

The results of the subsidiaries are included in these consolidated results.

### 14 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	6,185,889	5,355,065	11,299,769	9,102,696
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	3,865,302	3,331,223	1,237,677	1,523,619

### 15 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Finished goods and goods for resale	8,440,657	6,438,200	2,620,000	2,050,000

### 16 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	6,128,917	5,269,250	3,362,530	3,492,287
Other debtors	600,141	519,618	144,211	125,359
Prepayments and accrued income	23,750	5,000	23,750	5,000
	6,752,808	5,793,868	3,530,491	3,622,646

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 17 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	3,388,748	2,921,520	1,204,590	1,487,233
Corporation tax payable	1,353,948	1,246,125	821,464	892,280
Other taxation and social security	218,748	155,438	23,194	13,435
Other creditors	5,204	10,490	5,204	10,490
Accruals and deferred income	386,350	325,213	27,883	25,896
	<u>5,352,998</u>	<u>4,658,786</u>	<u>2,082,335</u>	<u>2,429,334</u>

### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Other borrowings	19	<u>85,000</u>	<u>74,000</u>	<u>-</u>	<u>-</u>

### 19 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Other loans	<u>85,000</u>	<u>74,000</u>	<u>-</u>	<u>-</u>
Payable after one year	<u>85,000</u>	<u>74,000</u>	<u>-</u>	<u>-</u>

### 20 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>1,608</u>	<u>-</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 21 Share capital

	Group and company 2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1,000 Ordinary of £1 each	<u>1,000</u>	<u>1,000</u>

# WINDMILL ORGANICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 22 Directors' transactions

Dividends totalling £72,600 (2015 - £171,000) were paid in the year in respect of shares held by the company's directors.

### 23 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	7,579,083	6,947,732
Adjustments for:		
Taxation charged	1,972,951	1,663,705
Investment income	(4,148)	(1,746)
(Gain)/loss on disposal of investment property	-	3,500
Amortisation and impairment of intangible assets	28,265	29,561
Depreciation and impairment of tangible fixed assets	608,186	388,314
Movements in working capital:		
(Increase) in stocks	(2,002,457)	(1,440,707)
(Increase) in debtors	(849,574)	(462,655)
Increase/(decrease) in creditors	477,023	(425,266)
<b>Cash generated from operations</b>	<b>7,809,329</b>	<b>6,702,438</b>