

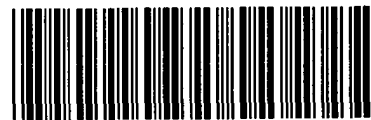
Registered number: 01300295

MARIGOLD HEALTH FOODS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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MARIGOLD HEALTH FOODS LIMITED

COMPANY INFORMATION

Directors	P J Tobin P M Langsam O T Aluko
Company secretary	O T Aluko
Registered number	01300295
Registered office	Unit 2 550 White Hart Lane London N17 7BF
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 25 Moorgate London EC2R 6AY
Bankers	HSBC London W1U 6AX

MARIGOLD HEALTH FOODS LIMITED

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MARIGOLD HEALTH FOODS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Principal activity

The principal activity of the Company during the year continues to be that of the wholesale of vegetarian and vegan foods, drinks, nutritional supplements, toiletries and other animal-free products.

Business review

Marigold Health Foods is a wholesaler and distributor of 5,000 lines of pre-packaged natural and organic food. Half our turnover is refrigerated items.

From our warehouse in Tottenham we run a fleet of 20 chilled vehicles which service an area of within 60 miles of central London. We have a strong reputation for innovation and being the first to market with new products in the independent sector. We also sell our own brand of stock powders and nutritional yeast flakes to all the big Supermarket chains.

We have a very diverse customer base of 600, but our 3 biggest customers are London based independent chains. We have seen our turnover grow by in the region of £2.4 million (6.4%). Our gross profit is slightly up on last year but the market is growing more competitive and margins will continue to be under pressure.

This year has seen our workforce increase by over 3% but our commitment to starting all our employees at the London living Wage has seen our wage bill rise by over 11%.

More of our customers are using our B to B web-shop and we continue to invest in technological solutions. We have increased our cold room capacity by 40% and also extended our Mezzanine floors. We are investing in both these areas to ensure we continue to drive value to our customers and to support our planned growth.

Principal risks and uncertainties

Brexit continues to be the greatest source of uncertainty. The large unknown is the effect of Brexit and the realignment of currency values. We import a large volume of perishables from Europe and therefore the uncertainty of this vote could impact key areas of judgement and estimation. Rising prices due to tariffs, the falling value of the pound along with possible delays at customs for short life products could present significant challenges in our "just in time" marketplace. There can be no stock-piling here. We hope to do all we can to keep our imported goods affordable and explore new potential export markets to limit the overall impact. We are making all the preparations that we can according to government guidelines but there is still a dearth of information available.

We are currently undergoing a 5 year rent review which is likely to result in a significant increase our outgoings due to the absence of supply in a rising London commercial property market.

Transport costs are also on the rise due to the new London Ultra Low Emission Zone (ULEZ) charges.

Financial key performance indicators

Sales turnover increased to £39,684k from £37,284k in the last year.

Our gross profit margins have increased during the year and our profit before tax is a up from £974k to £1,328k.

Our cash holding is increased and more than adequate for any normal contingencies.

Financial risk management


Details of the Company's financial instruments and its policies with regard to financial risk management are given in note 17 to the financial statements.

MARIGOLD HEALTH FOODS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

This report was approved by the board and signed on its behalf.

P J Tobin
Director



Date:

11/09/2019

MARIGOLD HEALTH FOODS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,070,720 (2018: £788,726).

The directors declared and received an interim dividend of £119,035 (2018: £119,035) during the year.

Directors

The directors who served during the year were:

P J Tobin
P M Langsam
O T Aluko

Future developments

We are expecting new listings of our own label brand in a couple of major supermarket chains.

Two of our largest customers are opening new branches in London and there may be more on the horizon. We also continue to find new customers at a very healthy rate, often by word of mouth and reputation.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Post Balance Sheet events

We are currently engaged in a rent review with our landlords, an accrual has been included within these accounts in relation to the rent review impacting the current year. The capital commitments note (note 23), also includes an estimate of the expected future cash flows.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

MARIGOLD HEALTH FOODS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

This report was approved by the board and signed on its behalf.

P J Tobin
Director

Date:

Pat J Tobin
11/09/2019

MARIGOLD HEALTH FOODS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARIGOLD HEALTH FOODS LIMITED

Opinion

We have audited the financial statements of Marigold Health Foods Limited (the Company) for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARIGOLD HEALTH FOODS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARIGOLD HEALTH FOODS LIMITED
(CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Nexia Smith & Williamson

Chetan Mistry (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants

Statutory Auditor

25 Moorgate

London

EC2R 6AY

Date: 20/09/2019

MARIGOLD HEALTH FOODS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	39,684,390	37,284,586
Cost of sales		(32,262,037)	(30,758,471)
Gross profit		7,422,353	6,526,115
Distribution costs		(2,667,849)	(2,504,846)
Administrative expenses		(3,591,118)	(3,238,213)
Other operating income	5	150,434	176,135
Operating profit	6	1,313,820	959,191
Interest receivable and similar income		13,913	15,025
Profit before tax		1,327,733	974,216
Tax on profit	10	(257,013)	(185,490)
Profit for the financial year		1,070,720	788,726

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 13 to 28 form part of these financial statements.

MARIGOLD HEALTH FOODS LIMITED
REGISTERED NUMBER:01300295

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	988,081	904,631
		<u>988,081</u>	<u>904,631</u>
Current assets			
Stocks	13	2,045,488	1,699,443
Debtors: amounts falling due after more than one year	14	152,953	181,017
Debtors: amounts falling due within one year	14	4,210,630	4,550,053
Cash at bank and in hand	15	4,159,351	2,727,578
		<u>10,568,422</u>	<u>9,158,091</u>
Creditors: amounts falling due within one year	16	(4,467,740)	(3,935,890)
Net current assets		<u>6,100,682</u>	<u>5,222,201</u>
Total assets less current liabilities		<u>7,088,763</u>	<u>6,126,832</u>
Provisions for liabilities			
Deferred tax	18	(101,641)	(91,395)
		<u>(101,641)</u>	<u>(91,395)</u>
Net assets		<u><u>6,987,122</u></u>	<u><u>6,035,437</u></u>
Capital and reserves			
Called up share capital	19	1,876	1,876
Capital redemption reserve	20	1,876	1,876
Share option reserve	20	77,747	77,747
Profit and loss account	20	6,905,623	5,953,938
		<u><u>6,987,122</u></u>	<u><u>6,035,437</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

P J Tobin
Director

Pat T

11 9 2019

The notes on pages 13 to 28 form part of these financial statements.

MARIGOLD HEALTH FOODS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Capital redemption reserve	Share option reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2017	1,876	1,876	77,747	5,284,247	5,365,746
Comprehensive income for the year					
Profit for the year	-	-	-	788,726	788,726
Total comprehensive income for the year	-	-	-	788,726	788,726
Transactions with owners:					
Dividends: Equity capital	-	-	-	(119,035)	(119,035)
At 1 April 2018	1,876	1,876	77,747	5,953,938	6,035,437
Comprehensive income for the year					
Profit for the year	-	-	-	1,070,720	1,070,720
Total comprehensive income for the year	-	-	-	1,070,720	1,070,720
Transactions with owners:					
Dividends: Equity capital	-	-	-	(119,035)	(119,035)
At 31 March 2019	1,876	1,876	77,747	6,905,623	6,987,122

MARIGOLD HEALTH FOODS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	1,070,720	788,726
Adjustments for:		
Depreciation of tangible assets	134,542	137,237
Loss on disposal of tangible assets	-	9,400
Interest received	(13,913)	(15,025)
Taxation charge	257,013	185,490
Increase in stocks	(346,045)	(15,935)
Decrease/(increase) in debtors	367,487	(668,939)
Increase in creditors	470,486	613,343
Corporation tax paid	(185,403)	(206,692)
Net cash generated from operating activities	<u>1,754,887</u>	<u>827,605</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(217,992)	(112,186)
Interest received	13,913	-
Net cash from investing activities	<u>(204,079)</u>	<u>(112,186)</u>
Cash flows from financing activities		
Dividends paid	(119,035)	(119,035)
Net cash used in financing activities	<u>(119,035)</u>	<u>(119,035)</u>
Net increase in cash and cash equivalents	<u>1,431,773</u>	<u>596,384</u>
Cash and cash equivalents at beginning of year	<u>2,727,578</u>	<u>2,131,194</u>
Cash and cash equivalents at the end of year	<u><u>4,159,351</u></u>	<u><u>2,727,578</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>4,159,351</u>	<u>2,727,578</u>
	<u><u>4,159,351</u></u>	<u><u>2,727,578</u></u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Marigold Health Foods Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The registered office address and registered number can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, "the Financial Reporting Standard applicable in the UK and the Republic of Ireland" and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have made an assessment in preparing these financial statements as to whether the Company is a going concern and have concluded that there are no material uncertainties that may cast doubt on the Company's ability to continue as a going concern.

2.3 Revenue

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 as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- Over the term of the lease
Motor vehicles	- Over 3 years
Fixtures & fittings	- Over 3 - 20 years
Improvements to leasehold	- Over the term of the lease from when asset is in use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.9 Share based payments

The Company has applied the requirements of FRS102 Section 26 'Share Based Payments'.

The Company issues equity-settled share-based payments to certain employees. Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period.

Fair value is measured by use of the Black Scholes pricing model. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behaviour considerations.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.11 Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charge to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Balance Sheet.

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Interest Income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.14 Taxation

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

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Balance Sheet date and the reported amounts of revenues and expenses during the reporting period.

Bad debt provisions

A trade debtors balance of £3,949,847 (2018: £4,175,160) is recorded in the Company's Balance Sheet. A full line by line review of trade debtors is carried out on a regular basis. Whilst every attempt is made to ensure that the debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Stock provisions

A stock balance of £2,045,488 (2018: £1,669,443) is recorded in the Company's Balance Sheet. Stocktakes are carried out on a regular basis, with provisions being made for damaged, slow moving or obsolete goods. Management ensure provisions are as accurate as possible, however, there remains a risk that the provision does not match the actual stock write off for damaged, slow moving or obsolete goods.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company being a wholesaler of vegetarian and vegan goods, drinks nutritional supplements, toiletries and other animal free products.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	39,002,944	36,634,659
Republic of Ireland	361,859	313,520
Other European Union	195,527	227,088
Rest of the world	124,060	109,319
	<u>39,684,390</u>	<u>37,284,586</u>

5. Other operating income

	2019 £	2018 £
Advertisement income	138,434	164,135
Rents receivable	12,000	12,000
	<u>150,434</u>	<u>176,135</u>

MARIGOLD HEALTH FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	134,542	137,237
Exchange losses/(gains)	6,506	(16,854)
Other operating lease rentals	538,357	436,167
Defined contribution pension cost	146,590	100,856
Stock impairment	216,853	137,738
	<u>1,042,848</u>	<u>805,144</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	23,300	21,350
	<u>23,300</u>	<u>21,350</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	2,757,362	2,477,226
Social security costs	987,251	889,776
Cost of defined contribution scheme	146,590	100,856
	<u>3,891,203</u>	<u>3,467,858</u>

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

	2019 No.	2018 No.
Distribution and warehouse staff	91	87
Finance and administrative staff	23	25
Sales staff	11	9
	<u>125</u>	<u>121</u>

MARIGOLD HEALTH FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	209,299	195,647
Company contributions to defined benefit contribution pension schemes	8,678	9,896
	<u>217,977</u>	<u>205,543</u>

During the year retirement benefits were accruing to 2 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £96,839 (2018 - £89,931).

During the year, two directors were granted a total interim dividends of £106,345 (2018: £106,345).

Key management are those persons who have authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the directors, the Company's key management includes the director and members of senior management. The compensation paid or payable to key management for employee services relates to salaries and other short-term benefits including pension contributions of £243,373 (2018: £229,163).

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	248,811	187,444
Adjustments in respect of previous periods	(2,044)	-
	<u>246,767</u>	<u>187,444</u>
Total current tax	<u>246,767</u>	<u>187,444</u>
Deferred tax		
Origination and reversal of timing differences	10,246	(1,954)
Total deferred tax	<u>10,246</u>	<u>(1,954)</u>
Taxation on profit on ordinary activities	<u>257,013</u>	<u>185,490</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	1,327,733	974,216
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	252,269	185,101
Effects of:		
Expenses not deductible for tax purposes	219	284
Capital allowances for year in excess of depreciation	7,780	8,064
Adjustment to opening deferred tax to average rate	10,752	10,981
Adjustments to tax charge in respect of prior periods	(2,049)	-
Adjustment in research and development tax credit leading to a (decrease) in the tax charge	-	(8,188)
Adjust closing deferred tax to average rate of 19%	(11,958)	(10,752)
Total tax charge for the year	257,013	185,490

Factors that may affect future tax charges

The UK government has announced future changes to the corporation tax rate. These changes will result in a decrease in the standard rate of corporation tax to 19% from April 2017 to 31 March 2020 and 17% from 1 April 2020. The Finance (No.2) Bill which provides for the rates became substantively enacted on 15 September 2016 and in accordance with applicable accounting standards deferred tax has been calculated using the rate of 17%.

11. Dividends

	2019 £	2018 £
Interim dividends paid	119,035	119,035
	119,035	119,035

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Tangible fixed assets

	L/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 April 2018	1,073,858	5,875	333,982	1,413,715
Additions	205,368	-	12,624	217,992
Disposals	-	-	(9,641)	(9,641)
At 31 March 2019	1,279,226	5,875	336,965	1,622,066
Depreciation				
At 1 April 2018	282,135	5,222	221,727	509,084
Charge for the year	82,472	653	51,417	134,542
Disposals	-	-	(9,641)	(9,641)
At 31 March 2019	364,607	5,875	263,503	633,985
Net book value				
At 31 March 2019	914,619	-	73,462	988,081
At 31 March 2018	791,723	653	112,255	904,631

13. Stocks

	2019 £	2018 £
Finished goods and goods for resale	2,045,488	1,699,443
	<u>2,045,488</u>	<u>1,699,443</u>

Stock recognised in cost of sales during the period as an expense was £32,262,037 (2018: £30,758,471).

MARIGOLD HEALTH FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	152,953	181,017
	<u>152,953</u>	<u>181,017</u>
Due within one year		
Trade debtors	3,949,847	4,175,160
Other debtors	101,724	169,717
Prepayments and accrued income	159,059	205,176
	<u>4,210,630</u>	<u>4,550,053</u>

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	4,159,351	2,727,578
	<u>4,159,351</u>	<u>2,727,578</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	3,795,471	3,425,116
Corporation tax	248,811	187,447
Other taxation and social security	73,972	73,064
Other creditors	162,349	183,240
Accruals and deferred income	187,137	67,023
	<u>4,467,740</u>	<u>3,935,890</u>

MARIGOLD HEALTH FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17. Financial instruments

Financial assets		
Cash at bank and in hand	2019	2018
4,159,351	£	£
2,727,578		
4,189,805		
4,525,894		
8,349,156		
7,253,472		
Financial liabilities		
Financial liabilities measured at amortised cost	2019	2018
(4,144,957)	£	£
(3,675,378)		

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income. Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

The Company's financial instruments comprise cash and cash equivalents and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Company's operations.

The Company's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency exchange rate risk. Given the size of the Company, the directors have not delegated to responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Credit risk

The Company's credit risk is primarily attributable to its trade debtors. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The Company actively maintains short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Company monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The Company's financial liabilities (none of which are derivative financial liabilities) comprise trade creditors and other creditors which are measured at amortised cost. The trade creditors are all payable within one year.

Interest rate risk

The Company has interest bearing assets comprising of other debtors which earn interest at a fixed rate and cash and cash equivalents which earn interest at a variable rate. The Company has a policy of maintaining debt at fixed rates to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

MARIGOLD HEALTH FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

18. Deferred taxation

	2019 £	2018 £
At beginning of year	(91,395)	(93,349)
Released to profit or loss	(10,246)	1,954
At end of year	(101,641)	(91,395)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	(101,647)	(91,395)
Short term timing differences	6	-
	(101,641)	(91,395)

19. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,576 B Ordinary shares of £1.00 each	1,576	1,576
200 C Ordinary shares of £1.00 each	200	200
100 D Ordinary shares of £1.00 each	100	100
	1,876	1,876

Each share is entitled to one vote in any circumstances and they all carry equal rights.

MARIGOLD HEALTH FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Reserves**Capital redemption reserve**

This reserve is a statutory non-distributable reserve which amounts have been transferred into following the purchase back of the Company's own shares.

Profit & loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

Share option reserve

Share option reserve relates to the accumulated cost of share option agreements to the Company.

21. Share based payments

The Company operates equity settled share-based payment schemes.

All options are granted over ordinary shares and have a 10-year exercise life and are exercisable at employees discretion.

The fair value of awards granted under the scheme is estimated on the date of grant using the Black Scholes valuation model. If the options remain unexercised after a period of up to 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before the options are exercised.

	Weighted average exercise price (pence) 2019	Number 2019	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year	887	256	887	256
Outstanding at the end of the year	887	256	887	256

MARIGOLD HEALTH FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

21. Share based payments (continued)

	2019 Black Scholes	2018 Black Scholes
Option pricing model used		
Weighted average share price (pence)	887	887
Exercise price (pence)	887	887
Weighted average contractual life (years)	10	10
Expected volatility	25	25
Expected dividend growth rate	0	0
Risk-free interest rate	1	1

The total value of the option was recognised in the year ended 31 March 2017 as the options can be exercised at the employees' discretion.

22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £86,273 (2018: £72,957). No contributions were outstanding to the fund at the reporting date.

23. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	746,707	485,881
Later than 1 year and not later than 5 years	2,137,892	1,569,350
Later than 5 years	-	68,663
	<u>2,884,599</u>	<u>2,123,894</u>

MARIGOLD HEALTH FOODS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

24. Related party transactions

Transactions with Directors

Included in other creditors at the year end are amounts due to two directors of £42,305 and £3,535 (2018: £44,305 and £3,190). The loans are interest free, unsecured and repayable on demand.

Included in other debtors at the year end are amounts due from a director of £6,177 (2018: £13,133). The loan is unsecured, repayable on demand and interest is charge at HMRC official rate of interest.

During the year, dividends of £100,000 and £6,345 (2018: £100,000 and £6,345) were paid to two directors of the Company.

Transactions with commonly owned entities

At the year end the outstanding balance owed by a company controlled by a director of Marigold Health Foods Limited was £195,070 (2018: £226,770). £56,000 (2018: £72,000) included with debtors due within one year and £139,070 (2018: £154,770) included within debtors due after one year. The loan attracts interest at 5%, is unsecured and repayable monthly, with the final monthly repayment being on 1 March 2021. During the year, repayments of £42,000 (2018: £36,000) were made.

Marigold Health Foods Limited is owed £4,009 (2018: £1,065) by the same company, included in trade debtors at the year end. Sales of £47,425 (2018: £19,790) and purchases of £464,037 (2018: £360,578) were made during the year.

25. Post balance sheet events

We are currently engaged in a rent review with our landlords, an accrual has been included within these accounts in relation to the rent review impacting the current year. The capital commitments note (note 23) also includes an estimate of the expected future cash flows.

26. Controlling party

The ultimate controlling party is P Tobin.