

Histon Sweet Spreads Limited

Reports and Financial Statements

30 June 2014

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COMPANIES HOUSE

Directors

Jeremy Hudson
Irwin Simon
Denise Faltischek
Stephen Smith

Secretary

Jeremy Hudson

Auditors

Ernst & Young LLP
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Water Lane
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Bankers

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Level 28
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W14 5HP

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Strategic report

The directors present their strategic report for the year ended 30 June 2014.

Review of the business

The group's principal activities during the year continued to be that the manufacture and sale of grocery products including sweet spreads and jellies.

The key financial and other performance indicators during the year were as follows:

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000 Restated	Change %
Turnover	157,891	106,931	47.7%
Gross margin %	26.9%	26.9%	0.0%
Operating profit	24,641	15,444	59.6%
Profit after tax	20,332	11,790	72.5%
Shareholder's funds	42,122	21,790	93.3%
Average number of employees	411	416	-1.2%
Current assets as % of current liabilities ('quick ratio')	233%	175%	33.0%

Financial measurement is driven by reviewing movements in turnover, gross margin percentages and operating profit margins. Turnover was £157,891,000 for the year ended 30 June 2014 (2013: £106,931,000). Gross margin for the period was 26.9% (2013: 26.9%). Operating profit was £24,641,000 (2013 restated: £15,444,000). Management was pleased with these results.

The profit for the year, after taxation, amounted to £20,332,000 (2013 restated: £11,790,000). The net turnover for the prior year only included 36 weeks of trade. In comparing the same 36 weeks year over year, net turnover increased by 5%. The increase in turnover is primarily attributable to the significant focus on our marketing efforts of our branded products.

In the course of the year to 30 June 2014, the Company has invested in marketing activity to support key brands, and has developed future marketing plans including re-design of branding. In addition, the business has launched new products into the grocery market, and has started to develop a pipeline of future product launches. The Company has also secured agreements to supply some retailer branded products in spreads.

The increase in profit after tax is primarily attributable to the benefits of our capital contributions to improve efficiencies within the factory. The directors continue to believe that the business is well placed to take advantage of future opportunities.

The Company's quick ratio improved by negotiating terms and extending our supplier payments. A focus on collecting cash quicker has also attributed to this improvement. The Company has a number of key performance indicators, both financial and non-financial, that are used to manage the business.

Strategic report (continued)

Principal risks and uncertainties

In the directors' opinion, the Company faces a number of risks and uncertainties.

Upward input price pressure represents a key risk to the business. This risk is addressed through a continuous review of the supply base of the business to ensure continuity of supply of key materials at competitive prices. The business has a number of contracts with key suppliers that mitigate the effects of input price volatility.

A number of purchases are contracted in foreign currency, and therefore movement in exchange rates represents a key risk to the business. This risk is addressed through monitoring the overall currency exposure, and obtaining alternate prices in sterling where it is considered to be appropriate, thereby reducing the exposure.

The on-going economic climate also represents a risk to the business and may impact the revenue and profitability of the business. The business has plans to mitigate this risk where necessary.

Financial Instruments Risk

The Company finances its activities with a combination of parent company loans and cash as disclosed in note 16. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise to liquidity, credit, and foreign currency risk. The Company has policies in place to manage its exposure to financial risk.

To manage liquidity risk, the Company monitors closely its operating cash flows ensuring that there are sufficient cash and cash equivalents as well as adequate funding facilities to meet its operating requirements. In assessing the adequacy of these facilities, management reviews its operating cash flows, working capital requirements, its debt obligations, and its projected capital commitments.

To manage credit risks which may arise resulting from the failure of a customer to settle its debts as and when they fall due, management has in place credit policies setting the maximum amount of credit allowed to be extended to each customer. These credit limits are determined following credit evaluations of credit customers, and credit exposures are monitored on an ongoing basis.

The Company incurs foreign currency risk on sales and purchases that are denominated in a currency other than sterling. This exposure is monitored, and appropriate actions are taken to manage the risk.

By order of the board



Jeremy Hudson
Director
1 April 2015

Directors' report

The directors present their report and financial statements for the year ended 30 June 2014. These financial statements have been prepared under FRS101 and have taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Hain Frozen Foods UK Limited was notified of and did not object to the use of EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS101.

Financial instruments

Details of financial instruments are provided in the Strategic Report on pages 2-3.

Research and development

In the year ended 30 June 2014, the focus of research and development work has been in relation to new products across a number of the business's existing categories.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through regular briefings to employees undertaken by management.

Directors

The names of the directors who held office at any time during the year are as follows:

Mike Speiller – resigned 5 February 2014

Rob Burnett – resigned 30 June 2014

Jeremy Hudson

Denise Faltischek

Irwin Simon

Stephen Smith – appointed 5 February 2014

At no time during the year did any director have a material interest in any contract or arrangement which was significant in relation to the Company's business.

Political and charitable contributions

During the year ended 30 June 2014 the Company did not make any political or charitable contributions exceeding £2,000.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to price, credit and cash flow risk are described in the Strategic Report on pages 2-3.

The Company has considerable financial resources together with the support of its ultimate parent company, The Hain Celestial Group, Inc. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Directors' report (continued)

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the date of approving this report are cited on page 1. As far as they are aware and having made enquiries of the Company's auditor, they confirm that:

- to the best of their knowledge and belief, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware; and
- they have taken all the steps that a director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Supplier payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

At 30 June 2014, the Company had an average of 72 days (2013: 52 days) purchases owed to trade creditors.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Jeremy Hudson
Director
1 April 2015

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable United Kingdom 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) including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 for that period.

In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

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 him 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.

Independent auditor's report

to the members of Histon Sweet Spreads Limited

We have audited the financial statements of Histon Sweet Spreads Limited for the year ended 30 June 2014 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statements of Changes in Equity and the related notes 1 to 22. 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 Directors' Responsibilities Statement set out on page 6, 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 Reports and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of its profit for the period 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 Directors' and Strategic Reports for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of Histon Sweet Spreads Limited

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.

Ernst & Young LLP

Peter Buckler (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
Leeds

2nd April 2015

Income statement

for the year ended 30 June 2014

		Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
	Notes		Restated
Revenue	3	157,891	106,931
Cost of sales		(115,397)	(78,146)
Gross profit		42,494	28,785
Distribution expenses		(11,361)	(7,497)
Administrative expenses		(6,492)	(5,844)
Operating profit	4	24,641	15,444
Financial income	8	262	51
Financial expenses	8	(14)	(1)
Net finance profit		248	50
Profit before taxation		24,889	15,494
Tax	9	(4,557)	(3,704)
Profit for the year		20,332	11,790

The Company began trading in late October 2012 and as such the results presented here for the comparative period ended 30 June 2013 only represent 36 weeks' trade.

Statement of other comprehensive income

for the year ended 30 June 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company of £20,332,000 in the year ended 30 June 2014.

Balance sheet

at 30 June 2014

		2014 £000	2013 £000
	Notes		Restated
Assets: non-current assets			
Property, plant and equipment	13	29,017	25,198
Intangible assets	14	163,680	164,471
		<u>192,697</u>	<u>189,669</u>
Current assets			
Inventories	12	16,653	17,819
Trade and other receivables	10	57,163	43,297
Cash and cash equivalents		6,001	5,882
		<u>79,817</u>	<u>66,998</u>
Liabilities: current liabilities			
Trade and other payables	11	(32,000)	(34,734)
Tax payable	9	(2,237)	(3,484)
		<u>(34,237)</u>	<u>(38,218)</u>
Net current assets		45,580	28,780
Total assets less current liabilities		238,277	218,449
Liabilities: amounts falling due after more than one year			
Other payables	11	(190,000)	(190,000)
Deferred tax payable	9	(6,155)	(6,659)
		<u>(196,155)</u>	<u>(196,659)</u>
Net assets		<u>42,122</u>	<u>21,790</u>
Equity attributable to equity holders of the parent			
Share capital	17	10,000	10,000
Retained earnings	18	32,122	11,790
Total equity		<u>42,122</u>	<u>21,790</u>

These financial statements were approved by the Board of Directors on 1 April 2015 and were signed on its behalf by:



Jeremy Hudson
Director

Statement of changes in equity

for the year ended 30 June 2014

	<i>Note</i>	<i>Share capital £000</i>	<i>Accumulat ed profits £000</i>	<i>Total equity £000</i>
At 1 July 2012		-	-	-
Total comprehensive income for the year		-	12,686	12,686
Share issue		10,000	-	10,000
Retrospective restatement of prior period error	2	-	(896)	(896)
Restated at 30 June 2013		<u>10,000</u>	<u>11,790</u>	<u>21,790</u>
Total comprehensive income for the year	18	-	20,332	20,332
At 30 June 2014		<u>10,000</u>	<u>32,122</u>	<u>42,122</u>

Notes to the financial statements

at 30 June 2014

1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of Histon Sweet Spreads Limited ("the Company") for the year ended 30 June 2014 were authorised for issue by the board of directors on 1 April 2015 and the balance sheet was signed on the board's behalf by J Hudson. Histon Sweet Spreads Limited is a private limited Company incorporated and domiciled in England and Wales.

The Company's financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) unless otherwise stated.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

Histon Sweet Spreads Limited ("the Company") is a company incorporated and domiciled in England and Wales.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2014.

The Company has early-adopted FRS101 which is due to be effective for accounting periods on or after 1 January 2015.

The Company has taken advantage of the following disclosure exemptions under FRS101:

- a) The requirements of paragraphs 62, B64(d), B64l, B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of *IFRS 3 Business Combinations*
- b) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of *IAS 1 Presentation of Financial Statements*;
- c) the requirements of *IAS 7 Statement of Cash Flows*;
- d) the requirements of paragraphs 30 and 31 of *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*;
- e) the requirements of paragraph 17 of *IAS 24 Related Party Disclosures*;
- f) the requirements in *IAS 24 Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

2.2 Changes in accounting policy and disclosures

New and amended standards and interpretations adopted by the Company

The following new and amended IFRS and IFRIC interpretations are mandatory as of 1 January 2013 unless otherwise stated and the impact is described below.

There are no other changes to IFRS effective in 2014 which have a material impact on the Company.

IFRS 13 Fair Value Measurement

IFRS 13 does not affect when fair value is used, but rather describes how to measure fair value where fair value is required or permitted by IFRS. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13. The adoption of IFRS13 did not have any impact on the financial position or performance of the Company.

IAS 19 Employee Benefits (Revised)

The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The more significant changes include the following:

- For defined benefit plans, the ability to defer the recognition of actuarial gains and losses (i.e. the corridor approach) has been removed.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements.
- Termination benefits will be recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 Liabilities.
- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employees entitlement to the benefits.

There was no impact on the Company from the adoption of IAS 19 (Revised).

IAS 1 (Amendment)

The amendment to IAS 1 requires companies to disclose other comprehensive income which cannot be reclassified to profit and loss separately from other comprehensive income that can be reclassified to profit and loss. There was no impact on the Company from the adoption of the amendment to IAS1.

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

Operating lease commitments

The Company has entered into commercial property leases as lessor on its investment property portfolio and as a lessee it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Development costs

Development costs are capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 30 June 2014, the carrying amount of capitalised development costs was nil.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

Bad debt, override and stock provisioning

The Company maintains on-going provisions for bad debts and for override discounts. The amounts are estimated based on management experience, the current economic climate and, for the latter, customer agreements.

The Company also maintains a stock provision which is calculated based on a percentage of gross sales. The percentage employed is assessed by reference to previous stock write-offs.

2.4 Significant accounting policies

a) Foreign currency translation

The Company's financial statements are presented in sterling, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non amortisation of goodwill in the Companies Act. The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful economic life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

The estimated useful lives of the intangibles assets are as follows:

Trade names	–	indefinite
Branded customer relationships	–	25 years
Private label customer relationships	–	15 years

(c) Research and development costs

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

(d) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Land and buildings are recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of the revaluation.

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold buildings and improvements	–	10-31 years
Plant and equipment	–	5-15 years
Fixtures and fittings	–	3-7 years
Leasehold improvements	–	3-10 years

e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets 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, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

f) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

i) Leases

Company as a lessee

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

g) Financial Instruments

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan notes, quoted and unquoted financial instruments, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. The losses arising from impairment are recognised in the income statement in other operating expenses.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

h) Fair values

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 14.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and consumables - purchase cost on a first-in, first-out basis

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal costs.

j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, depending on the arrangement with individual customers, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

k) Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

l) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, where the time value of money is material, they are measured at amortised cost using the effective interest method.

m) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

n) Exceptional items

The Company presents as exceptional items those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

o) Revenue recognition

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

Sale of goods

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.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Notes to the financial statements

at 30 June 2014

2. Accounting policies (continued)

Prior year adjustment

During the year ended 30 June 2014, the directors established that there was a material error in the prior year financial statements. Management and other services provided to Histon Sweet Spreads Limited by Daniels Chilled Foods Limited, a company under common control, were undercharged by £1,456,000. This has reduced profit before tax in the prior period to £15,494,000 and reduced the amount due from other group undertakings in trade and other receivables to £5,452,000.

This has been retrospectively restated in the comparative information shown in these financial statements.

In addition, a deferred tax liability on intangible assets that should have been recognised was not recognised in the prior year financial statements. The effect of this restatement has been to increase intangible assets by £5,290,000, increase deferred tax payable by £5,072,000 and increase profit after tax by £218,000 for the year ended 30 June 2013.

3. Turnover

Turnover recognised in the income statement is all generated from the sale of goods. No revenue was generated from exchanges of goods or services (2013: £nil). There was no deferred revenue.

	Year ended 30 June 2014 £000	Period ended 30 June 2013 £000
Sale of goods – UK	147,051	102,154
Sale of goods – EU	10,580	3,769
Sales of goods – rest of world	260	1,008
Total revenue	<u>157,891</u>	<u>106,931</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	Year ended 30 June 2014 £000	Period ended 30 June 2013 £000
Depreciation of property plant and equipment	1,805	1,093
Cost of stocks recognised as an expense (included in cost of sales)	97,403	69,029
Including:		
• write-down of stocks to net realisable value	45	194
Net foreign currency exchange differences	113	405
Operating lease payments	1,381	625
Research and development expensed as incurred	434	1

Notes to the financial statements

at 30 June 2014

5. Auditor's remuneration

Auditors' remuneration has been borne by another Company, related by virtue of being under common ownership.

6. Exceptional items

Recognised in arriving at operating profit from continuing operations:

	2014 £000	2013 £000
Reorganisation costs	1,176	741

During the year, the Company incurred costs of £1,176k (2013: £741k) in respect of reorganisation costs following the acquisition of the trade and assets of the business from its previous owner. Since these costs relate to transforming the business they are not directly related to current operations and are therefore disclosed as exceptional items..

7. Staff costs

a) Staff costs

	2014 £000	2013 £000
Wages and salaries	9,258	5,794
Social security costs	961	580
Contributions to defined contribution plans	288	163
	<u>10,507</u>	<u>6,537</u>

All pension costs are in respect of defined contribution schemes.

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

	2014 No.	2013 No.
Hourly production	360	354
Sales	17	19
Management and administration	37	43
	<u>414</u>	<u>416</u>

Notes to the financial statements

at 30 June 2014

7. Staff costs (continued)

b) Directors' remuneration

	2014	2013
	£000	£000
Directors' remuneration	-	-

The UK directors of the Company were paid by Daniels Chilled Foods Limited, which is a sister company of Histon Sweet Spreads Limited. The directors received total remuneration for the year of £554,000 (2013 - £526,000), including Company pension contributions money purchase pension plans of £37,000 (2013 - £40,000). The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and the services as directors of the holding and fellow subsidiary companies.

The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest paid director was £352,000 (2013: £323,000), and Company pension contributions of £28,000 (2013: £31,000) were made to a money purchase scheme on his behalf.

The US directors were remunerated by the ultimate Parent Company, The Hain Celestial Group, Inc. They consider that, as their qualifying services provided to Histon Sweet Spreads Limited were negligible, none of their remuneration should be attributed to the Company.

8. Interest receivable and payable

	2014	2013
	£000	£000
Interest receivable from group companies	262	51
	<u>262</u>	<u>51</u>
	2014	2013
	£000	£000
Bank interest payable	-	1
Other interest payable	14	-
	<u>14</u>	<u>1</u>

Notes to the financial statements

at 30 June 2014

9. Taxation

(a) Tax charge in the income statement

	2014 £000	2013 £000
		<i>Restated</i>
Current income tax:		
UK corporation tax	5,061	3,484
Current income tax expense	<u>5,061</u>	<u>3,484</u>
Deferred tax:		
Origination and reversal of temporary differences	389	220
Adjustments in respect of prior periods	22	-
Effect of tax rate change on opening balances	(915)	-
Deferred tax expense	<u>(504)</u>	<u>220</u>
Total tax expense in the income statement	<u>4,557</u>	<u>3,704</u>

(b) Reconciliation of the total tax charge

The tax charge in the income statement for the period differs from the standard rate of corporation tax in the UK of 22.5% (2013: 23.6%). The differences are reconciled below:

	2014 £000	2013 £000
		<i>Restated</i>
Profit from continuing operations before taxation	24,889	15,494
Tax using the UK corporation tax rate of 22.5% (2013 – 23.6%)	5,600	3,657
Expenses not deductible for tax purposes	3	46
Prior year adjustments	(131)	-
Impact of rate change	<u>(915)</u>	<u>1</u>
Total tax expense reported in the income statement	<u>4,557</u>	<u>3,704</u>

Notes to the financial statements

at 30 June 2014

9. Taxation (continued)

(c) Change in Corporation Tax rate

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 3 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at 30 June 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

(d) Deferred tax

The deferred tax included in the Company balance sheet is as follows:

	2014 £000	2013 £000
		<i>Restated</i>
Deferred tax liability		
Accelerated capital allowances	1,798	1,483
Intangible assets	4,357	5,176
	<u>6,155</u>	<u>6,659</u>

	2014 £000	2013 £000
		<i>Restated</i>
Deferred tax in the income statement		
Accelerated capital allowances	315	334
Intangible assets	(819)	(114)
Deferred tax (credit)/expense	<u>(504)</u>	<u>220</u>

Notes to the financial statements

at 30 June 2014

10. Trade and other receivables

	2014 £000	2013 £000
		<i>Restated</i>
Current:		
Trade receivables	32,847	29,774
Trade and other receivables due from related parties	18,407	5,452
Prepayments	925	1,715
Other receivables	4,984	6,356
	<u>57,163</u>	<u>43,297</u>

Credit quality of financial assets

The ageing of trade receivables at the balance sheet date was:

	2014 £000	2013 £000
Current	12,164	23,118
0-30 days	13,260	5,272
31-60 days	3,768	226
61-90 days	1,159	482
More than 90 days	2,496	676
	<u>32,847</u>	<u>29,774</u>

11. Trade and other payables

	2014 £000	2013 £000
Current liabilities:		
Trade payables	22,633	23,007
Trade and other payables due to related parties	1,743	505
Other payables	7,624	11,222
	<u>32,000</u>	<u>34,734</u>
Non-current liabilities:		
Other payables due to related parties	190,000	190,000
	<u>190,000</u>	<u>190,000</u>

Trade payables are non-interest bearing and are settled on terms agreed with the supplier, generally between 30 days and 45 days net. Other payables are non-interest bearing.

Notes to the financial statements

at 30 June 2014

12. Inventories

	2014	2013
	£000	£000
Raw materials and consumables	4,320	4,154
Work in progress	97	338
Finished goods and goods for resale	12,236	13,327
	<u>16,653</u>	<u>17,819</u>

13. Property, plant and equipment

	<i>Freehold land and buildings</i> £000	<i>Plant and equipment</i> £000	<i>Fixtures and fittings</i> £000	<i>Total</i> £000
Cost or valuation:				
At 30 June 2013	8,250	16,065	1,976	26,291
Additions	24	3,293	2,373	5,690
At 30 June 2014	<u>8,274</u>	<u>19,358</u>	<u>4,349</u>	<u>31,981</u>
Depreciation:				
At 30 June 2013	64	1,029	–	1,093
Provided	100	1,698	73	1,871
At 30 June 2014	<u>164</u>	<u>2,727</u>	<u>73</u>	<u>2,964</u>
Net book value:				
At 30 June 2014	<u>8,110</u>	<u>16,631</u>	<u>4,276</u>	<u>29,017</u>
At 30 June 2013	<u>8,186</u>	<u>15,036</u>	<u>1,976</u>	<u>25,198</u>

Notes to the financial statements

at 30 June 2014

14. Intangible assets

	<i>Trade names</i> £000	<i>Customer relationships</i> £000	<i>Goodwill</i> £000	<i>Total</i> £000
Cost				
At 1 June 2012	-	-	-	-
Additions	53,800	23,000	83,327	160,127
Retrospective restatement of prior period error	-	-	5,290	5,290
At 30 June 2013	53,800	23,000	88,617	165,417
Additions	-	-	628	628
At 30 June 2014	53,800	23,000	89,245	166,045
Amortisation				
At 1 June 2012	-	-	-	-
Amortisation during the year	-	946	-	946
At 30 June 2013	-	946	-	946
Amortisation during the year	-	1,419	-	1,419
At 30 June 2014	-	2,365	-	2,365
Net book value				
At 30 June 2014	53,800	20,635	89,245	163,680
At 30 June 2013	53,800	22,054	88,617	164,471

Goodwill acquired through the business combination has been allocated to the grocery cash-generating unit, which is the lowest level within the Company at which goodwill is monitored for internal management purposes.

Grocery cash-generating unit

The recoverable amount of the grocery unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the board covering a five-year period.

The discount rate applied to cash flow projections is 11.5% and cash flows beyond the 5-year budget are extrapolated using a 4% long-term growth rate.

	2014 £000	2013 £000
<i>Carrying value</i>		
		<i>Restated</i>
Goodwill on grocery business	89,245	88,617
Intangible assets with indefinite useful lives	53,800	53,800

Notes to the financial statements

at 30 June 2014

14. Intangible assets (continued)

Key assumptions used in value in use calculations

The calculation of value in use for the grocery units is most sensitive to the following assumptions:

- Gross margin;
- Discount rates;
- Raw materials price inflation;
- Market share during the budget period; and
- Long-term growth rate used to extrapolate cash flows beyond the budget period.

Gross margins are based on management's estimates, which include consideration of the average values achieved in the three years preceding the start of the budget period. These margins are increased over the five year budget period for anticipated efficiency improvements. Operating income as a percentage of net sales is projected to increase during the five year budget period. .

Discount rates reflect management's estimate of the weighted average cost of capital (WACC) required in the business. This is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals. The WACC is estimated based on, among other things, current quoted interest rates, equity premiums and Company specific factors.

Raw materials price inflation estimates are obtained from published indices for the countries from which materials are sourced. Forecast figures are used if data is publicly available (principally for the UK and US).

Market share assumptions are important because, as well as using industry data for growth rates (as noted below) management assess how the unit's relative position to its competitors might change over the budget period. Management expects the Group's share of the grocery market to be stable over the budget period.

Long-term growth rate estimates are based on published industry research, which include estimates of inflation and long-term growth.

Notes to the financial statements

at 30 June 2014

14. Financial instruments

An explanation of the Company's financial instrument risk management objectives, policies and strategies are set out in the directors' report on page 2.

Interest rate risk

As at 30 June 2014, the Company did not have any exposure to interest-bearing loans and borrowings.

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Sterling against the US dollar and Euro exchange rates with all other variables held constant, of the Company's profit before tax (due to foreign exchange translation of monetary assets and liabilities and fair value movements on forward currency contracts) and the Company's equity (due to changes in the fair value of forward currency hedges).

	Change in Sterling vs. dollar/ Euro rate	Effect on profit before tax £000	Effect on equity £000	
2014				
US dollar/Sterling	+10%	(9)	—	
	-10%	11	—	
Euro/Sterling	+10%	—	—	
	-10%	—	—	
Canadian dollar/Sterling	+10%	—	—	
	-10%	—	—	
2013				
US dollar/Sterling	+10%	(9)	—	+10%
	-10%	9	—	+10%
Euro/Sterling	+10%	(250)	—	
	-10%	250	—	
Canadian dollar/Sterling	+10%	(2)	—	

Credit risk

There are no significant concentrations of credit risk within the Company unless otherwise disclosed. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

The Company has established procedures to minimise the risk of default by trade debtors including detailed credit checks undertaken before a customer is accepted. Historically, these procedures have proved effective in minimising the level of impaired and past due debtors.

Notes to the financial statements

at 30 June 2014

16. Financial instruments (continued)

Liquidity risk

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2014 and 2013 based on contractual undiscounted payments. In the table below interest rates on variable rate loans have been based on a forward curve.

Year ended 30 June 2014

	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Non-derivative financial liabilities:						
Trade and other payables	-	30,257	1,743	190,000	-	222,000
	-	30,257	1,743	190,000	-	222,000

Year ended 30 June 2013

	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Non-derivative financial liabilities:						
Trade and other payables	-	34,646	88	190,000	-	224,734
	-	34,646	88	190,000	-	224,734

In the year ended 30 June 2014 there were no derivative financial liabilities.

Fair values of financial instruments

Trade and other receivables

The directors believe that the fair value of trade and other receivables approximates to their carrying value. The present value of future cash flows are not discounted as the effect is not material.

Trade and other payables

The directors believe that the fair value of trade and other payables approximates to their carrying value. The present value of future cash flows are not discounted as the effect is not material.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements.

Notes to the financial statements

at 30 June 2014

16. Financial instruments (continued)

	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Financial assets				
Cash and cash equivalents	6,001	6,001	5,882	5,882
Trade and other receivables	57,163	57,163	43,297	43,297
Total financial assets	63,164	63,164	49,179	49,179
Financial liabilities				
Amortised cost				
Secured bank loans	-	-	-	-
Trade and other payables	(222,000)	(222,000)	(224,734)	(224,734)
Total financial liabilities measured at amortised cost	(222,000)	(222,000)	(224,734)	(224,734)
Total financial liabilities	(222,000)	(222,000)	(224,734)	(224,734)
Total financial instruments	(158,836)	(158,836)	(175,555)	(175,555)

Notes to the financial statements

at 30 June 2014

17. Authorised and issued share capital

	2014 shares	2014 £	2013 shares	2013 £
<i>Authorised</i>				
Ordinary shares of £1 each	10,000,001	10,000,001	10,000,001	10,000,001
	<u>10,000,001</u>	<u>10,000,001</u>	<u>10,000,001</u>	<u>10,000,001</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	10,000,001	10,000,001	10,000,001	10,000,001
	<u>10,000,001</u>	<u>10,000,001</u>	<u>10,000,001</u>	<u>10,000,001</u>

All of the ordinary shares are non-redeemable and entitle holders to full rights in respect of voting and participating in income and capital distributions.

18. Reserves

	Share capital £000	Retained earnings £000	Total equity £000
At 1 July 2012	-	-	-
Total comprehensive income	-	12,686	12,686
Retrospective restatement of prior period error	-	(896)	(896)
Share allotment	10,000	-	10,000
Restated at 30 June 2013	<u>10,000</u>	<u>11,790</u>	<u>21,790</u>
At 1 July 2013	10,000	11,790	21,790
Total comprehensive income	-	20,332	20,332
Share allotment	-	-	-
At 30 June 2014	<u>10,000</u>	<u>32,122</u>	<u>42,122</u>

Notes to the financial statements

at 30 June 2014

19. Operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2014 £000	2013 £000
Less than one year	706	586
Between one and five years	677	1,112
Over five years	13	27
	<u>1,396</u>	<u>1,725</u>

During the year £1,381,000 was recognised as an operating lease expense in the income statement (period ended 30 June 2013 – £625,000).

20. Capital commitments

As at 30 June 2014 there were no commitments to acquire property, plant and equipment (30 June 2013 – none).

21. Directors' loans and other related party transactions

There were no loans to the directors that were required to be disclosed.

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

22. Ultimate parent undertaking and controlling party

As at 30 June 2014 the immediate and ultimate parent undertaking was The Hain Celestial Group, Inc., a Company registered in the USA. The Company's results are included in those group accounts which are publicly available.