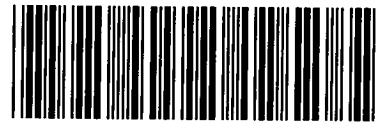


**Abbreviated Accounts**  
**for the Year Ended 31 March 2014**  
**for**  
**The Tanfield Food Company Limited**

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**The Tanfield Food Company Limited**

**Company Information  
for the Year Ended 31 March 2014**

**DIRECTORS:**

W Reichenberger  
D G Allison  
S J Gray

**SECRETARY:**

Muckle Secretary Ltd

**REGISTERED OFFICE:**

Hownsgill Park  
CONSETT  
Co Durham  
DH8 7NU

**REGISTERED NUMBER:**

05040327 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:**

Antony Luckett BCom FCA DChA

**AUDITORS:**

Clive Owen & Co LLP  
140 Coniscliffe Road  
DARLINGTON  
County Durham  
DL3 7RT

# **The Tanfield Food Company Limited**

## **Strategic Report for the Year Ended 31 March 2014**

The directors present their strategic report for the year ended 31 March 2014.

### **REVIEW OF BUSINESS**

In the last year the company has successfully developed and launched the ilumi brand. The brand has been created to exploit the rapidly growing market and awareness for free from products and the gap that currently exists for great tasting convenient meals for those looking to either avoid key foods or reduce the consumption of them for healthy lifestyle reasons. The brand is sold online so that closer relationships can be forged with these consumers who depend on trust and wish to share discoveries, and also provide greater range and commercial flexibility than the "bricks and mortar" retailers. Much focus is now being given to grow the brand through reaching communities outside of those who must avoid some food groups because of allergy or intolerance, to those who are looking to reduce certain ingredients such as gluten and dairy as part of a healthy lifestyle choice.

The "out of home market" is now being explored as people with food intolerance are often poorly served when eating out of home and upcoming changes to legislation mean that ilumi is well placed to meet these needs.

Following the successful soft launch of ilumi further significant funding has been provided to drive the growth of ilumi, and this has led to a share restructuring. The initial response to the brand from consumers has been extremely positive and driving rapid growth is the main aim of management and the board.

The company continues to support and develop the "look what we found!" brand whose main messages are great-tasting, single serve ambient ready meals using 100% natural ingredients from small regional British producers. The brand now has a stable platform in UK retail and continues to perform well in 3 leading retailers despite the adverse affects on the market caused by the "Horsegate" scandal in the UK. The brand has significantly outperformed the competition in this category because of its robust and trustworthy supply chain.

Tanfield has suffered a significant loss of sales in the year because of the closure of the Jenny Craig UK and France businesses and the Rosemary Conley business that went into administration in January. These were two of Tanfield's largest customers in the home-delivered diet market that was forecast to be a significant growth area. Despite these losses, turnover has recovered to similar levels to the previous year due to sizeable gains in some existing and new relationships, including some strategically important gains in the travel sector.

In spite of these losses the shareholders have demonstrated their ongoing commitment to the business through conversion of loans and further capital introduced amounting to £5.2m. This has led to a significant strengthening of the balance sheet position.

The business is forecast to grow strongly with ilumi over the next 12 months and also alongside its key existing customer relationships

The directors measure the company's performance by the following Key Performance Indicators:

Turnover - the company's turnover has averaged £149,876 per week (2013: £173,886 per week).

Gross margin - the company averaged a gross margin of 35.3% over the course of the year (2013: 36.4%).

Production labour cost to sales output - the company averaged 12% production labour cost to output over the course of the year (2013: 11%).

**The Tanfield Food Company Limited**

**Strategic Report  
for the Year Ended 31 March 2014**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Cash flow risk**

As the company continues to incur losses, working capital requirements are provided by principal shareholders. Liquidity risk is managed on a daily basis and funds are provided by these shareholders as necessary.

**Reputational risk**

The company manufactures food for human consumption, using a process that allows products to be stored without the need for refrigeration. Batch controls are strictly adhered to and the company has the highest possible compliance of appropriate hygiene standards. Key customers and other stakeholders constantly monitor these controls and the company's compliance.

**Commodity price risk**

The company manages constantly fluctuating commodity prices through competitive sourcing balanced against the need for consistent quality.

**ON BEHALF OF THE BOARD:**



D G Allison - Director

6 August 2014

## **The Tanfield Food Company Limited**

### **Report of the Directors for the Year Ended 31 March 2014**

The directors present their report with the accounts of the company for the year ended 31 March 2014.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a manufacturer of specialist high quality ambient ready meals, soups and sauces. Its brand new top class facilities enable the business to manufacture to the highest quality standards.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2014.

Cumulative preference share dividends accrued at the year end amounted to £3,014,644. These dividends are yet to be paid due to the financial position of the company at the balance sheet date.

#### **RESEARCH AND DEVELOPMENT**

The company continues to research and develop new products for the sectors in which it operates. Much of the activity has been in the ongoing development of the ilumi brand, and for innovation and renovation of products for existing customers.

#### **FUTURE DEVELOPMENTS**

The directors intend to continue with the planned growth of the business and expect the company to be profitable within the next two years. This will be achieved by further extensive marketing of ilumi and the company's existing products and sourcing new products and markets through increased co-manufacturing options.

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the accounts.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2013 to the date of this report.

W Reichenberger  
D G Allison  
S J Gray

Other changes in directors holding office are as follows:

M S Andrews - resigned 30 October 2013  
K Gill - resigned 25 September 2013

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**The Tanfield Food Company Limited**

**Report of the Directors  
for the Year Ended 31 March 2014**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director 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 auditors are aware of that information.

**AUDITORS**

Clive Owen & Co LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'D G Allison', written in a cursive style.

D G Allison - Director

6 August 2014

**Report of the Independent Auditors to  
The Tanfield Food Company Limited  
Under Section 449 of the Companies Act 2006**

We have examined the abbreviated accounts set out on pages seven to twenty, together with the full financial statements of The Tanfield Food Company Limited for the year ended 31 March 2014 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the Regulations made under that Section.



Antony Luckett BCom FCA DChA (Senior Statutory Auditor)  
for and on behalf of Clive Owen & Co LLP  
140 Coniscliffe Road  
DARLINGTON  
County Durham  
DL3 7RT

6 August 2014

**The Tanfield Food Company Limited**

**Abbreviated Profit and Loss Account  
for the Year Ended 31 March 2014**

	Notes	2014 £	£	2013 £	£
<b>TURNOVER</b>	2		7,793,596		9,042,046
Cost of sales and other operating income			(4,944,362)		(5,697,490)
			<u>2,849,234</u>		<u>3,344,556</u>
Distribution costs		664,334		572,951	
Marketing costs		1,361,308		1,140,233	
Administrative expenses		2,846,082		2,641,377	
Exceptional item	6	<u>284,406</u>		<u>-</u>	
			<u>5,156,130</u>		<u>4,354,561</u>
<b>OPERATING LOSS</b>	5		(2,306,896)		(1,010,005)
Interest receivable and similar income			<u>6</u>		<u>188</u>
			(2,306,890)		(1,009,817)
Interest payable and similar charges	7		<u>233,477</u>		<u>351,600</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(2,540,367)		(1,361,417)
Tax on loss on ordinary activities	8		<u>-</u>		<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>			<u>(2,540,367)</u>		<u>(1,361,417)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year.



**Abbreviated Balance Sheet**  
**31 March 2014**

	Notes	2014		2013	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9		-		38,117
Tangible assets	10		<u>1,646,156</u>		<u>1,769,717</u>
			1,646,156		1,807,834
<b>CURRENT ASSETS</b>					
Stocks	11	818,588		772,561	
Debtors	12	1,219,628		1,646,413	
Cash at bank		<u>43,868</u>		<u>40,960</u>	
		2,082,084		2,459,934	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>2,676,809</u>		<u>5,766,046</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(594,725)</u>		<u>(3,306,112)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,051,431</u>		<u>(1,498,278)</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		27,228		133,921
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18	8,632,148		4,964,594	
Share premium	19	7,264,552		5,735,337	
Profit and loss account	19	<u>(14,872,497)</u>		<u>(12,332,130)</u>	
<b>SHAREHOLDERS' FUNDS</b>	23		<u>1,024,203</u>		<u>(1,632,199)</u>
			<u>1,051,431</u>		<u>(1,498,278)</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to medium-sized companies.

The financial statements were approved by the Board of Directors on 6 August 2014 and were signed on its behalf by:



D G Allison - Director

**The Tanfield Food Company Limited**

**Cash Flow Statement  
for the Year Ended 31 March 2014**

	Notes	2014	2013
		£	£
<b>Net cash outflow from operating activities</b>	1	(2,143,486)	(298,570)
<b>Returns on investments and servicing of finance</b>	2	(233,471)	(351,412)
<b>Capital expenditure</b>	2	<u>(90,001)</u>	<u>(74,115)</u>
		(2,466,958)	(724,097)
<b>Financing</b>	2	<u>2,469,866</u>	<u>701,238</u>
<b>Increase/(decrease) in cash in the period</b>		<u><u>2,908</u></u>	<u><u>(22,859)</u></u>

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**Reconciliation of net cash flow to movement in net debt**

	3		
Increase/(decrease) in cash in the period		2,908	(22,859)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>2,803,516</u>	<u>(701,238)</u>
Change in net debt resulting from cash flows		2,806,424	(724,097)
New finance leases		<u>(76,613)</u>	<u>(35,370)</u>
<b>Movement in net debt in the period</b>		2,729,811	(759,467)
<b>Net debt at 1 April</b>		<u>(3,859,419)</u>	<u>(3,099,952)</u>
<b>Net debt at 31 March</b>		<u><u>(1,129,608)</u></u>	<u><u>(3,859,419)</u></u>

The notes form part of these abbreviated accounts

**The Tanfield Food Company Limited**

**Notes to the Cash Flow Statement  
for the Year Ended 31 March 2014**

**1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2014 £	2013 £
Operating loss	(2,306,896)	(1,010,005)
Depreciation charges	328,292	357,487
Profit on disposal of fixed assets	-	(638)
Government grants	(37,136)	(48,142)
(Increase)/decrease in stocks	(46,027)	627,539
Decrease in debtors	426,785	261,856
Decrease in creditors	<u>(508,504)</u>	<u>(486,667)</u>
<b>Net cash outflow from operating activities</b>	<b><u>(2,143,486)</u></b>	<b><u>(298,570)</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>		
Interest received	6	188
Interest paid	<u>(233,477)</u>	<u>(351,600)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(233,471)</u></b>	<b><u>(351,412)</u></b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(90,001)	(86,365)
Sale of tangible fixed assets	<u>-</u>	<u>12,250</u>
<b>Net cash outflow for capital expenditure</b>	<b><u>(90,001)</u></b>	<b><u>(74,115)</u></b>
<b>Financing</b>		
New loans in year	939,718	1,105,697
Loan repayments in year	(3,201,916)	(12,500)
New HP agreements	76,613	35,370
Capital repayments in year	(203,386)	(303,911)
Share issue	5,196,769	-
Proceeds of factored debts	<u>(337,932)</u>	<u>(123,418)</u>
<b>Net cash inflow from financing</b>	<b><u>2,469,866</u></b>	<b><u>701,238</u></b>

The notes form part of these abbreviated accounts

**The Tanfield Food Company Limited**

**Notes to the Cash Flow Statement  
for the Year Ended 31 March 2014**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.13 £	Cash flow £	Other non-cash changes £	At 31.3.14 £
Net cash:				
Cash at bank	<u>40,960</u>	<u>2,908</u>		<u>43,868</u>
	<u>40,960</u>	<u>2,908</u>		<u>43,868</u>
Debt:				
Hire purchase	(261,634)	203,386	(76,613)	(134,861)
Debts falling due within one year	<u>(3,638,745)</u>	<u>2,600,130</u>	<u>-</u>	<u>(1,038,615)</u>
	<u>(3,900,379)</u>	<u>2,803,516</u>	<u>(76,613)</u>	<u>(1,173,476)</u>
Total	<u>(3,859,419)</u>	<u>2,806,424</u>	<u>(76,613)</u>	<u>(1,129,608)</u>

The notes form part of these abbreviated accounts

## **The Tanfield Food Company Limited**

### **Notes to the Abbreviated Accounts for the Year Ended 31 March 2014**

#### **1. ACCOUNTING POLICIES**

##### **Accounting convention**

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

The financial statements are prepared on the going concern basis which assumes that the company will continue to trade. However, the validity of the going concern basis is dependent upon the continued support of key shareholders. If the company is unable to continue to trade, adjustments would be required to reduce the value of assets to their recoverable amounts, to provide for any further liabilities that might arise and to analyse both fixed assets and long term liabilities as current assets and liabilities.

##### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax. Turnover is presented as gross of price promotion discounts. Price discounts throughout the year are as follows:-

LWWF!	£540,000
ilumi	£81,000

##### **Intangible fixed assets and amortisation**

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and Loss Account.

Amortisation is charged at the following rates:

Development	- 10% - 20% straight line
Trademark's	- 50% straight line

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- 10% on cost
Plant and machinery	- 10 - 20% on cost
Office equipment	- 20% on cost
Motor vehicles	- 20% on cost
Website and computer equipment	- 33% on cost

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

# The Tanfield Food Company Limited

## Notes to the Abbreviated Accounts - continued for the Year Ended 31 March 2014

### 1. ACCOUNTING POLICIES - continued

#### Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market value.

#### Government grants

Government grants relating to tangible fixed assets are treated as deferred income released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred.

#### Share option schemes

The company operates an EMI share option scheme which allows its employees to buy shares in the company. The shares are held on the balance sheet at their fair value at the grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using an appropriate market value, taking into account the terms and conditions upon which the options were granted. The amount recognised in the profit and loss account, if material, is adjusted at each balance sheet date to reflect the number of share options that vest revised for estimated achievement of non-market based vesting conditions.

### 2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2014	2013
	£	£
United Kingdom	7,752,587	8,853,027
Europe	<u>41,009</u>	<u>189,019</u>
	<u><u>7,793,596</u></u>	<u><u>9,042,046</u></u>

### 3. OTHER OPERATING INCOME

	2014	2013
	£	£
Sundry receipts	550	15
Grants released	37,136	48,142
Above the line credit	<u>55,264</u>	<u>-</u>
	<u><u>92,950</u></u>	<u><u>48,157</u></u>

**The Tanfield Food Company Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2014**

**4. STAFF COSTS**

	2014	2013
	£	£
Wages and salaries	2,224,152	2,215,601
Social security costs	<u>192,866</u>	<u>175,155</u>
	<u><u>2,417,018</u></u>	<u><u>2,390,756</u></u>

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

	2014	2013
Direct Labour	61	64
Indirect labour	40	40
Sales and marketing	1	1
Senior managers	<u>5</u>	<u>4</u>
	<u><u>107</u></u>	<u><u>109</u></u>

**5. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	2014	2013
	£	£
Other operating leases	238,021	228,451
Depreciation - owned assets	232,982	154,305
Depreciation - assets on hire purchase contracts	57,193	128,466
Profit on disposal of fixed assets	-	(638)
Development amortisation	38,117	52,848
Trademarks amortisation	-	21,868
Auditors' remuneration	9,000	9,000
Foreign exchange differences	(6,399)	687
Grants	(37,136)	(48,142)
Exceptional (see note 6)	<u><u>284,406</u></u>	<u><u>-</u></u>
Directors' remuneration	<u><u>145,340</u></u>	<u><u>184,627</u></u>

**6. EXCEPTIONAL ITEMS**

The exceptional items in the year relates to a provision made against a debt due from a customer together with associated stock, which is subject to retention rights. This is due to the customer entering administration.

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2014	2013
	£	£
Other loan interest payable	233,339	347,315
Other interest payable	<u>138</u>	<u>4,285</u>
	<u><u>233,477</u></u>	<u><u>351,600</u></u>

Included within loan interest payable is £42,667 (2013: £50,929) relating to finance lease charges.

**The Tanfield Food Company Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2014**

**8. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2014 nor for the year ended 31 March 2013.

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(2,540,367)</u>	<u>(1,361,417)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 - 24%)	(584,284)	(326,740)
Effects of:		
Depreciation in excess of capital allowances	48,353	58,639
Finance lease depreciation	(11,780)	(30,832)
Losses to be carried forward	<u>547,711</u>	<u>298,933</u>
Current tax charge	<u>-</u>	<u>-</u>

**9. INTANGIBLE FIXED ASSETS**

	Development £	Trademarks £	Totals £
<b>COST</b>			
At 1 April 2013			
and 31 March 2014	<u>607,233</u>	<u>174,495</u>	<u>781,728</u>
<b>AMORTISATION</b>			
At 1 April 2013	569,116	174,495	743,611
Amortisation for year	<u>38,117</u>	<u>-</u>	<u>38,117</u>
At 31 March 2014	<u>607,233</u>	<u>174,495</u>	<u>781,728</u>
<b>NET BOOK VALUE</b>			
At 31 March 2014	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2013	<u>38,117</u>	<u>-</u>	<u>38,117</u>



**The Tanfield Food Company Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2014**

**10. TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Office equipment £
<b>COST</b>			
At 1 April 2013	819,209	2,471,112	14,525
Additions	-	108,427	-
At 31 March 2014	819,209	2,579,539	14,525
<b>DEPRECIATION</b>			
At 1 April 2013	354,595	1,227,493	8,968
Charge for year	61,390	205,934	2,030
At 31 March 2014	415,985	1,433,427	10,998
<b>NET BOOK VALUE</b>			
At 31 March 2014	403,224	1,146,112	3,527
At 31 March 2013	464,614	1,243,619	5,557
		Website and computer equipment £	Totals £
<b>COST</b>	Motor vehicles £		
At 1 April 2013	1,600	160,996	3,467,442
Additions	-	58,187	166,614
At 31 March 2014	1,600	219,183	3,634,056
<b>DEPRECIATION</b>			
At 1 April 2013	1,600	105,069	1,697,725
Charge for year	-	20,821	290,175
At 31 March 2014	1,600	125,890	1,987,900
<b>NET BOOK VALUE</b>			
At 31 March 2014	-	93,293	1,646,156
At 31 March 2013	-	55,927	1,769,717

**The Tanfield Food Company Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2014**

**10. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Short leasehold £	Plant and machinery £	Website and computer equipment £	Totals £
<b>COST</b>				
At 1 April 2013	165,571	767,949	21,800	955,320
Additions	-	76,613	-	76,613
Transfer to ownership	-	(389,692)	-	(389,692)
At 31 March 2014	<u>165,571</u>	<u>454,870</u>	<u>21,800</u>	<u>642,241</u>
<b>DEPRECIATION</b>				
At 1 April 2013	165,308	231,657	21,800	418,765
Charge for year	226	56,967	-	57,193
Transfer to ownership	-	(158,756)	-	(158,756)
At 31 March 2014	<u>165,534</u>	<u>129,868</u>	<u>21,800</u>	<u>317,202</u>
<b>NET BOOK VALUE</b>				
At 31 March 2014	<u>37</u>	<u>325,002</u>	<u>-</u>	<u>325,039</u>
At 31 March 2013	<u>263</u>	<u>536,292</u>	<u>-</u>	<u>536,555</u>

**11. STOCKS**

	2014 £	2013 £
Raw materials	402,358	287,492
Finished goods	<u>416,230</u>	<u>485,069</u>
	<u>818,588</u>	<u>772,561</u>

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £	2013 £
Trade debtors	76,913	49,523
Gross factored debts	982,610	1,422,520
Other debtors	114,364	59,891
Prepayments and accrued income	<u>45,741</u>	<u>114,479</u>
	<u>1,219,628</u>	<u>1,646,413</u>

**The Tanfield Food Company Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2014**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£	£
Other loans (see note 15)	349,185	2,611,383
Hire purchase contracts (see note 16)	109,300	156,046
Trade creditors	945,848	992,095
Taxation and social security	214,654	100,243
Other creditors	19,046	40,903
Proceeds of factored debts	689,430	1,027,362
Accruals and deferred income	322,679	800,878
Deferred government grants	26,667	37,136
	<u>2,676,809</u>	<u>5,766,046</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014	2013
	£	£
Hire purchase contracts (see note 16)	25,561	105,588
Deferred government grants	1,667	28,333
	<u>27,228</u>	<u>133,921</u>

**15. LOANS**

An analysis of the maturity of loans is given below:

	2014	2013
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>349,185</u>	<u>2,611,383</u>

**16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

	Hire purchase contracts 2014	2013
	£	£
Net obligations repayable:		
Within one year	109,300	156,046
Between one and five years	<u>25,561</u>	<u>105,588</u>
	<u>134,861</u>	<u>261,634</u>

The following operating lease payments are committed to be paid within one year:

	Land and buildings 2014	2013
	£	£
Expiring:		
Within one year	115,804	19,792
Between one and five years	<u>-</u>	<u>116,650</u>
	<u>115,804</u>	<u>136,442</u>

**The Tanfield Food Company Limited**

**Notes to the Abbreviated Accounts - continued  
for the Year Ended 31 March 2014**

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	2014 £	2013 £
Other loans	349,185	2,611,383
Hire purchase contracts	134,861	261,634
Factored debts	<u>689,430</u>	<u>1,027,362</u>
	<u>1,173,476</u>	<u>3,900,379</u>

Other loans are secured by a debenture dated 30 June 2011 being a fixed and floating charge over the assets of the company.

Finance leases and hire purchase contracts are secured on the assets to which they relate.

Factored debts are secured by a debenture secured on assets and undertakings of the business.

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014 £	2013 £
19,637,414	Ordinary	10p	1,963,741	1,963,741
66,684,065	Preferred	10p	6,668,407	3,000,853
(2013 - 30,008,532)			<u>8,632,148</u>	<u>4,964,594</u>

During the year 36,675,533 Preferred shares of 10p were issued for cash of £5,196,769.

The Preferred shares of 10p each enjoy preferential rights over the Ordinary shares of 10p each by way of cumulative dividend of 12% and rank before ordinary shares on a winding up, share sale or listing (to include any accumulated unpaid dividend). They carry no voting rights over the Ordinary shares. No premium is payable on redemption. The preferred shares have a redemption option in place, with the shareholders having the right to redemption from 31 December 2016.

As these Preferred shares have a fixed coupon and redemption date then in accordance with FRS 25 they would normally be classified within creditors due to having the characteristics of a debt instrument. However, due to the control over the company that the Preferred shares give their holders, it is not considered appropriate that these would be classified as anything other than equity as the substance of the instrument is that they give control of the company. The directors consider that a fairer presentation results by classifying such shares as equity.

**19. RESERVES**

	Profit and loss account £	Share premium £	Totals £
At 1 April 2013	(12,332,130)	5,735,337	(6,596,793)
Deficit for the year	(2,540,367)		(2,540,367)
Premium on shares issued in year	<u>-</u>	<u>1,529,215</u>	<u>1,529,215</u>
At 31 March 2014	<u>(14,872,497)</u>	<u>7,264,552</u>	<u>(7,607,945)</u>

# **The Tanfield Food Company Limited**

## **Notes to the Abbreviated Accounts - continued for the Year Ended 31 March 2014**

### **20. RELATED PARTY DISCLOSURES**

#### **Choxaway Limited**

A company in which director S J Gray holds shares.

During the year total services obtained from Choxaway limited were £78,054 (2013: £16,800).

	2014 £	2013 £
Amount due to related party at the balance sheet date	<u>22,014</u>	<u>8,400</u>

#### **W Health LP**

Majority shareholder of the company.

Interest during the year on a loan from W Health LP to the company amounted to £190,672 (2013: £279,809).

	2014 £	2013 £
Amount due to related party at the balance sheet date	<u>349,185</u>	<u>2,611,383</u>

### **21. POST BALANCE SHEET EVENTS**

After the balance sheet date the company continued to receive funds from W Health LP, its existing investor as per an agreement entered into in July 2013. These funds have helped secure the company's short term future. These funds included a preferred share issue for the value of €840,000. Further funds will be received and converted into preferred shares in September 2014.

### **22. ULTIMATE CONTROLLING PARTY**

The company is under the control of W Health LP by virtue of its majority shareholding.

### **23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014 £	2013 £
Loss for the financial year	(2,540,367)	(1,361,417)
New share capital subscribed	3,667,554	-
Share premium on shares issued	<u>1,529,215</u>	<u>-</u>
<b>Net addition/(reduction) to shareholders' funds</b>	2,656,402	(1,361,417)
Opening shareholders' funds	<u>(1,632,199)</u>	<u>(270,782)</u>
<b>Closing shareholders' funds</b>	<u><u>1,024,203</u></u>	<u><u>(1,632,199)</u></u>

### **24. SHARE-BASED PAYMENT TRANSACTIONS**

The company has an EMI share option scheme in place, however the directors do not consider the financial impact of the scheme to be material. The following disclosures are believed to be relevant:-

The number of share options in issue as at 31 March 2014 is 2,494,156 (2013: 2,494,156). The exercise price is £0.20 per share. During the year, no options were granted (2013: Nil), no options were forfeited (2013: 1,189,608). No options were exercised during the year or the previous year.