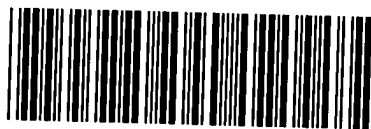


Company Registration No. 03554199 (England and Wales)

WINDMILL ORGANICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

FRIDAY



A7FF5DER

A30

28/09/2018

#333

COMPANIES HOUSE

WINDMILL ORGANICS LIMITED

COMPANY INFORMATION

Director Mr N. McDonald

Secretary Ms. D. Berger

Company number 03554199

Registered office 34a Clifton Road
Kingston-upon-Thames
Surrey
KT2 6PH

Auditor Arthur G Mead Limited
Fitzrovia House
153-157 Cleveland Street
London
W1T 6QW

Business address 34a Clifton Road
Kingston-upon-Thames
Surrey
KT2 6PH

WINDMILL ORGANICS LIMITED

CONTENTS

	Page
Strategic report	1
Director's report	2
Director's responsibilities statement	3
Independent auditor's report	4 - 6
Profit and loss account	7
Statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Company statement of cash flows	14
Notes to the financial statements	15 - 31

WINDMILL ORGANICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents the strategic report for the year ended 31 December 2017.

Fair review of the business

The director is disappointed with the results for the year and hopes to grow profit 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. The Company is also concerned about BREXIT and plans to hedge against the EURO as far in advance as possible, the Company intends to carry higher stock levels to combat delays at ports following BREXIT this will effect profits next year.

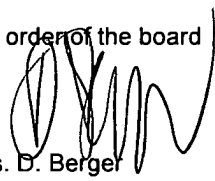
Development and performance

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 2016 cost as a percentage of turnover is also monitored.

By order of the board


Ms. D. Berger
Secretary

28 September 2018

WINDMILL ORGANICS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents his annual report and financial statements for the year ended 31 December 2017.

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 7.

No ordinary dividends were paid. The director does not recommend payment of a further dividend.

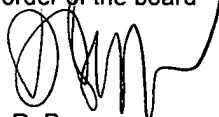
Auditor

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 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 is aware of that information.

By order of the board



Ms. D. Berger

Secretary

28 September 2018

WINDMILL ORGANICS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

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

Opinion

We have audited the financial statements of Windmill Organics Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, 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 FRS 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 group's and the parent company's affairs as at 31 December 2017 and of the group's 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 Auditor's *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 UK, including the FRC'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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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 director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 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.

WINDMILL ORGANICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WINDMILL ORGANICS LIMITED

Opinions on other matters 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.

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.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director is responsible for assessing the group's and the parent 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 director either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 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.

WINDMILL ORGANICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF WINDMILL ORGANICS LIMITED

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

28 September 2018

**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 2017

	Notes	2017 £	2016 £
Turnover	3	49,477,007	45,072,748
Cost of sales		(32,967,405)	(29,316,972)
Gross profit		16,509,602	15,755,776
Administrative expenses		(8,848,001)	(6,477,172)
Other operating (expenses)/income		(87,411)	269,282
Operating profit	4	7,574,190	9,547,886
Interest receivable and similar income	7	9,996	4,148
Profit before taxation		7,584,186	9,552,034
Tax on profit	8	(1,490,467)	(1,972,951)
Profit for the financial year		6,093,719	7,579,083
Profit for the financial year is attributable to:			
- Owners of the parent company		5,840,860	7,368,047
- Non-controlling interests		252,859	211,036
		6,093,719	7,579,083

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 2017

	2017 £	2016 £
Profit for the year	6,093,719	7,579,083
Other comprehensive income	-	-
Total comprehensive income for the year	<u>6,093,719</u>	<u>7,579,083</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	5,840,860	7,368,047
- Non-controlling interests	252,859	211,036
	<u>6,093,719</u>	<u>7,579,083</u>

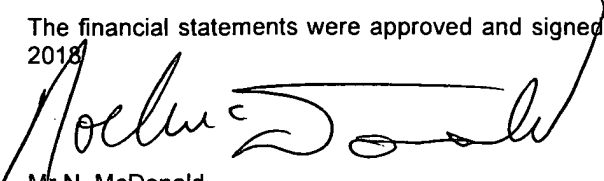
WINDMILL ORGANICS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	10	-		15,500	
Other intangible assets	10	144,897		114,893	
Total intangible assets		144,897		130,393	
Tangible assets	11	10,047,336		7,372,863	
		10,192,233		7,503,256	
Current assets					
Stocks	14	11,266,190	8,440,657		
Debtors	15	7,346,943	6,752,808		
Cash at bank and in hand		15,466,377	14,063,447		
		34,079,510	29,256,912		
Creditors: amounts falling due within one year	16	(6,765,687)	(5,352,998)		
Net current assets		27,313,823		23,903,914	
Total assets less current liabilities		37,506,056		31,407,170	
Creditors: amounts falling due after more than one year	17	(89,000)		(85,000)	
Net assets		37,417,056		31,322,170	
Capital and reserves					
Called up share capital	20	1,000		1,000	
Profit and loss reserves		36,342,551		30,501,691	
Equity attributable to owners of the parent company		36,343,551		30,502,691	
Non-controlling interests		1,073,505		819,479	
		37,417,056		31,322,170	

The financial statements were approved and signed by the director and authorised for issue on 28 September 2018


Mr N. McDonald
Director

WINDMILL ORGANICS LIMITED

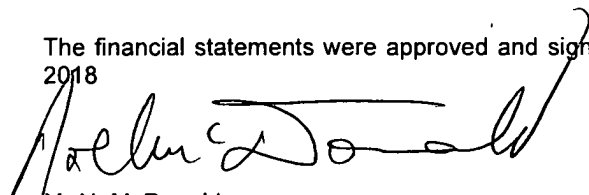
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	10	-		15,500	
Other intangible assets	10	144,897		114,893	
Total intangible assets		144,897		130,393	
Tangible assets	11	378,709		392,653	
Investments	12	10,810,956		7,945,403	
		11,334,562		8,468,449	
Current assets					
Stocks	14	2,887,000		2,620,000	
Debtors	15	4,232,291		3,530,491	
Cash at bank and in hand		14,757,480		13,678,747	
		21,876,771		19,829,238	
Creditors: amounts falling due within one year	16	(1,913,161)		(2,082,335)	
Net current assets		19,963,610		17,746,903	
Total assets less current liabilities		31,298,172		26,215,352	
Capital and reserves					
Called up share capital	20	1,000		1,000	
Profit and loss reserves		31,297,172		26,214,352	
Total equity		31,298,172		26,215,352	

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 £5,082,820 (2016 - £5,971,103 profit).

The financial statements were approved and signed by the director and authorised for issue on 28 September 2018


Mr N. McDonald
Director

Company Registration No. 03554199

WINDMILL ORGANICS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2016		1,000	23,254,644	23,255,644	608,443	23,864,087
Year ended 31 December 2016:						
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)
Balance at 31 December 2016		1,000	30,501,691	30,502,691	819,479	31,322,170
Year ended 31 December 2017:						
Profit and total comprehensive income for the year		-	5,840,860	5,840,860	252,859	6,093,719
Acquisition of non-controlling interests		-	-	-	1,167	1,167
Balance at 31 December 2017		1,000	36,342,551	36,343,551	1,073,505	37,417,056

WINDMILL ORGANICS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2016		1,000	20,364,249	20,365,249
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	5,971,103	5,971,103
Dividends	9	-	(121,000)	(121,000)
Balance at 31 December 2016		1,000	26,214,352	26,215,352
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	5,082,820	5,082,820
Balance at 31 December 2017		1,000	31,297,172	31,298,172

WINDMILL ORGANICS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	22	7,488,279		7,809,329	
Income taxes paid		(2,226,955)		(1,865,128)	
Net cash inflow from operating activities		5,261,324		5,944,201	
Investing activities					
Purchase of intangible assets		(46,103)		(3,713)	
Purchase of tangible fixed assets		(3,827,853)		(2,854,999)	
Proceeds on disposal of investment property		399		-	
Purchase of shares in subsidiary from non-controlling interest		1,167		-	
Interest received		9,996		4,148	
Net cash used in investing activities		(3,862,394)		(2,854,564)	
Financing activities					
Repayment of borrowings		4,000		11,000	
Dividends paid to equity shareholders		-		(121,000)	
Net cash generated from/(used in) financing activities		4,000		(110,000)	
Net increase in cash and cash equivalents		1,402,930		2,979,637	
Cash and cash equivalents at beginning of year		14,063,447		11,083,810	
Cash and cash equivalents at end of year		15,466,377		14,063,447	

WINDMILL ORGANICS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	23	5,096,209		6,352,187	
Income taxes paid		(1,596,735)		(1,569,888)	
Net cash inflow from operating activities		3,499,474		4,782,299	
Investing activities					
Purchase of intangible assets		(46,103)		(3,713)	
Purchase of tangible fixed assets		(6,736)		(24,274)	
Proceeds on disposal of investment property		399		-	
Proceeds on disposal of subsidiaries		(2,865,553)		(2,326,830)	
Interest received		497,252		402,061	
Net cash used in investing activities		(2,420,741)		(1,952,756)	
Financing activities					
Dividends paid to equity shareholders		-		(121,000)	
Net cash used in financing activities		-		(121,000)	
Net increase in cash and cash equivalents		1,078,733		2,708,543	
Cash and cash equivalents at beginning of year		13,678,747		10,970,204	
Cash and cash equivalents at end of year		14,757,480		13,678,747	

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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.

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.

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 2017. 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.

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

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.

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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.

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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 at bank and in hand

Cash at bank and in hand 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.

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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.

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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 Derivatives

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

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

1.15 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.

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

1.16 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.

1.17 Retirement benefits

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

1.18 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.

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Food Products	49,477,077	45,072,748
	<u>49,477,077</u>	<u>45,072,748</u>
Analysis per statutory database	49,477,077	45,072,748
Statutory database analysis does not agree to the trial balance by:	70	-
	<u>49,477,077</u>	<u>45,072,748</u>
Other significant revenue		
Interest income	9,996	4,148
	<u>9,996</u>	<u>4,148</u>
	<u>49,487,073</u>	<u>45,076,896</u>
Turnover analysed by geographical market		
UK & Rest of Europe	49,477,007	45,072,748
	<u>49,477,007</u>	<u>45,072,748</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	87,411	(269,282)
Depreciation of owned tangible fixed assets	1,153,381	608,186
Profit on disposal of investment property	(399)	-
Amortisation of intangible assets	31,599	28,265
	<u>1,269,992</u>	<u>367,169</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £87,411 (2016 - £269,282).

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	36,874	32,000
	<u>36,874</u>	<u>32,000</u>

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Administration	33	31	17	15
Production	57	52	-	-
	<u>90</u>	<u>83</u>	<u>17</u>	<u>15</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	4,129,851	3,173,437	367,531	337,097
Social security costs	33,507	29,325	33,507	29,325
Pension costs	2,732	1,608	2,732	1,608
	<u>4,166,090</u>	<u>3,204,370</u>	<u>403,770</u>	<u>368,030</u>

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	<u>9,996</u>	<u>4,148</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>9,996</u>	<u>4,148</u>
--	--------------	--------------

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	1,223,259	1,499,072
Foreign current tax on profits for the current period	267,208	473,879
Total current tax	<u>1,490,467</u>	<u>1,972,951</u>

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Taxation

(Continued)

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:

	2017 £	2016 £
Profit before taxation	7,584,186	9,552,034
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	1,516,837	1,910,407
Tax effect of expenses that are not deductible in determining taxable profit	-	7,602
Permanent capital allowances in excess of depreciation	(1,347)	(2,565)
Amortisation on assets not qualifying for tax allowances	(7,529)	-
Other permanent differences	(29,081)	-
Foreign exchange differences	11,587	57,507
Taxation charge for the year	1,490,467	1,972,951

9 Dividends

	2017 £	2016 £
Interim paid	-	121,000

10 Intangible fixed assets

Group	Goodwill £	Brands £	Total £
Cost			
At 1 January 2017	310,000	223,970	533,970
Additions - separately acquired	-	46,103	46,103
At 31 December 2017	310,000	270,073	580,073
Amortisation and impairment			
At 1 January 2017	294,500	109,077	403,577
Amortisation charged for the year	15,500	16,099	31,599
At 31 December 2017	310,000	125,176	435,176
Carrying amount			
At 31 December 2017	-	144,897	144,897
At 31 December 2016	15,500	114,893	130,393

WINDMILL ORGANICS LIMITED

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

10 Intangible fixed assets

(Continued)

Company	Goodwill £	Brands £	Total £
Cost			
At 1 January 2017	310,000	223,970	533,970
Additions - separately acquired	-	46,103	46,103
At 31 December 2017	310,000	270,073	580,073
Amortisation and impairment			
At 1 January 2017	294,500	109,077	403,577
Amortisation charged for the year	15,500	16,099	31,599
At 31 December 2017	310,000	125,176	435,176
Carrying amount			
At 31 December 2017	-	144,897	144,897
At 31 December 2016	15,500	114,893	130,393

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2017	4,353,256	16,384	4,242,764	237,141	6,200	8,855,745
Additions	1,953,295	-	1,867,822	5,736	-	3,827,853
At 31 December 2017	6,306,551	16,384	6,110,586	243,877	6,200	12,683,598
Depreciation and impairment						
At 1 January 2017	328,527	16,384	984,769	148,006	5,195	1,482,881
Depreciation charged in the year	173,621	-	965,129	14,380	251	1,153,381
At 31 December 2017	502,148	16,384	1,949,898	162,386	5,446	2,636,262
Carrying amount						
At 31 December 2017	5,804,403	-	4,160,688	81,491	754	10,047,336
At 31 December 2016	4,024,728	-	3,257,995	89,135	1,005	7,372,863

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Company	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2017	366,152	16,384	237,141	6,200	625,877
Additions	-	-	6,736	-	6,736
At 31 December 2017	366,152	16,384	243,877	6,200	632,613
Depreciation and impairment					
At 1 January 2017	63,639	16,384	148,006	5,195	233,224
Depreciation charged in the year	6,049	-	14,380	251	20,680
At 31 December 2017	69,688	16,384	162,386	5,446	253,904
Carrying amount					
At 31 December 2017	296,464	-	81,491	754	378,709
At 31 December 2016	302,513	-	89,135	1,005	392,653

12 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	13	-	-	6,997	8,164
Loans to subsidiaries	13	-	-	10,803,959	7,937,239
		-	-	10,810,956	7,945,403

Movements in fixed asset investments

Company	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost or valuation			
At 1 January 2017	8,164	7,937,239	7,945,403
Additions	-	2,866,720	2,866,720
Disposals	(1,167)	-	(1,167)
At 31 December 2017	6,997	10,803,959	10,810,956
Carrying amount			
At 31 December 2017	6,997	10,803,959	10,810,956
At 31 December 2016	8,164	7,937,239	7,945,403

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 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	60.00	
Windmill BV	Holland	Property Investment	Ordinary Shares	100.00	

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

14 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Finished goods and goods for resale	11,266,190	8,440,657	2,887,000	2,620,000

15 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	6,898,168	6,128,917	4,208,541	3,362,530
Other debtors	425,025	600,141	-	144,211
Prepayments and accrued income	23,750	23,750	23,750	23,750
	7,346,943	6,752,808	4,232,291	3,530,491

16 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	4,266,047	3,388,748	1,388,673	1,204,590
Corporation tax payable	617,460	1,353,948	447,988	821,464
Other taxation and social security	422,099	218,748	39,918	23,194
Other creditors	4,699	5,204	4,699	5,204
Accruals and deferred income	1,455,382	386,350	31,883	27,883
	6,765,687	5,352,998	1,913,161	2,082,335

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

17 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Other borrowings	18	89,000	85,000	-	-

18 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Other loans	89,000	85,000	-	-
Payable after one year	89,000	85,000	-	-

19 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,732	1,608

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.

20 Share capital

	Group and company 2017 £	2016 £
Ordinary share capital Issued and fully paid 1,000 Ordinary of £1 each	1,000	1,000

21 Directors' transactions

Dividends totalling £0 (2016 - £72,600) were paid in the year in respect of shares held by the company's directors.

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

22 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	6,093,718	7,579,083
Adjustments for:		
Taxation charged	1,490,467	1,972,951
Investment income	(9,996)	(4,148)
Gain on disposal of investment property	(399)	-
Amortisation and impairment of intangible assets	31,599	28,265
Depreciation and impairment of tangible fixed assets	1,153,381	608,186
Movements in working capital:		
(Increase) in stocks	(2,825,533)	(2,002,457)
(Increase) in debtors	(742,250)	(849,574)
Increase in creditors	2,297,292	477,023
Cash generated from operations	7,488,279	7,809,329

22 Cash generated from operations - company

	2017 £	2016 £
Profit for the year after tax	5,082,820	5,971,103
Adjustments for:		
Taxation charged	1,223,259	1,499,072
Investment income	(497,252)	(402,061)
Gain on disposal of investment property	(399)	-
Amortisation and impairment of intangible assets	31,599	28,265
Depreciation and impairment of tangible fixed assets	20,680	9,836
Movements in working capital:		
(Increase) in stocks	(267,000)	(570,000)
(Increase)/decrease in debtors	(846,011)	111,007
Increase/(decrease) in creditors	348,513	(295,035)
Cash generated from operations	5,096,209	6,352,187

WINDMILL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

24 Analysis of changes in net debt

	2017 £
Opening net funds/(debt)	
Cash and cash equivalents	14,063,447
Loans	(85,000)
	<u>13,978,447</u>
Changes in net debt arising from:	
Cash flows of the entity	1,398,930
	<u>15,377,377</u>
Closing net funds/(debt) as analysed below	
	<u>15,377,377</u>
Closing net funds/(debt)	
Cash and cash equivalents	15,466,377
Loans	(89,000)
	<u>15,377,377</u>