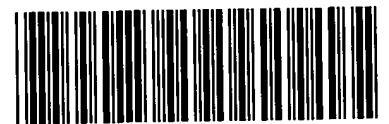


Registered Number 04067712

Cend Limited

Annual report and financial statements for the year
ended 31 December 2014

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Cend Limited

Annual report and financial statements for the year ended 31 December 2014

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Cend Limited

Directors and advisors

Directors

J A Gallemore

J P Pochin (Appointed 1 December 2014)

Company secretary

J P Pochin

Auditors

Ernst & Young LLP

100 Barbirolli Square

Manchester M2 3EY

Bankers

Barclays Bank Plc

1 Churchill Place

London

E14 5HP

HSBC

8 Canada Square

Canary Wharf

London

E14 5HQ

Santander UK Plc

2 Triton Square

Regent's Place

London

NW1 3AN

Registered office

Meridian House

Rudheath

Gadbrook Park

Northwich

Cheshire

CW9 7RA

Cend Limited

Strategic report for the year ended 31 December 2014

Principal activities

The principal activities of Cend Limited (the "Company") during the year were the production and supply of specialist sports nutrition supplements and vitamins to The Hut.com Limited.

Trading performance

Revenue increased during the year, up 67% to £60.2m from £36.0m in the prior year. The increase was predominantly driven by growth in the MyProtein business during the year.

The gross profit percentage for the Company of 4.7% (2013: 4.3%) was in line with management's expectations and driven by further cost control.

Administrative costs increased by 47% to £1.0m, reflecting the increase in sales during the year.

2015 Outlook and post balance sheet events

Trading

Trading in 2015 has been in line with expectations with significant continued revenue and earnings growth. The trading performance has been broad based with a continued expansion in the own brand revenue mix.

Principal risks and uncertainties

The execution of the Company's strategy and the management of its business are subject to a number of risks and uncertainties. The principal risks and uncertainties include: supply chain risk and employee hiring and retention.

Significant effort is placed on working with suppliers to manage the potential risk of interruptions and delays in supply or distribution that may adversely impact on trade. The Company has multiple delivery routes and options, and uses multiple delivery service providers, to reduce the level of dependency on any single provider. There is continuous monitoring of service levels and warehouse handling to ensure goods are delivered in a timely manner. All products are on relatively short lead times, with a steady flow of products into the warehouse, enabling supply chain to be diverted to alternative locations if necessary within a manageable time frame.

The Company is able to attract and retain high calibre employees through a combination of competitive basic salaries and performance based bonuses coupled with share option schemes, which are open to individuals at every executive level in the business.

Cend Limited

Strategic report for the year ended 31 December 2014 (continued)

Financial risk management objectives and policies

Senior management are aware of their responsibility for managing risks within their business units. The head of each business unit reports to the Board on the status of these risks through management reports. Risk is regularly reviewed at Board level to ensure that risk management is being implemented and monitored effectively

The Board's policy is to ensure that the business units are empowered to operate effectively and appropriately, bearing in mind the requirements for timely decision making and commercial reality. Through management reports, risks are highlighted and monitored to identify potential business risk areas and to quantify and address the risk wherever possible.

Commercial and general risk

Standard form contracts are provided by the business' in-house legal team for commercial use and to ensure the commercial functions negotiate within approved parameters. Insurance policies are regularly reviewed to ensure these are adequate, appropriate and in line with the nature, size and complexity of the business.

Financial risk management

The Company's operations involve exposure to credit risk, liquidity risk, currency risk and material price rise risk. The Board's policies for managing these financial risks are implemented by the Chief Financial Officer.

Credit risk

Given the Company's only customer is a group company the level of credit risk is considered low. The maximum credit risk exposure is represented by the carrying value as at the balance sheet date (see note 12).

Liquidity risk

The Company regularly forecasts cash flow and maintains an appropriate balance of cash and debt facilities to ensure that sufficient funds are available from trading to cover future expenses and capital expenditure.


Currency risk

Certain key suppliers invoice in euros and US dollars. The Company aims to naturally hedge these transactions and where appropriate uses financial instruments in the form of forward foreign exchange contracts to hedge future forward currency cash flows. It was noted that the fair value of forward exchange contracts outstanding at the balance sheet date is not material to the financial statements.

Material price rise risk

The Company has sensitivity to some raw material costs. To mitigate this risk, the Company has secured contracts with several suppliers to manage both price and demand in line with forecast

By order of the Board



J P Pochin
Company secretary
16 July 2015

Cend Limited

Directors' report for the year ended 31 December 2014

The Directors present their annual report with the audited financial statements of Cend Limited ("the Company") for the year ended 31 December 2014.

Directors

The Directors who held office during the year and up to the date of signing the financial statements are given below:

J A Gallemore
J P Pochin (Appointed 1 December 2014)

The ultimate holding company is The Hut Group Limited, a company registered in England and Wales, in which the Directors hold direct interests as discussed in the financial statements of that company.

Directors' qualifying third party and pension indemnity provisions

There were no qualifying third party and pension indemnity provisions during the year or in place at the year end.

Going concern

The Board has received assurance of ongoing support from the Company's ultimate parent company, The Hut Group Limited, and on the basis of projections and current operating levels believe that adequate finance is in place to allow the Company to continue to trade for at least 12 months from the date of signing the financial statements. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic report and the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

Cend Limited

Directors' report for the year ended 31 December 2014 (continued)

Disclosure of information to auditors

For all persons who are Directors at the time of approval of the annual report:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office in accordance with section 487(2) of the Companies Act 2006.

By order of the Board:

A handwritten signature in black ink, appearing to read 'J P Pochin', with a stylized flourish at the end.

J P Pochin
Company secretary
16 July 2015

Cend Limited

Independent auditors' report to the members of Cend Limited for the year ended 31 December 2014

We have audited the financial statements of Cend Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements 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 company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Cend Limited

Independent auditors' report to the members of Cend Limited for the year ended 31 December 2014 (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alastair John Richard Nuttall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

17 July 2015

Cend Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	60,202	35,981
Cost of sales		(57,343)	(34,422)
Gross profit		2,859	1,559
Distribution costs		(54)	-
Administrative expenses		(1,026)	(698)
Operating profit	3	1,779	861
Adjusted EBITDA*		1,925	1,394
Depreciation	3	(144)	(206)
Amortisation	3	-	(78)
Operating profit before exceptional items		1,781	1,110
Exceptional items	4	(2)	(249)
Operating profit		1,779	861
Interest receivable and similar income	7	-	1
Profit on ordinary activities before tax		1,779	862
Tax on profit on ordinary activities	8	22	(124)
Profit for the financial year		1,801	738

*Adjusted EBITDA is defined as operating profit before depreciation, amortisation and exceptional items.

The profit on ordinary activities before taxation derives entirely from continuing activities.

There is no material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

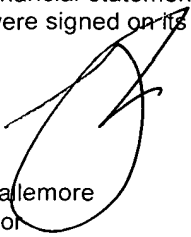
The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

Cend Limited

Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	10	266	410
		266	410
Current assets			
Stock	11	4,332	5,719
Debtors	12	26,221	11,742
Cash at bank and in hand		50	19
		30,603	17,480
Creditors: amounts falling due within one year	13	(20,471)	(9,293)
Net current assets		10,132	8,187
Total assets less current liabilities		10,398	8,597
Net assets		10,398	8,597
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	16	10,398	8,597
Total shareholders' funds		10,398	8,597

The financial statements on pages 9 to 19 were approved by the Board of Directors on 16 July 2015 and were signed on its behalf by:


 J A Gallemore
 Director
 Registered number: 04067712

Cend Limited

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

The principal accounting policies of Cend Limited ("the Company"), which are in accordance with United Kingdom accounting standards and the Companies Act 2006 and have been consistently applied to all periods presented, are as follows:

a. Basis of preparing the financial statements

The Board have received assurances of ongoing support from the Company's ultimate holding company, The Hut Group Limited, and on the basis of projections and current operating levels believe that adequate finance is in place to allow the Company to continue to trade in the foreseeable future and pay its debts as they fall due. The Company is party to group banking facilities under which it and other subsidiaries have provided a cross guarantee, secured over the assets of the Company.

The Directors have therefore concluded that it is appropriate to continue to prepare the financial statements on the going concern basis.

b. Accounting convention

The financial statements have been prepared under the historical cost convention.

c. Cash flow statement

The Company is included in the consolidated financial statements of The Hut Group Limited which are publicly available. Consequently, the Company has taken advantage of the exemption under FRS1, not to prepare a cash flow statement.

d. Turnover

Turnover consists of intercompany sales to group subsidiaries. Turnover consists of the fair value of consideration received or receivable for the sale of goods in the ordinary course of the Company activities. Turnover is shown gross as intercompany sales are outside the scope for value added tax purposes.

Prior year turnover is recorded net of appropriate deductions including sales taxes and is recognised upon despatch from the warehouse.

e. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided over the following estimated economic lives in order to write off each asset on a straight line basis:

Plant and machinery	- 3 to 5 years
Fixtures and fittings	- 3 to 5 years
Land and buildings	- 25 years

f. Stocks

Stocks are valued at the lower of cost and net realisable value, on a weighted average cost basis. Cost of purchase comprises the purchase price including import duties and other taxes, transport and handling costs and any other directly attributable costs, less trade discounts.

A provision is made to write down any slow-moving or obsolete stock to net realisable value.

Cend Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1. Accounting policies (continued)

g. Leased assets

Operating leases

Payments made under operating leases, net of any incentives received from the lessor, are charged to the profit and loss account on a straight line basis over the period of the lease.

h. Pension costs and other post-retirement benefits

The Company operated a defined contribution pension scheme in the prior year. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in the accounting year.

i. Exceptional items

The Company treats certain items which are considered to be one-off, material and not representative of the underlying trading of the Company as exceptional in nature. The Directors apply judgement in assessing the particular items, which by virtue of their scale and nature should be classified as exceptional items. The Directors consider that separate disclosure of these items is relevant to an understanding of the Company's financial performance.

j. Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cend Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

2. Turnover

	2014 £'000	2013 £'000
UK	60,202	35,981
Rest of the world	-	-
	60,202	35,981

Geographical analysis is based on the country in which the customer is located.

Total turnover above relates exclusively to the sale of goods.

3. Operating profit

	Note	2014 £'000	2013 £'000
Operating profit has been arrived at after charging:			
Depreciation	10	144	206
Amortisation	9	-	78
Operating lease rentals:			
Land and buildings		725	302

4. Exceptional items

	2014 £'000	2013 £'000
Integration costs	2	249
	2	249

The exceptional costs incurred during the year and included within administrative expenses relate primarily to reorganisation costs. The tax effect of the exceptional items for the current year is £nil.

5. Auditors remuneration

The total audit fee for the Company is £10,000 (2013: £10,000).

Cend Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6. Employee costs and directors remuneration

	Note	2014 £'000	2013 £'000
Wages and salaries		3,520	1,992
Social security costs		230	152
Pension costs		12	1
		3,762	2,145

Pension costs are payable as part of a defined contribution pension scheme – see note 15 for further information on pension commitments.

The Directors did not receive any emoluments in respect of their services (2013: £nil) and are remunerated through other group companies.

The average number of employees (including executive Directors) during the year was:

	2014 Number	2013 Number
Operations	149	56
Administration	1	1
	150	57

7. Interest receivable

	2014 £'000	2013 £'000
Finance income		
Bank interest receivable	-	1
	-	1

Cend Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

8. Taxation

	2014 £'000	2013 £'000
Current tax		
Tax charge for the year	-	101
Adjustments in respect of prior year	(28)	16
	(28)	117
Deferred tax		
Origination and reversal of temporary differences	6	(2)
Adjustments in respect of prior year	-	(5)
Change in tax rates	-	14
	6	7
Total income tax (credit) / charge	(22)	124

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate as follows:

	2014 £'000	2013 £'000
Profit before tax	1,779	862
Profit before tax at 21.50% (2013: 23.25%)	382	200
Tax effects of:		
Adjustments in respect of prior year	(28)	16
Accelerated capital allowances	(7)	-
Capital allowances in excess of depreciation	6	4
Group relief surrendered	(381)	(103)
	(28)	117

The standard rate of Corporation Tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 21.50%. The reduction of the main rate of corporation tax from 21% to 20% from 1 April 2015 from 1 April 2015 was included within the Finance Bill 2013, which was substantively enacted on 2 July 2013. Future profits will be taxed at the appropriate rate. Deferred tax as at 31 December 2014 has been calculated at 20% (2013: 20%); the future enacted rate at which the timing differences are expected to reverse.

Cend Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9. Intangible fixed assets

	Website development £'000
Cost	
At 1 January 2014	140
At 31 December 2014	140
Accumulated amortisation	
At 1 January 2014	140
At 31 December 2014	140
At 31 December 2013	-
At 31 December 2014	-

10. Tangible fixed assets

	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment and software £'000	Leasehold buildings £'000	Total £'000
Cost					
At 1 January 2014	523	44	251	121	939
Additions	-	-	-	-	-
At 31 December 2014	523	44	251	121	939
Accumulated depreciation					
At 1 January 2014	247	42	204	36	529
Depreciation	85	1	32	26	144
At 31 December 2014	332	43	236	62	673
Net book amount					
At 31 December 2014	191	1	15	59	266
At 31 December 2013	276	2	47	85	410

Cend Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

11. Inventories

	2014 £'000	2013 £'000
Raw materials and consumables	4,332	5,719
	4,332	5,719

12. Debtors

	2014 £'000	2013 £'000
Amounts owed by group undertakings	25,388	11,611
Other debtors	571	41
Corporation tax asset	7	-
Deferred tax asset	84	90
Prepayments and accrued income	171	-
	26,221	11,742

Amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

There are no unrecognised deferred tax assets. The deferred tax asset comprises of accelerated capital allowances. The release to the profit and loss account in the current year was £6,000 (2013: £6,000).

13. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	15,511	8,648
Amounts owed to group undertakings	4,336	-
Corporation tax	-	101
Other taxation and social security	-	217
Accruals and deferred income	624	327
	20,471	9,293

Amounts payable to group undertakings are unsecured, non-interest bearing and are repayable on demand.

Cend Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

14. Operating lease commitments

Annual commitments at the end of the financial year, for which no provision has been made, are as follows:

	Land and buildings 2014 £'000	Land and buildings 2013 £'000
Within one year	-	725
Between two and five years	777	1,039
	777	1,764

15. Pension commitments

The Company operates a defined contribution pension scheme. The scheme is managed by independent fund managers and its assets/liabilities are held separately from that of the Company. The pension charge represents the amount paid by the Company and amounted to £12k. There were no outstanding contributions to the fund as at the year end.

16. Movement in reserves and shareholders' funds

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2014	-	8,597	8,597
Profit for the year	-	1,801	1,801
Balance at 31 December 2014	-	10,398	10,398

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2013	-	7,859	7,859
Profit for the year	-	738	738
Balance at 31 December 2013	-	8,597	8,597

There were 201,600 (2013: 201,600) Ordinary "A" shares of £0.001 each that were allotted, called up and fully paid totalling £202 (2013: £202).

Cend Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

17. Ultimate parent company

The immediate parent undertaking is The Hut IHC Limited.

The ultimate parent undertaking and controlling party is The Hut Group Limited, a company incorporated in England and Wales.

The Hut Group Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of The Hut Group Limited are available from Meridian House, Gadbrook Park, Rudheath, Northwich, Cheshire, CW9 7RA.

18. Related party transactions

In accordance with FRS8, the Company is exempt from disclosing related party transactions with other group companies by virtue of it being a wholly owned subsidiary of The Hut Group Limited, a company which prepares consolidated financial statements.