

**ANNUAL  
REPORT & ACCOUNTS  
2014**

## ANNUAL REPORT 2014

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## FINANCIAL CALENDAR 2015

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Announcement of preliminary results	6 March 2015
Annual Report posted to shareholders	31 March 2015
Annual General Meeting	6 May 2015
Announcement of interim results	10 September 2015

# CORPORATE PROFILE

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## Background

*Norish plc* is a leading warehousing company dedicated to serving the food manufacturing, distribution and retailing sectors. Norish was founded in 1975 and became a public company in 1986. Its shares are listed on the Alternative Investment Market of the London Stock Exchange.

Norish mainly operates strategically located temperature controlled storage centres, each of which provides storage, freezing, picking, order assembly services to food companies engaged in processing, wholesaling and retailing.

On 5 October 2012 the Group acquired the entire issued share capital of Townview Foods Limited, a commodity trading company based in Newry, Northern Ireland. It procures supplies of raw and cooked beef, mutton, lamb, pork and poultry products from around the world in order to supply major food manufacturing and wholesale companies across the UK, including Northern Ireland. The Group agreed to pay an aggregate consideration of up to £8.25m subject also to the possible payment of an extra amount by reference to excess profits in 2013 and 2014. Following re-assessment by the Board of the amount of contingent consideration to be paid, aggregate consideration is now estimated to be £1.015m.

## Group Operations

*Norman Hatcliff – Managing Director* - [norman.hatcliff@norish.com](mailto:norman.hatcliff@norish.com)

Northern Industrial Estate  
Bury St Edmunds  
Suffolk IP32 6NL  
Tel: 01293 862498  
Mob: 07879 447427

## Locations and Segments

### North West

- Brierley Hill, West Midlands (Cold store)
- Wrexham, Clwyd (Cold store)

### South East

- Bury St. Edmunds, Suffolk (Cold store)
- Braintree, Essex (Cold store)
- Lympne, Kent (Cold store)
- Gillingham, Kent (Cold store)

## Commodity Trading

- Newry (Townview Foods Limited offices)
- Dublin (Foro International Connections Limited offices)

## Discontinued Operations

- Leeds, Yorkshire (Cold store) - discontinued
- Shipton by Beningbrough, York (Ambient warehouse) – discontinued

## FINANCIAL HIGHLIGHTS

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	<b>2014</b> <b>£'000</b>	2013 £'000
Revenue - Continuing operations	23,645	22,811
Operating profit-continuing	1,132	910
Profit before tax-continuing	762	763
Basic earnings per share - continuing	4.0p	8.4p
Dividend paid per share		
- interim for current year	Nil	Nil
- final for previous year	1.50c	1.25c
	<hr/>	<hr/>
	1.50c	1.25c
<b>Capital employed</b>	<b>£'000</b>	<b>£'000</b>
Shareholders' funds	10,370	8,282
Net borrowings	7,016	7,758
	<hr/>	<hr/>
	17,386	16,040
	<hr/> <hr/>	<hr/> <hr/>
Gearing – excluding goodwill (see Note 1 below)	87%	130%

### Note 1

The above gearing figures are expressed as net borrowings (total borrowings less cash) divided by net assets (excluding goodwill).

# CHAIRMAN'S STATEMENT

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I am pleased to present the Annual Report of Norish Plc for 2014.

## Financial Highlights

- Total Revenue up 3.5% to £23.6m (2013 : £22.8m).
- Revenue from Commodity trading up 3.5% to £11.8m (2013 : £11.4m).
- Revenue from our continuing temperature controlled business increased up 4.5% to £11.7m (2013 : £11.2m ).
- Gross profit up 50% to £1.6m (2013 : £1.07m).
- Net assets up 25% to £10.4m (2013 : £8.3m).
- Net debt decreased by 10% to £7.0m (2013 : £7.8m).
- Dividend per share up 20% to 1.5 ¢cent (2013 : 1.25 ¢cent).

## Operational Highlights

- Group raised £2.1 million (gross) through a Placing and Open Offer in May 2014
- Group agreed a bank term loan of £1.5 million.
- Birmingham site acquired in May 2014 for £2.4m, eliminating rental and landlord costs of £400,000 per annum.
- Blast Freezing facility investment of £665,000, eliminating £165,000 annual rental costs.

## Operations

### North West Division

The North West cold store division which comprises of the freehold sites at Wrexham and Birmingham performed well against last year. The increase of pork exports to China was a significant factor in the improved performance. During the year we purchased the Birmingham Cold Store for £2.4m gross and invested in Blast Freezing Facilities of £0.7m. This was financed by an equity raising of £2.1m and a Bank term loan of £1.5m. This investment has helped improve the performance of the division.

### South East Division

The South East Cold Stores, which comprises of the sites at Bury St. Edmunds (freehold), Braintree (leasehold), Gillingham (leasehold) and East Kent (leasehold) performed on par with 2013.

Across our two temperature controlled divisions the number of pallets into our stores decreased by 10%, blast freezing volumes increased 21% and our closing customer stocks increased 5%.

### Commodity Trading

Our commodity trading division which consists of Townview Foods Limited and Foro International Connections Limited contributed £0.4m for the year. This is similar to the 2013 performance but includes start up costs of £0.1m incurred in setting up the new trading division in the Republic of Ireland.

Townview Foods trades in protein products mainly Beef, Pork and Lamb. During 2014 the sales of Lamb products increased reducing the reliance on Beef and Pork.

Foro International Connections Limited commenced trading in Fish Products.

## CHAIRMAN'S STATEMENT (*CONTINUED*)

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### Discontinued

During the year the group sold the York ambient site for £1.55m net of fees. This site was not part of the future plans for the business. As part of our strategy to exit the ambient business, the warehouse at Leeds is being marketed for sale. We expect this property to sell in 2015. Losses in respect of these properties are included in discontinued activities of £0.3m, which include an impairment of £0.2m in respect of the York site. The Leeds property is classed as an asset held for sale.

### **Financial Review**

The Group has shown a strong improvement in financial performance in 2014 with increased gross profits from continuing operations of £1.6m (2013: £1.1m). Shareholders funds at 31 December 2014 were up to £10.4m (2013: £8.3m ). Net debt at 31 December 2014 was £7m compared to £7.8m at 31 December 2013.

### **Dividend**

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on the 23 October 2015 to those shareholders on the register on the 25 September 2015. It will bring the total dividend in respect of the financial year to 1.50 €cent per share which is a 20% increase on last year.

### **Personnel**

On behalf of the board, I would like to thank the management team and staff for their commitment and contribution in 2014.



**Ted O'Neill**  
**Chairman**  
**4 March 2015**

## FINANCIAL REVIEW

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The significantly improved financial performance in 2014 was a result of increased sales and capital investment in the purchase of the Freehold Cold Store at Birmingham and the investment in blast freezing facilities.

### Sales

Total Group revenue increased by 3.5% to £23.6m (2013: £22.8m). Temperature controlled revenues increased by 4.5% to £11.7m (2013: £11.2m). Revenues were up mainly as a result of an increase of 21% in blast freezing volumes. Revenues in the commodity division increased by 3.5% to £11.8m (2013: £11.4m). This was a result of additional lamb sales.

### Gross profit

Gross profit increased by 50% to £1.6m (2013: £1.07m). This resulted from the improved sales performance and the purchase of the Cold Store at Birmingham together with the investment in blast freezing facilities. The investment in blast freezing facilities has allowed us eliminate £0.165m in annual rental costs.

### Operating profit

Operating profit increased to £1.1m (2013: £0.9m). Adjusting for the other income included in 2013 of £0.3m, this performance is a significant improvement year on year. The other income in 2013 included a net non cash credit of £315,000 which was made up of an adjustment on the deferred consideration in respect of the purchase of Townview Foods of £737,000 and a write off on the R22 derivative option of £422,000. R22 is a refrigeration gas and during 2013 we held an option in excess of our own use requirement to purchase this product. At 31 December 2013 the fair value of this option was Nil and Under IAS39 we accounted for the fair value loss.

### Finance expense (net)

Finance expense increased to £0.37m (2013: £0.15m). This was impacted by the non cash movement in the valuation of the swap instruments of £0.2m. A swap is used by the Group to protect itself against interest rate rises. As a swap is classed as a financial instrument it is required to be valued and accounted for at each reporting date.

### Taxation

Deferred tax charge increased to £0.1m (2013: £0.2m credit). The credit in 2013 arose mainly as a result of the write off on the R22 option and the movement in the swap valuation.

### Loss from discontinued operations

As part of the Group's strategy to exit the ambient sector we recorded a loss of £0.3m (2013: £0.9m). The loss for 2014 includes an impairment of £0.2m in respect of the property at York. In 2013 the loss includes an impairment of £0.7m for the properties at York and Leeds.

## **FINANCIAL REVIEW (CONTINUED)**

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### **Earnings per share**

The basic earnings per share fell to 4p (2013: 8.4p). The reduction was impacted by other income in 2013 of £0.3m, the non cash movements in swaps of £0.2m and a deferred tax credit of £0.2m. This would account for 4.5p per share. Additional shares of 5,945,573 were issued in May 2014.

### **Capital**

During the year we invested £3.6m (2013: £0.3m) which was mainly made up of £2.4m in respect of the purchase of the cold store at Birmingham and £0.7m invested in blast freezing facilities. We disposed of our property at York for £1.5m and impaired the asset by £0.2m which is included in discontinued operations. The proceeds were used to reduce our term loan facilities by £1.2m.

### **Cash Position**

This reduced by 10% to £7m (2013: £7.8m). Operating activities generated £1.2m (2013: £0.5m) and financing activities generated £1.2m (2013: £Nil). A net investment in assets was made of £2m (2013: £0.4m).

### **Dividend**

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on the 23 October 2015 to those shareholders on the register on the 25 September 2015. It will bring the total dividend in respect of the financial year to 1.50 €cent per share which is a 20% increase on last year.

### **Treasury policy and management**

The treasury function, which is managed centrally, handles all Group funding, debt, cash, working capital and foreign exchange exposures. Group treasury policy concentrates on the minimisation of risk in all of the above areas and is overseen and approved by the Board. Speculative positions are not taken.

### **Financial risk management**

The Group's financial instruments comprise borrowings, cash, derivatives, and various items, such as trade receivables, trade payables etc, that arise directly from its operations. The main purpose of the financial instruments not arising directly from operations is to raise finance for the Group's operations.

The Group may enter into derivative transactions such as interest rate swaps, caps or forward foreign currency transactions in order to minimise its risks. The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk and, liquidity risk. The Group's policies for managing each of these risks are summarised below.



## **FINANCIAL REVIEW (CONTINUED)**

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### **Interest rate risk**

The Group finances its operations through a mixture of retained profits, bank and other borrowings at both fixed and floating rates of interest, and working capital. The Group determines the level of borrowings at fixed rates of interest having regard to current market rates and future trends. At the year-end, £5.417m term loans of which £2.2m are at floating base rate plus a bank margin of 1.2%, £1.1m are at floating base rate plus a bank margin of 1.75%, £0.667m are floating at bank base rate plus a bank margin of 2.75% and £1.45m are floating at bank base rate plus a margin of 3%. The Group holds interest rate swaps on £3m at 1.45% against Bank of England base rate which expires in August 2016 and £3m at 1.03% against Bank of England base rate which expires in June 2017.

### **Liquidity risk**

The Group's policy is that, in order to ensure continuity of funding, a significant portion of its borrowings should mature in more than one year. At the year-end, 69% of the Group's borrowings were due to mature in more than one year. The Group achieves short-term flexibility by means of invoice finance and overdraft facilities.

### **Goodwill**

The net book value of goodwill at 31 December 2014 was £2.3m (31 December 2013: £2.3m).

In 2012, the Group recognised contingent consideration of £1,588,000 in connection with the acquisition of Townview Foods Limited. Contingent consideration was initially valued using the acquisition business case. Subsequently, budgets and forecasts have been prepared as part of the Group's financial planning activities which in turn have allowed the estimated amount of contingent consideration that the Group will need to pay to be recalculated. Actual performance to date has been below that initially forecast and the events underpinning this will continue to have an impact on the performance of the acquired business. Consequently, the Board estimated the amount of contingent consideration still to be paid at 31 December 2013 to be £754,000. This re-assessment of the fair value of contingent consideration resulted in a credit of £737,000 to the Consolidated Statement of Comprehensive Income in 2013. There was no movement in the Board's assessment of the fair value of the contingent consideration in 2014 other than a payment on account and the unwinding of interest.



**Aidan Hughes**  
**Finance Director**  
**4 March 2015**

## SHAREHOLDERS INFORMATION

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### Shareholder analysis at 4 March 2015

Number of shares	Number of accounts	Percentage of accounts	Number of shares (000)	Percentage of shares
1 – 1,000	115	43.2	49	0.3
1,001 – 10,000	81	30.3	331	1.9
10,001 – 100,000	38	14.2	1,117	6.5
Over 100,000	33	12.3	15,609	91.3
<b>Total</b>	<b>267</b>	<b>100</b>	<b>17,106</b>	<b>100.0</b>

### Share price data (€)

	High	Low	31 December
Year ended 31 December 2014	46.5p (€0.58)	33.5p (€0.42)	35p (€0.45)
Year ended 31 December 2013	61p (€0.72)	33.75p (€0.39)	39.5p (€0.47)

The market capitalisation of Norish plc at 31 December 2014 was £6.0m (€7.7m) compared with £4.4m (€5.2m) at 31 December 2013, and £6.0m (€8.3m) at 4 March 2015.

### Investor relations

Investor enquiries should be addressed to Aidan Hughes, Company Secretary, at:

- Norish plc, Northern Industrial Estate, Bury St Edmunds, Suffolk, IP32 6NL
- Email: [aidan.hughes@norish.com](mailto:aidan.hughes@norish.com)

### Registrars

Administrative enquiries relating to the holding of Norish shares should be directed to the Company's Registrars whose address is:

- Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA.
- Telephone: +44 (0121) 585 1131

## **SHAREHOLDERS INFORMATION *(CONTINUED)***

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### **Amalgamation of accounts**

Shareholders who have multiple accounts in their name and who receive duplicate mailings should contact the Company's Registrars in order to have these accounts amalgamated.

### **Dividends**

Dividends when payable to shareholders will be paid net of withholding tax, which is currently 20%. Provided certain administrative procedures are adhered to, a withholding tax exemption will apply to certain classes of shareholder.

Individuals who are tax resident in Ireland are not entitled to a withholding tax exemption.

### **CREST**

Norish participates in the CREST share settlement scheme. Shareholders may continue to hold paper share certificates or they may hold their shares electronically.

### **Annual General Meeting**

The Annual General Meeting will be held at the premises 13 Ash Road South, Wrexham Industrial Estate, Wrexham, Wales, LL13 9UG on Wednesday 6 May 2015 at 3pm.

## BOARD OF DIRECTORS

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### Executive Directors

#### *Executive Chairman*

*Ted O'Neill* (63) was appointed to the board and became Chairman in 2003. He is an investor in a number of other companies based in Ireland.

#### *Managing Director*

*Norman Hatcliff* (60) joined the group in January 2000 as Operations Director of the Temperature Controlled Division and was appointed Managing Director in September 2006. He has been a member of the board since August 2004. He has extensive experience in the temperature controlled storage industry, initially with Tempco Severnside and subsequently with Exel Logistics. He joined TDG plc in 1990, and was Operations and Commercial Director of TDG Novacold from 1996 to 1999.

#### *Finance Director & Company Secretary*

*Aidan Hughes* (50) joined Norish as Group Accountant in 1996 and was appointed Finance Director in September 2006. He has carried out the role of Company Secretary since 2004. He is a Chartered Accountant and has previous experience in the travel industry.

### Non-Executive Directors

*Torgeir Mantor* (58) was appointed to the board in 1993. He is Chairman of Norse Group, USA and VisionMonitor Software LLC, both in Houston, Texas, and is a director of Tore B. Mantor AS and ProPac AS, both in Norway.

*Willie McCarter* (67) was appointed to the board in 2004, and was subsequently appointed as the Senior Independent Non-Executive Director. He was a director of Cooley Distillery plc up to January 2012 and was formerly Chief Executive of Fruit Of The Loom International, Chairman of the International Fund for Ireland and the Enterprise Equity Venture Capital Group.

*Seán Savage* (68) was appointed to the board in 2012 and has previous experience in the food industry, having started his career in 1970 with Cadbury plc, where he worked as a plant manager and supervisor across a number of Cadbury's Irish plants. He was general manager of Manor Farm Chickens from 1985 to 1994, before establishing Eatwell UK in 1995. He sold the company to Goodman Group in 2003 and remained with the company until 2004. In 2005, Seán established Deasuin Teoranta, a food and environmental investment consultancy practice, which has undertaken projects on behalf of Enterprise Ireland amongst others.

## CORPORATE INFORMATION

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### **Directors**

Ted O'Neill - Executive Chairman  
Norman Hatcliff (British) – Managing Director  
Aidan Hughes – Finance Director  
Torgeir Mantor (Norwegian) \*  
Willie McCarter \*  
Seán Savage\*  
\* *non-executive*

### **Solicitors**

Mason Hayes & Curran  
South Bank House  
Barrow St  
Dublin 4

Burges Salmon LLP  
One Glass Wharf  
Bristol, BS2 0ZX

### **Company Secretary**

Aidan Hughes

### **Audit Committee**

Torgeir Mantor  
Willie McCarter

### **Nomad and Brokers**

Davy  
Davy House  
49 Dawson Street  
Dublin 2

### **Remuneration Committee**

Torgeir Mantor  
Willie McCarter

### **Bankers**

HSBC Bank plc  
Bank of Ireland plc

### **Nomination Committee**

Consists of all Directors

### **Auditor**

Grant Thornton  
Chartered Accountants  
24-26 City Quay  
Dublin 2

### **Registered Office**

6<sup>th</sup> Floor  
South Bank House  
Barrow St  
Dublin 4

### **Operational Head Office**

Northern Industrial Estate  
Bury St Edmunds  
Suffolk  
IP32 6NL

### **Registrars**

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
West Midlands  
B63 3DA

### **Domicile**

Republic of Ireland

### **Company Registration**

Registered in Ireland under  
Registration number - 51842

## DIRECTORS' REPORT

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The Directors present their Annual Report together with the audited financial statements of the Group for the year ended 31 December 2014.

### Principal Activities and Review of Business

Norish plc is a provider of temperature controlled, ambient storage, commodity trading and related services to the food industry in the United Kingdom.

Townview Foods Limited is a commodity trading company based in Newry, Northern Ireland. It procures supplies of raw and cooked beef, mutton, lamb, pork and poultry products from around the world in order to supply major food manufacturing and wholesale companies across the UK, including Northern Ireland. The Group agreed to pay an aggregate consideration of up to £8.25m. In 2013 and 2014, the Group paid £344,000 in deferred consideration and following a re-assessment of the amount that the Group estimated that it would need to pay the vendor, the aggregate remaining deferred consideration was valued at 31 December 2013 at £754,000. Based on performance during 2014, no further adjustment is considered necessary at 31 December 2014.

Townview Foods Limited, the main component of our commodity division, which we purchased in October 2012 contributed £501,000 (2013: £420,000). The improved performance was mainly as a result of improved margins. In addition, the Group established a new subsidiary undertaking, Foro International Connections Limited, which forms part of the commodity trading division delivering product sourcing and supply solutions. Since incorporation in June 2014 the company has delivered a loss £88,000 which mainly relates to start up costs.

Our North West cold store business performed well against last year. This has come about mainly as a result of some of our customers increasing their sales to China.

Our South West cold store business was below 2013 levels. It suffered mainly from the loss of a major customer at the Bury St Edmunds site.

Details of the Group's subsidiary undertakings are set out in Note 30 to the financial statements.

Further commentaries on the Group's development and performance, including the principal risks and uncertainties facing the business, are contained in the Chairman's Statement and the Financial Review on pages 3 to 7.

### Dividends

The board recommends the payment of a final dividend of 1.50 €cent per share. This will be paid on the 23 October 2015 to those shareholders on the register on the 25 September 2015. It will bring the total dividend in respect of the financial year to 1.50 €cent per share compared with 1.25 €cent per share last year.

### Post Balance Sheet Events

No significant events have taken place since the year-end that would result in adjustment to the financial statements or the inclusion of a note thereto.

## **DIRECTORS' REPORT (CONTINUED)**

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### **Transactions with Related Parties**

Consultancy services totalling £1,000 (2013: £1,000) were provided by a relative of a director during the year. There was £Nil outstanding as at 31 December 2014 (2013: £nil).

### **Creditor payment policy**

It is the company's policy to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions.

The average supplier payment terms for 2014 for the Group was 37 days (2013: 40 days). This was calculated by taking the year end creditors listing as a percentage of the total supplies and services invoiced during the year, multiplied by 365 days.

### **Key risks and uncertainties**

Please refer to the Financial Review on pages 5 – 7 to understand the key financial risks facing the company and management's approach to same.

In respect of operational risks our largest customer accounts for 12.8% (2013 – 11.6%) of the Group's turnover from continuing operations. However, the directors are satisfied that this business could be replaced if it was ever lost.

In the event of there being a power supply failure at one of our storage sites, the majority of the operations in our storage business will come to a standstill. Refrigeration plant, lights, computer and telephone systems will not operate. Contingencies in place include alternative site operation for computer systems, portable power generation for systems and lighting, commitment by power network operators to supply emergency power generation.

In the event of a food related health concern in respect of key products bought and sold by Townview Foods Limited, there could be a significant decrease in customer demand. To mitigate against this, a range of products are bought and sold so as not to unnecessarily concentrate risk into one particular food group.

The majority of our commercial arrangements are non contractual. As a result, there is a risk that customers could terminate agreements to either use Norish facilities or buy Norish goods without giving notice, thus placing revenue streams at risk. To mitigate against this, regular review meetings are held with all major customers in order to determine trends and changes in customer's requirements.

### **Key performance indicators**

For our continuing operations, the number of pallets into our sites decreased by 10% to 364,044, blast freezing volumes increased by 21% to 95,862 pallets and closing customer stocks at the year end increased by 5% to 51,827 pallets. Our average energy price per unit decreased by 3% in 2014 and the number of units consumed increased by 7% due mainly to the additional blast freezing volumes.

## DIRECTORS' REPORT (CONTINUED)

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### Directors

The Board currently comprises the Executive Chairman, Managing Director, Finance Director and three non-executive Directors. Under the criteria adopted by the Committee on Corporate Governance, Torgeir Mantor and Sean Savage would not be perceived to be independent due to their interests in the Company's shares. None of the non-executive Directors are involved in the day-to-day management of the Group.

The names of the Group's Directors at 31 December 2014 together with brief biographical notes are set out on page 10.

In accordance with Article 87 of the Company's Articles of Association, Mr Ted O'Neill, Mr Torgeir Mantor and Mr Willie McCarter retire by rotation, and being eligible, offers themselves for re-election. In accordance with Article 94 of the Company's Articles of Association, Mr Norman Hatcliff retires, and being eligible, offers himself for re-election.

The Executive Chairman, Managing Director and Finance Director have service contracts with the Group company's that are terminable by either party giving 12 months' notice. None of the non-executive Directors have service contracts.

All directors have third party indemnity insurance in place.

### Interests of Directors and Secretary

There were no contracts or arrangements during the year in which a Director of the Company was materially interested and which were significant in relation to the Group's business.

The interests, all of which are beneficial, of the Directors and the Secretary who held office at 31 December 2014 (including their respective family interests) in the share capital of Norish plc were as follows:

	31 December 2014 Ordinary Shares	31 December 2013 Ordinary Shares
Ted O'Neill	2,860,000	2,838,353
Norman Hatcliff	56,870	54,027
Aidan Hughes	207,500	207,500
Torgeir Mantor *	12,600	12,600
Willie McCarter	-	-
Seán Savage	893,333	893,333

\* *Torgeir Mantor is a director of T. B. Mantor AS, which also holds 1,243,027 (2013: 1,243,027) shares and is owned by the Mantor family. Torgeir Mantor is also a director and shareholder of Vestergyllen AS, which holds 24,152 shares (2013: 24,168).*



## **DIRECTORS' REPORT**

## DIRECTORS' REPORT (CONTINUED)

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### Substantial shareholdings

At 4 March 2015 the Company had been advised of the following shareholdings in excess of 3% of its issued share capital:

	Number of shares	Percentage held
Ted O'Neill	2,860,000	16.72
Miton Group plc	2,428,571	14.20
John Teeling	1,364,465	7.98
T.B. Mantor AS	1,243,027	7.27
Tom Cunningham	1,096,797	6.41
Seán Savage	893,333	5.22
Leslie McCauley	570,460	3.33

Apart from these holdings, the Company has not been notified of any other interest of 3% or more in its issued share capital.

### Subsidiary companies

The statutory information required by sub-sections (4) and (5) of Section 158 of the Companies Act, 1963 is presented in Note 30 to the financial statements.

### Executive share option scheme

The percentage of share capital that can be issued under the scheme and the individual grant limits comply with the published guidelines of the Irish Association of Investment Managers.

The aggregate nominal value of shares issued under the scheme may not exceed 10% of the nominal value of the issued ordinary share capital. Between 1989 and 2011 the Company issued a total of 1,252,237 ordinary options. In 2014 the Company issued no share options.

To date 46,000 options have been exercised and 956,237 options have expired. At 31 December 2014 options were outstanding over 250,000 ordinary shares.

## **DIRECTORS' REPORT (*CONTINUED*)**

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### **Group website**

Our website, [www.norish.com](http://www.norish.com), provides our customers, shareholders and the general public with useful information on the Group's facilities and services, together with key financial data, company announcements etc.

### **Personnel development**

The Group is committed to ensuring that its employees are capable of achieving the highest standards in their employment by providing training at all levels for current and future business needs. Emphasis is placed on training in key areas such as computer skills, safe driving of vehicles and the proper utilisation of materials handling equipment. The Group seeks to ensure that all employees receive up-to-date information on current business events and developments pertaining to their own work place.

### **Disabled employees**

The policy of Norish plc is to offer the same opportunities to disabled people as to all employees in respect of recruitment, promotion and career development depending on their skills and abilities. Employees who become disabled will, wherever possible, be rehabilitated, retrained and redeployed if necessary.

### **Electoral Act, 1997**

The Group did not make any political contributions during the year.

### **Environmental policies**

The Group continues to implement improved working practices with a view to minimising harmful environmental impacts. It is committed to maintaining its efforts in the area of energy conservation by way of improving the insulation within the cold store sites and replacing refrigeration doors with modern highly efficient refrigeration doors. It has also replaced one of its larger sites, West Midlands in 2012, with a new highly efficient ammonia refrigeration system which will significantly reduce the power consumption at the site.

### **Country of Incorporation**

Norish plc was incorporated and is domiciled in the Republic of Ireland under company number 51842.

### **Significant Customers**

During 2014, £3.025m or 12.8% (2013: £2.657m or 11.6%) of the Group's revenues from continued operations depended on a single customer in the cold storage segment.

## **DIRECTORS' REPORT (CONTINUED)**

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### **Corporate governance**

The Directors are committed to the UK Corporate Governance Code (2012).

### **Principles of good corporate governance**

The Directors are accountable to the shareholders for good corporate governance and the following voluntary statement describes how the relevant principles of good governance set out in the 2012 UK Corporate Governance Code in Norish plc.

### **Board of Directors**

The Board of Directors comprises an Executive Chairman, Managing Director and Finance Director and three Non-Executive Directors. On appointment all non-executive directors receive comprehensive briefing documents on the Group and its operations, and further appropriate briefings are provided to non-executive directors on an ongoing basis. Willie McCarter is the Senior Independent Non-Executive Director.

It is the practice of the Group that the Board comprises at least two non-executive Directors.

Due to the small size of the board, all Directors are members of the Nomination Committee.

The Board takes the major strategic decisions and retains full effective control while allowing operating management sufficient flexibility to run the business efficiently and effectively within a centralised reporting framework.

Torgeir Mantor or Sean Savage would not be considered to be independent due to their interests in the Company's shares. However, it is the opinion of the Board that the Non-Executive Directors are independent of management and have no business or other relationship which could interfere materially with the exercise of their judgement.

The Board delegates to committees, which have specific terms of reference and which are reviewed periodically, the responsibility in relation to audit and senior executive remuneration issues. Minutes of these committees are supplied to all Directors for information and to provide the Board with an opportunity to have its views taken into account.

The Board has a regular schedule of meetings together with further meetings when required. In addition, there is a formal schedule of matters reserved specifically to the Board for its decision, including the approval of the annual financial statements, budgets, significant contracts, significant capital expenditure and senior management appointments.

The Non-Executive Directors meet with the Executive Chairman separately during the year to discuss the business and strategy.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Group's professional advisors are available for consultation by the Board as required. Individual Directors may take independent professional advice, if necessary, at the Group's expense.

The Executive Chairman holds regular business review meetings with Senior Management.

## DIRECTORS' REPORT (CONTINUED)

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### Attendance

The Board meets regularly and details of attendances by individual Directors at meetings of the Board and its Committees during the year ended 31 December 2014 are as follows:

*Table of attendance*

	<b>Board</b>	<b>Remuneration</b>	<b>Audit</b>
<b>Meetings held</b>	<b>5</b>	<b>1</b>	<b>1</b>
<b><i>Meetings Attended:</i></b>			
Ted O'Neill	<b>5</b>	<b>N/A</b>	<b>N/A</b>
Norman Hatcliff	<b>5</b>	<b>N/A</b>	<b>N/A</b>
Aidan Hughes	<b>5</b>	<b>N/A</b>	<b>N/A</b>
Torgeir Mantor	<b>5</b>	<b>1</b>	<b>1</b>
Willie McCarter	<b>5</b>	<b>1</b>	<b>1</b>
Seán Savage	<b>5</b>	<b>N/A</b>	<b>N/A</b>

No nomination meetings were held during the year.

### Directors' Remuneration

The remuneration of Directors and senior management is determined by the Remuneration Committee consisting of 2 of the non-executive Directors whose names are listed on page 10. The Remuneration Committee is chaired by Mr Willie McCarter. This committee also recommends the granting of share options to Executive Directors and senior management. In considering and agreeing salaries and benefits as well as performance related incentives the Committee aims to ensure that remuneration packages are competitive and that individuals are fairly rewarded relative to their responsibilities, experience and value to the Group. The committee takes advice where appropriate from external professional advisors in assessing salary levels and determining its remuneration policy and practice.

Norish plc's remuneration policies and procedures meet with the Best Practice Provisions of the Irish Stock Exchange's requirements on Directors' remuneration. In particular the Company has applied all of the relevant principles set out in UK Corporate Governance Code (2012). In designing schemes of performance-related remuneration, the Remuneration Committee has given full consideration to the provisions in UK Corporate Governance Code (2012).

Details of the interests of Directors and Secretary in shares and options are set out earlier in this Report and details of Directors' remuneration are given in Note 28 to the financial statements.

### Relations with Shareholders

Recognising the importance of communications with shareholders the Board seeks to provide through its Annual Report a clear and balanced assessment of Group performance and prospects. The Group's Internet website, [www.norish.com](http://www.norish.com), provides investors with the full text of the Annual and Interim Reports. The Chairman and Directors maintain an ongoing dialogue with the Company's institutional shareholders on strategic issues. All shareholders are encouraged to attend the Annual General Meeting.

## **DIRECTORS' REPORT (CONTINUED)**

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### **Internal control**

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that an ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been put in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the board and accords with the 2012 UK Corporate Governance Code.

The Board has reviewed the effectiveness of the system of internal control. In particular it has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

The Group's overall internal control system includes:

- an organisation structure with clearly defined lines of authority and accountability;
- appropriate terms of reference for Board committees with clearly stated responsibilities;
- a budgeting and monthly financial reporting system for all Group business units, which enables close monitoring of performance against plan and facilitates remedial action where necessary; and
- comprehensive policies and procedures in relation to financial controls, capital expenditure, operational risk and treasury and credit risk management.

The Group's system of internal financial controls is established to provide reasonable assurance of :

- the maintenance of proper accounting records and the reliability of financial information;
- the safeguarding of assets against unauthorised use or disposal; and
- the prevention or early detection of material errors or irregularities.

The Group's internal controls, including financial controls, are reviewed systematically by the Audit Committee. In these reviews the emphasis is placed on areas of significant risk. The Finance Director is responsible for carrying out detailed risk assessments in all business units and for reporting to divisional and ultimately senior management on the effectiveness of the internal control system.

### **Annual report and accounts**

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

## **DIRECTORS' REPORT (CONTINUED)**

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### **Audit Committee and Auditors**

The Audit Committee is chaired by Willie McCarter. The other member is Torgeir Mantor. Its written terms of reference deal clearly with its authority and duties. The committee meets to review the group's annual financial statements before their submission to the Board, to review the appropriateness and effectiveness of the Group's internal controls, accounting policies and procedures and financial reporting, to assess the effectiveness of the external audit and the Group Internal Audit function and to report back to the Board how it has discharged its responsibilities.

The Group's policy regarding external auditor independence and the provision of non-audit services by the external auditors is that, where appropriate, non-audit related work is put out to competitive tender. Details of the year's fees payable to the external auditors are given in Note 9 to the financial statements.

The Directors and senior management, the Group's external auditors and internal audit, as appropriate, attend meetings of the committee.

### **Compliance statement**

Norish has complied during the year to 31 December 2014 with all provisions of the Principles of Good Governance and Code of Best Practice as contained in the 2012 UK Corporate Governance Code except for the following matters:

- The Board's Nomination Committee consists of all members of the Board. This decision was taken because of the small size of the board.
- Due to the small size of the Board, performance evaluation of the Board, its Committees and Directors has not been conducted.
- Most of the directors have a direct interest in the share capital of Norish plc as detailed on page 13. Willie McCarter is the only director who does not have any beneficial interest in the share capital.

### **Going concern**

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group as a whole has adequate resources to continue in operation for the foreseeable future.

The Group has prepared profit and cash flow forecasts that show that it will be able to trade within the current facilities. The group borrowings are underpinned by a portfolio of freehold and long leasehold properties and at the year end there were agreed, but undrawn facilities of £1.8m. The group also has the ability to raise equity funds through the London Stock Exchange (AIM) market.

The Group renegotiated bank covenants during the year and has had discussions with its bankers in advance of the annual renewal of facilities in April 2015 about its future funding requirements. The Group keeps the bank informed on a monthly basis of actual results, forecasts and covenant compliance issues and continues to have the support of the bank. The directors therefore have a reasonable expectation that the group's facilities will be renewed.

While the major part of the group's funding is provided by the group's bankers, the directors keep under review other funding opportunities.

Taking into account all of the above the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

## DIRECTORS' REPORT (*CONTINUED*)

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### **Future developments**

The Group is committed to developing the Commodity trading business together with improving the profitability of the Temperature controlled business. It plans on disposing of the Leeds property in 2015 and applying the funds to reduce debt and enhancing the capital equipment within the business.

### **Accounting records**

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at Northern Industrial Estate, Bury St Edmunds, Suffolk, IP32 6NL. The Executive Chairman maintains records in Ireland for the purposes of Section 202(6) of the Companies Act, 1990.

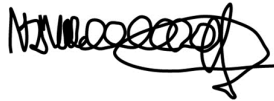
### **Auditor**

In accordance with Section 160(2) of the Companies Act 1963 the auditors, Grant Thornton, Registered Auditors, will continue in office.

On behalf of the board:



T.J. O'Neill  
*Chairman*



N.A Hatcliff  
*Managing Director*

4 March 2015



## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the parent company financial statements in accordance with Generally Accepted Accounting Practice in Ireland.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss of the group for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2013, and the Alternative Investments Market (AIM) rules. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.


The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts 1963 to 2013.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



T.J. O'Neill  
*Chairman*



N.A. Hatcliff  
*Managing Director*

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORISH PLC

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We have audited the group and parent company financial statements (the 'financial statements') of Norish plc for the year ended 31<sup>st</sup> December 2014 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation of the group financial statement is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

## **Respective responsibilities of directors and auditors**

As set out in the Statement of Directors Responsibilities, the company's directors' are responsible for the preparation of the Annual Report and the group financial statements giving a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish 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.

This report, is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act 1990 and Regulations 9 and 13 of the European communities (Directive 2006/46/EC) Regulations, 2009. 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. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Corporate Profile and Information, the Financial Highlights, the Directors' Report, the Chairman's Statement, Shareholder and Board of Directors information, the Financial Review and the Historical Financial Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **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 group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NORISH PLC (*CONTINUED*)**

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### **Opinion**

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013 and Article 4 of the IAS Regulations;
- the parent company financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the company's affairs as at 31 December 2014; and
- the parent company financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

### **Matters on which we are required to report by the Companies Acts 1963 to 2013**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the parent company.
- The parent company balance sheet is in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the parent company, as stated in the parent company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2014 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the parent company.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Companies Acts 1963 to 2013 we are required to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.



**STEPHEN MURRAY (Senior Statutory Auditor)**

**For and on behalf of**

**Grant Thornton**

**Chartered Accountants and**

**Registered Auditors**

**4 March 2015**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the year ended 31 December 2014*

	Notes	2014 £'000	2013 £'000
<b>Continuing operations</b>			
Revenue	5	23,645	22,811
Cost of sales		(22,046)	(21,744)
<b>Gross profit</b>		<b>1,599</b>	<b>1,067</b>
Other income – net	6	-	315
Administrative expenses	9	(467)	(472)
<b>Operating profit from continuing operations</b>		<b>1,132</b>	<b>910</b>
Finance income – fair value non-cash (loss)/gain swaps	8	(44)	134
Finance expenses – interest paid	8	(275)	(236)
Finance expenses – notional interest	8	(51)	(45)
<b>Profit on continuing activities before taxation</b>	9	<b>762</b>	<b>763</b>
Income taxes – Corporation tax	10	(71)	(79)
Income taxes – Deferred tax	10	(93)	183
<b>Profit for the period from continuing operations</b>		<b>598</b>	<b>867</b>
Loss from discontinued operations	32	(300)	(946)
<b>Profit /(loss) for the year</b>		<b>298</b>	<b>(79)</b>
Other comprehensive income		-	-
<b>Total comprehensive income /(expense) for the year</b>		<b>298</b>	<b>(79)</b>
Profit/(loss) for the year attributable to owners of the parent		307	(79)
Loss for the year attributable to non-controlling interest		(9)	-
Total comprehensive income/(expense) for the year attributable to owners of the parent		307	(79)
Total comprehensive expense for the year attributable to non-controlling interest		(9)	-

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*for the year ended 31 December 2014*

Notes

**2014**

2013

**Earnings per share exee**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2014

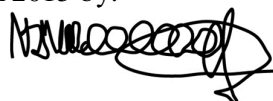
	Notes	2014 £'000	2013 £'000
<b>Assets</b>			
<b>Non current assets</b>			
Goodwill	12	2,338	2,338
Property, plant and equipment	13	15,998	12,951
		<b>18,336</b>	15,289
<b>Current assets</b>			
Trade and other receivables	15	3,812	3,560
Inventories	16	52	5
Cash and cash equivalents	25	385	49
Assets of disposal group classified as held for sale	32	700	2,434
		<b>4,949</b>	6,048
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(3,319)	(3,314)
Financial liabilities at fair value through profit or loss	17	(262)	(172)
Current tax liabilities	19	(79)	(28)
Borrowings	20	(2,316)	(2,531)
Borrowings of disposal group classified as held for sale	32	-	(1,375)
Liabilities of disposal group classified as held for sale	32	(475)	(92)
		<b>(6,451)</b>	(7,512)
<b>Net current liabilities</b>		<b>(1,502)</b>	(1,464)
<b>Non-current liabilities</b>			
Borrowings	20	(5,085)	(3,901)
Financial liabilities at fair value through profit or loss	17	(425)	(594)
Provisions	21	-	(185)
Deferred tax	22	(954)	(863)
		<b>(6,464)</b>	(5,543)
<b>Net assets</b>		<b>10,370</b>	8,282
<b>Equity</b>			
Share capital	23	3,280	2,056
Share premium account	23	4,198	3,463
Capital conversion reserve fund	24	23	23
Retained earnings		2,878	2,740
<b>Equity attributable to equity holders of the parent</b>		<b>10,379</b>	8,282
Non controlling Interest		(9)	-
<b>Total Equity</b>		<b>10,370</b>	8,282

The notes on page 31 to 75 are an integral part of these consolidated financial statements.

Approved on behalf of the board on 4 March 2015 by:



T.J. O'Neill  
Chairman



N.A. Hatcliff  
Managing Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2014*

	Share capital £'000	Share premium £'000	Capital Conversion Reserve £'000	Retained earnings £'000	Total £'000	Non- Controlling interest £'000	Total Equity £'000
<b>At 1 January 2013</b>	<b>1,841</b>	<b>3,276</b>	<b>23</b>	<b>2,927</b>	<b>8,067</b>	<b>-</b>	<b>8,067</b>
Net loss for the year	-	-	-	(79)	(79)	-	(79)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79)</b>	<b>(79)</b>	<b>-</b>	<b>(79)</b>
Issue of share capital	215	190	-	-	405	-	405
<b>Transactions with owners</b>	<b>215</b>	<b>190</b>	<b>-</b>	<b>(79)</b>	<b>326</b>	<b>-</b>	<b>326</b>
Share issue costs	-	(3)	-	-	(3)	-	(3)
Equity dividends paid (recognised directly in equity)	-	-	-	(108)	(108)	-	(108)
<b>At 31 December 2013</b>	<b>2,056</b>	<b>3,463</b>	<b>23</b>	<b>2,740</b>	<b>8,282</b>	<b>-</b>	<b>8,282</b>
Net profit for the year	-	-	-	307	307	(9)	298
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307</b>	<b>307</b>	<b>(9)</b>	<b>298</b>
Issue of share capital	1,224	856	-	-	2,080	-	2,080
<b>Transactions with owners</b>	<b>1,224</b>	<b>856</b>	<b>-</b>	<b>307</b>	<b>2,387</b>	<b>(9)</b>	<b>2,378</b>
Share issue costs	-	(121)	-	-	(121)	-	(121)
Equity dividends paid (recognised directly in equity)	-	-	-	(169)	(169)	-	(169)
<b>At 31 December 2014</b>	<b>3,280</b>	<b>4,198</b>	<b>23</b>	<b>2,878</b>	<b>10,379</b>	<b>(9)</b>	<b>10,370</b>

The notes on page 31 to 75 are an integral part of these consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

<i>for the year ended 31 December 2014</i>	Notes	2014 £'000	2013 £'000
Profit on continuing activities before taxation		762	763
Loss on discontinued activities		(300)	(946)
Finance expenses		370	281
Finance income		-	(134)
Unrealised gain on derivative financial instrument		-	422
Deferred consideration		-	(737)
Goodwill impairment		-	216
Depreciation – property, plant and equipment-net		798	1,331
		<b>1,630</b>	1,196
<b>Changes in working capital and provisions:</b>			
(Increase)/decrease in inventories		(47)	79
(Increase)/decrease in trade and other receivables		(269)	550
Increase in current liabilities held for sale		383	92
Increase/ (decrease) in payables		5	(589)
(Decrease)/increase in provisions		(185)	40
<b>Cash generated from operations</b>		<b>1,517</b>	1,368
Interest paid – bank loans and overdrafts		(275)	(236)
Taxation paid		(21)	(617)
<b>Net cash from operating activities</b>		<b>1,221</b>	515
<b>Investing activities</b>			
Payments to acquire subsidiary		-	(110)
Disposal of property, plant and equipment		1,550	41
Purchase of property, plant and equipment		(3,645)	(324)
<b>Net cash used in investing activities</b>		<b>(2,095)</b>	(393)
<b>Financing activities</b>			
Dividends paid to shareholders	26	(169)	(108)
Deferred consideration payments		(174)	(171)
Share issue proceeds		2,080	405
Share issue costs		(121)	(3)
Invoice finance (payments)/ receipts		(420)	370
Overdraft (payments)/receipts		(128)	128
Finance lease capital repayments		(112)	(51)
Finance lease advance		695	-
Term loan advance		1,500	-
Term loan repayments		(1,941)	(746)
<b>Net cash from/(used) in financing activities</b>		<b>1,210</b>	(176)
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>336</b>	(54)
Cash and cash equivalents and bank overdrafts, Beginning of period		49	103
Cash and cash equivalents end of period	25	385	49

The notes on page 31 to 75 are an integral part of these consolidated financial statements.



# NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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## **1 General information**

Norish plc is a provider of temperature controlled, ambient storage, supplies of commodity to major food manufacturing and wholesale companies and other related services to the food industry in the United Kingdom.

The company is listed on the Alternative Investments Market (“AIM”), and is incorporated and domiciled in the Republic of Ireland. The address of its registered office is Norish plc, 6th Floor, South Bank House, Barrow Street, Dublin 4, Republic of Ireland.

## **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **Basis of preparation**

The consolidated financial statements of Norish plc have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, applicable Irish law and the AIM rules.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### **Going concern**

The Directors, having made appropriate enquiries, have a reasonable expectation that the Group as a whole has adequate resources to continue in operation for the foreseeable future.

The Group has prepared profit and cashflow forecasts that show that it will be able to trade within the current facilities. The group borrowings are underpinned by a portfolio of freehold and long leasehold properties and at the year end there were agreed, but undrawn facilities of £1.8m.

The Group renegotiated bank covenants during the year and has had discussions with its bankers in advance of the annual renewal of facilities in April 2015 about its future funding requirements. The Group keeps the bank informed on a monthly basis of actual results, forecasts and covenant compliance issues and continues to have the support of the bank. The directors therefore have a reasonable expectation that the group's facilities will be renewed.

While the major part of the group's funding is provided by the group's bankers, the directors keep under review other funding opportunities.

Taking into account all of the above the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

## **NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### **(CONTINUED)**

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#### **Changes in accounting policies**

The Group has adopted the following new standards, interpretations, revision and amendments to IFRS issued by the IASB, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 January 2014:

#### **Amendments to IFRS 10 Consolidated Financial Statements (IFRS 10) and consequential amendments to IFRS 12 Disclosure of Interests in Other Entities (IFRS 12) and IAS 27 Separate Financial Standards (Revised 2011) (IAS27)**

The amendment to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries of an investment entity. The exception requires an investment entity to measure its interests in subsidiaries at fair value through profit or loss. The consequential amendments to IFRS 12 and IAS 27 introduce new disclosure requirements for investment entities.

#### **Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities**

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities.

#### **Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets**

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful economic lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal.

#### **Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting**

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change in fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

#### **IFRIC 21 Levies**

IFRIC 21 defines a levy and the timing of the recognition of a liability to pay the levy based on the identification of an obligating event triggered by an activity as identified by the relevant legislation.

## **NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### **(CONTINUED)**

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#### **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group**

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Certain standards and interpretations that have been issued but are not expected to have a material impact on the Group's consolidated financial statements include:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Accounting for acquisitions in Joint Operations
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions

Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below.

#### **IFRS 9 Financial Instruments (effective from 1 January 2018)**

The IASB have completed its project to replace IAS 39 with IFRS 9 which includes requirements for the classification and measurement of financial assets and liabilities, impairment methodology and general hedge accounting.

#### **IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2017)**

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue from customers. It will supersede a number of standards and interpretations including IAS 18, IAS 11 as well as IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31.

#### **Amendment to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)**

The amendment introduces a rebuttable assumption that revenue is not an appropriate amortisation method for intangible assets. Furthermore, it prohibits the use of revenue-based depreciation for property, plant and equipment.

#### **Annual Improvements to IFRSs: 2010 – 2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle (effective from 1 January 2015 & 1 January 2016)**

This is a collective of amendments to IFRSs resulting from issues discussed and subsequently included in Exposure Drafts published during 2012. Management have yet to assess the impact of these issues on the Group's consolidated financial statements.

Management have yet to assess the impact that these amendments are likely to have on the financial statements of the Group.

## **NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### **(CONTINUED)**

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#### **Basis of consolidation**

The Group's Consolidated Financial Statements include the results of Norish plc and its subsidiary undertakings for that period.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated using the equity method from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Where necessary, consolidation adjustments have been made to ensure that the Group accounts apply consistent accounting policies.

#### **Business combinations and goodwill**

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Goodwill represents the excess of the fair value of the purchase consideration for the subsidiary undertakings over the fair value of the identifiable assets, including any intangible assets identified, and liabilities of a subsidiary at the date of acquisition. Contingent consideration is recognised at its fair value at the acquisition date. It is both classified and subsequently measured in accordance with the Group's accounting policy for financial instruments. Transactions costs that are directly attributable to the business combination are expensed as incurred and included within Administrative Expenses.

Goodwill arising on acquisitions is capitalised and subject to impairment review at least annually, but also when there are indications that the carrying value may not be recoverable. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and is not subsequently reversed.

Prior to 1 January 1997, goodwill was written off to reserves in the year of acquisition. Goodwill after this date until the adoption of IFRS on 1 January 2006 was capitalised and amortised over its useful economic life, which was presumed to be 20 years. The Group has elected not to apply IFRS 3 "Business combinations" (as updated by IFRS 3(R)) retrospectively to business combinations that took place before 1 January 2006 and, as a result, all goodwill arising from prior business combinations has been frozen at this date. Any goodwill remaining on the consolidated statement of financial position at transition is no longer being amortised but is subject to impairment review.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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#### Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes all expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the costs provide enhancement, it is probable that future economic benefits associated from the item will flow to the Group and the cost of the enhancement can be measured reliably. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than the estimated recoverable amount. All other repair and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

With the exception of freehold land, depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal annual instalments over their estimated useful economic lives (or lease terms if shorter) which are as follows:

Freehold buildings	50 to 55 years
Leasehold buildings	35 years
Plant and equipment	3 to 10 years

Freehold land is not depreciated.

#### Impairment charges

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Impairment reviews of goodwill are carried out annually and any impairment recognised is recorded in the Consolidated Statement of Comprehensive Income.

#### Revenue recognition

Revenue, which arises principally from storage and handling income and the sale of goods, represents net sales to customers outside the Group, and excludes Value Added Tax. Income from sub-letting of warehouses is also included in revenue.

Handling revenue when invoiced relates to the receipt and eventual delivery of goods. The portion that relates to the delivery is recognised when the goods are delivered out of store. Revenue in respect of the storage is invoiced in advance and is recognised over the period that the storage is provided. Revenue from the sale of goods in the commodity trading business is recognised on an invoice basis which coincides with dispatch of goods and is the point when the Group earns its right to consideration.

Revenue from all other activities is recognised in the periods in which the services are provided.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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#### **Financial assets/liabilities and available for sale assets**

The Group classifies its financial assets/liabilities in the following categories: at fair value through profit or loss, loans and receivables, or available for sale. The classification depends on the purpose for which the financial assets/liabilities were acquired. Management determines the classification of its financial assets/liabilities at initial recognition.

An assessment of whether a financial asset is impaired is made at least at each reporting date. Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are considered for impairment on a case for case basis when they are past due at the Consolidated Statement of Financial Position date or when objective evidence is received that a specific counterparty will default.

#### **a) Financial assets/liabilities at fair value through profit or loss**

The financial assets/liabilities relate to derivatives. The Group utilises interest rate swaps to hedge against its interest rate exposure. The Group has also protected its interest in refrigerant gas by way of an option to purchase. The interest rate swaps and refrigerant gas are initially recorded at fair value and the fair value is re-measured at each consolidated statement of financial position date. Fair value is obtained from external market valuations on the basis that there is an active market for the refrigerant gas and the interest rate swaps and caps. Gains and losses arising from changes in fair value are recognised in the profit or loss in the period in which they arise. All recognised gains or losses resulting from the settlement of the interest rate swap contract are recorded within Finance Expenses in the profit or loss. All recognised gains or losses resulting from the option to purchase refrigerant gas are recorded in Other Income in profit or loss. Contingent consideration has been classified as a financial liability at fair value through profit or loss. All gains and losses resulting from changes in the fair value of contingent consideration are recognised in Other Income in profit or loss. The Group does not hedge account.

#### **b) Loans and receivables**

These are non derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after the Consolidated Statement of Financial Position date, which are classified as non-current assets. Loans and receivables are carried at amortised cost.

Purchases and sales of financial assets are recognised on the trade date (the date at which the Group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive the cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any impairment recognised are recorded in the Consolidated Statement of Comprehensive Income.

#### **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently re-measured at amortised cost, less provision for impairment. Trade receivables are first assessed individually for impairment, or collectively where the receivables are not individually significant. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are collectively assessed for impairment. Movements in the provision for impairment of trade receivables are recorded in the profit or loss.

# NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

## (CONTINUED)

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### **Taxation**

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Consolidated Statement of Financial Position date.

The Group have applied the dual recovery method of deferred tax, where deemed appropriate, with regard to properties which are expected to be disposed of in the near future. This allows the Group to calculate the basis of recovery of the depreciable amount through use, followed by the recovery of the residual value through disposal.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the profit or loss, except where they relate to items that are charged or credited directly to other comprehensive income in which case the related deferred tax is also charged or credited directly to other comprehensive income.

### **Foreign currencies**

Transactions in foreign currencies by individual entities are recorded using the rate of exchange ruling at the date of the transaction. The gains or losses on translation are included in the profit and loss. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Consolidated Statement of Financial Position date and the gains or losses on translation are included in other comprehensive income.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. The gains or losses on translation are included in the other comprehensive income.

## **NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### **(CONTINUED)**

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#### **Leased assets**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Expenditure on operating leases is charged to the profit or loss on a basis representative of the benefit derived from the asset, normally on a straight-line basis over the lease period. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are capitalised and included in property, plant and equipment at fair value. Leases of land and buildings are classified separately and are split into a land and building element in accordance with the relative fair values of the leasehold interest at the date the asset is recognised initially. Depreciation is calculated using expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. The capital elements of obligations under finance leases are recorded as liabilities. The interest element is charged to the profit or loss over the lease term to give a constant periodic rate of interest on the outstanding liability.

#### **Pension costs**

The costs of providing defined contribution pensions are charged to administrative expenses as they fall due. The scheme funds are administered by trustees and are independent of the Group's finances. Differences between the amounts charged to the profit or loss and payments made to the pension scheme are treated as prepayments or accruals, as necessary.

#### **Dividends**

Distributions to equity holders are not recognised in the profit or loss, but are disclosed as a component of the movement in shareholders' equity. Dividends unpaid at the consolidated statement of financial position date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements. Dividends are paid in Euros. Under the Twin Share Scheme Shareholders can opt to receive their dividends in Sterling if they make the appropriate election in time to the company register. The Euro amount is converted to Sterling at the official exchange rate 14 days before the payment date.

#### **Net cash and cash equivalents**

Net cash and cash equivalents in the Consolidated Statement of Financial Position and Consolidated Cash Flow Statement comprise of cash at bank and in hand and short-term deposits with an original maturity of less than three months.

#### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition.



## **NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### **(CONTINUED)**

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#### **Share based payments**

The Group issues equity-settled share-based payments to certain employees. In accordance with IFRS 2, “Share-based payments”, equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of the number of shares that will eventually vest.

The Group has applied the exemption available, and has applied the provisions of IFRS 2 only to those options granted after 7 November 2002 and which were outstanding at 1 January 2006 and all options issued since that date.

The share-based payments charge is allocated to administrative expenses on the basis of headcount.

#### **Employer’s taxes on share options**

Employer’s National Insurance in the UK and equivalent taxes in other jurisdictions are payable on the exercise of certain share options. In accordance with IFRS 2, this is treated as a cash-settled transaction. A provision is made, calculated using the fair value of the Group’s shares at the Consolidated Statement of Financial Position date, pro-rated over the vesting period of the options.

#### **Equity**

Share capital represents the nominal value of shares that have been issued.

Share Premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately with equity.

# NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

## (CONTINUED)

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### 3 Financial risk management

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, fair value refrigerant gas risk) credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses certain derivative instruments to minimise certain risk exposures.

a) Market risk

i) Foreign exchange risk

The Group has exposure to foreign exchange risk in respect of its commodity trading division. It manages this risk by mainly purchasing euros at a fixed rate forward and using this rate in establishing a selling price for its goods in order to maintain an acceptable margin.

ii) Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes to market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2014 and 2013, the Group's borrowings at variable rate were denominated in Pounds Sterling.

The Group manages its cash flow interest rate risk by using interest rate swaps and caps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swap, the Group agrees with HSBC Bank plc to exchange, at quarterly intervals, the difference between fixed contract rates and floating-rate interest amounts by reference to the agreed notional amounts.

At 31 December 2014, if interest rates had been 1% higher with all other variables held constant, post tax profit for the year would have been £13,000 lower, mainly as a result of higher interest expenses on floating rate borrowings.

At 31 December 2013, if interest rates had been 1% higher with all other variables held constant, post tax profit for the year would have been £21,000 lower, mainly as a result of higher interest expenses on floating rate borrowings.

iii) Contingent consideration market risk

The Group recognised contingent consideration of £1,588,000 in connection with the acquisition of Townview Foods Limited (see note 31). Following a re-assessment of the performance of the acquired business this was reduced to £754,000 at 31 December 2013. Based on the performance of Townview Foods Limited during 2014 and expected performance over the next three years, the directors do not consider that there has been a significant change in the value of the liability at 31 December 2014.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

The directors have valued the contingent consideration using a probability weighted discounted cash flow model. The most significant assumption is the quantum of earnings before interest and tax of Townview Foods Limited for each of the next three years. Should the expected level of earnings before interest and tax of Townview Foods Limited be 5% lower than that modelled, post tax profit for the year would be £18,000 higher (2013: £23,000 higher).

#### b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The credit risk in relation to trade receivables is reduced because, in most cases, the Group has physical custody of the customer's inventory. While this does not legally constitute collateral in respect of trade receivables, it does provide the Group with a degree of leverage over customers with overdue receivables balances.

#### c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group aims to ensure that a significant portion of its borrowings should mature in more than one year.

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the Consolidated Statement of Financial Position to the contractual maturity period. The amounts disclosed in the table below are the contractual undiscounted cash flows.

At 31 December 2014:

	<b>Within 1 year £'000</b>	<b>1 to 2 years £'000</b>	<b>2 to 5 years £'000</b>	<b>Greater than 5 years £'000</b>	<b>Total £'000</b>
Trade payables	2,237	-	-	-	2,237
Bank overdraft	198	-	-	-	198
Invoice finance	1,174	-	-	-	1,174
Finance Leases	124	135	355	-	614
Term loan Interest	130	124	265	58	577
SWAP Interest	74	60	15	-	149
Bank loans	823	824	3,111	663	5,421
Deferred consideration	206	218	264	-	688
	<b>4,966</b>	<b>1,361</b>	<b>4,010</b>	<b>721</b>	<b>11,058</b>

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

At 31 December 2013:

	Within 1 year £'000	1 to 2 years £'000	2 to 5 years £'000	Greater than 5 years £'000	Total £'000
Trade payables	2,196	-	-	-	2,196
Bank overdraft	128	-	-	-	128
Invoice finance	1,791	-	-	-	1,791
Finance Leases	30	-	-	-	30
Term loan Interest	116	113	282	147	658
SWAP Interest	105	105	122	-	332
Bank loans	749	752	2,272	2,085	5,858
Deferred consideration	160	167	427	-	754
	<b>5,275</b>	<b>1,137</b>	<b>3,103</b>	<b>2,232</b>	<b>11,747</b>

### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, to return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio, calculated as net borrowings (cash less total borrowings) divided by shareholders equity (excluding goodwill). The Group has managed to increase shareholders funds from £8.3m to £10.4m. In 2014, we managed to reduce the Gearing ratio from 131% to 87%.

The Group's strategy is to reduce the net borrowings as soon as possible.

The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014 £'000	2013 £'000
Total borrowings	7,401	7,807
Less cash and cash equivalents	(385)	(49)
Net borrowings	<b>7,016</b>	7,758
Net assets	10,370	8,282
Less goodwill	2,338	2,338
Capital employed	<b>8,032</b>	5,944
Gearing ratio	<b>87%</b>	131%

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 3.3 Fair value estimation

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short term nature of trade receivables and payables.

#### Assets measured at fair value as at 31 December 2014

	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets/liabilities at fair Value through profit or loss				
<i>Interest rate swaps caps</i>	56	-	56	-
<i>Contingent consideration</i>	631	-	-	631
Available for sale financial assets				
<b>Total</b>	<b>687</b>	<b>-</b>	<b>56</b>	<b>631</b>

#### 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of carrying a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the impairment review of goodwill.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy set out in Note 2. Further details are set out in Note 12.

The Group recognises revenue in the period which the services are provided. An appropriate proportion of handling revenue invoiced in advance is deferred until the inventory is despatched.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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The Group has made a critical judgement and applied the dual recovery method with regard to deferred tax in respect of its property portfolio. This could materially impact on future results if this fails to materialise. It is expected to sell one of its freehold properties within the next 3 years, which if this does not materialise then it will have an impact on the deferred tax calculation in future years.

The Group recognised contingent consideration of £1,588,000 in the year 31 December 2012, in connection with the acquisition of Townview Foods Limited (see note 31). This has been re-evaluated and resulted in a credit to the income statement of £737,000 during the year ended 31 December 2013. The directors do not consider that the value of the liability has changed significantly during 2014. The directors have valued the contingent consideration using a probability weighted discounted cash flow model. A key assumption used in the calculation was an annual discount factor of 7.3%. The most significant assumption is the quantum of earnings before interest and tax of Townview Foods Limited for each of the next three years. Initially, the directors used the acquisition model to determine the fair value as this provided the business case to support the acquisition of Townview Foods Limited. Subsequently, budgets and forecasts have been prepared as part of the Group's financial planning activities which in turn have allowed the estimated amount of contingent consideration that the Group will need to pay to be recalculated. Actual performance to date was below that initially forecast resulting in a reduction in the liability. The Board will continue to assess the performance of Townview Foods Limited, both in the light of actual performance to date and expected future performance, which may require further adjustments to contingent consideration.

The Group values its swaps arrangements with the bank using the Mark to market for the period representing the unexpired period of the swaps. The basis of the formula for calculating a swaps valuation is that current swap rate on the "bid" side against the Group swaps rate.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 5 Segmental information

The three continuing operating segments during the year are disclosed below. During 2013 the Group discontinued operations from the north segment (see note 32). These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The Group operates principally in the United Kingdom. In the year ended 31 December 2014, the Group also had operations in the Republic of Ireland. These operations generated revenues of £132,000 with no fixed assets.

Segment information can be analysed as follows for the reporting periods under review:

- Commodity trading business
- North west cold storage
- South east cold storage

During 2014, £3.025m or 12.8% (2013: £2.657m or 11.6%) of the Group's revenues from continued operations depended on a single customer in the cold storage segment.

Revenue from continuing operations in 2014 includes £210,000 (2013: £206,000) in relation to the sub-letting of Felixstowe warehouses. This is attributed to the unallocated.

The segment results from continuing operations for the year ended 31 December 2014 are:

	Commodity Trading £'000	North West £'000	South East £'000	Unallocated £'000	Total £'000
Total segment revenue	11,760	5,959	5,716	210	23,645
<b>Revenue</b>	<b>11,760</b>	<b>5,959</b>	<b>5,716</b>	<b>210</b>	<b>23,645</b>
Operating profit	414	866	1,169	(1,317)	1,132
Finance income-fair value loss	-	-	-	(44)	(44)
Finance cost-Interest paid	-	-	-	(275)	(275)
Finance cost – notional interest	(51)	-	-	-	(51)
<b>Profit before income tax</b>	<b>363</b>	<b>866</b>	<b>1,169</b>	<b>(1,636)</b>	<b>762</b>
Income tax – corporation tax	(70)	(10)	(21)	30	(71)
Income tax – deferred tax	-	-	-	(93)	(93)
<b>Profit for the year</b>	<b>293</b>	<b>856</b>	<b>1,148</b>	<b>(1,699)</b>	<b>598</b>

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### Other segment items:

	Commodity Trading £'000	North West £'000	South East £'000	Unallocated £'000	Total £'000
Depreciation – continued operations (Note 13)	-	331	228	39	<b>598</b>

The segment results for the year ended 31 December 2013 are:

	Commodity Trading £'000	North West £'000	South East £'000	Unallocated £'000	Total £'000
Total segment revenue	11,283	5,432	5,796	300	22,811
<b>Revenue</b>	<b>11,283</b>	<b>5,432</b>	<b>5,796</b>	<b>300</b>	<b>22,811</b>
Operating profit	<b>420</b>	<b>267</b>	<b>1,218</b>	<b>(995)</b>	<b>910</b>
Finance income-fair value gain	-	-	-	134	134
Finance cost-Interest paid	-	-	-	(236)	(236)
Finance cost – notional interest	(45)	-	-	-	(45)
<b>Profit before income tax</b>	<b>375</b>	<b>267</b>	<b>1,218</b>	<b>(1,097)</b>	<b>763</b>
Income tax – corporation tax	(9)	(5)	(25)	(40)	(79)
Income tax – deferred tax	-	-	-	183	183
<b>Profit for the year</b>	<b>366</b>	<b>262</b>	<b>1,193</b>	<b>(954)</b>	<b>867</b>

#### Other segment items:

	Commodity Trading £'000	North West £'000	South East £'000	Unallocated £'000	Total £'000
Depreciation – continued operations (Note 13)	-	300	214	42	<b>556</b>



## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

Segment assets in respect of the trading divisions, consists primarily of property, plant and equipment, goodwill, refrigerant gas, trade and other receivables. Unallocated assets comprise financial assets at fair value through profit or loss.

Segment liabilities consist primarily of trade and other payables. Unallocated liabilities comprise items such as current tax liabilities, deferred tax, and financial liabilities at fair value through consolidated statement of comprehensive income, provisions and borrowings.

Capital expenditure comprises additions to property, plant and equipment.

The segment assets and liabilities at 31 December 2014 and the capital expenditure for the year then ended are as follows:

	<b>Commodity Trading £'000</b>	<b>North West £'000</b>	<b>South East £'000</b>	<b>Unallocated £'000</b>	<b>Total £'000</b>
Assets	4,167	11,234	6,742	1,142	23,285
Liabilities	2,709	5,742	1,856	2,608	12,915
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital expenditure (Note 13)	-	3,324	244	77	3,645
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The segment assets and liabilities at 31 December 2013 and the capital expenditure for the year then ended are as follows:

	<b>Commodity Trading £'000</b>	<b>North West £'000</b>	<b>South East £'000</b>	<b>Unallocated £'000</b>	<b>Total £'000</b>
Assets	3,529	8,469	6,795	2,544	21,337
Liabilities	2,256	4,206	2,174	4,419	13,055
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capital expenditure (Note 13)	-	117	193	14	324
Capital disposals (Note 13)	-	-	-	70	70
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

<b>6</b>	<b>Other income</b>	<b>2014</b>	<b>2013</b>
		<b>£'000</b>	<b>£'000</b>
	Fair value loss	-	(422)
	Contingent consideration released (see note 17)	-	737
		<u>-</u>	<u>315</u>
		<u>-</u>	<u>315</u>

R22 is a Hydrochlorofluorcarbon (HCFC) which is classed as an ozone depleting gas and with effect from 1st January 2010 it was no longer possible to purchase virgin R22. However, the use of re-cycled R22 was permitted until 31st December 2014. The Group had a supply agreement to purchase 14,228 kg of re-cycled R22 at £4.05 per kg. As the quantity of gas held was in excess of the Group's own usage requirements this arrangement was accounted for under IAS39 at fair value through profit or loss. At 31 December 2013, the fair value option price was estimated to be £Nil per kg and a loss of £422,000 was recognised. The carrying value of the related financial asset at both 31 December 2014 and 2013 was £Nil.

## **7 Staff costs**

The average number of persons employed by the Group including executive directors is analysed into the following categories:

	<b>2014</b>	<b>2013</b>
Management	<b>16</b>	15
Administration	<b>21</b>	21
Technical	<b>8</b>	8
Operational	<b>102</b>	98
	<u>147</u>	<u>142</u>
	<u>147</u>	<u>142</u>

The aggregate payroll costs of these persons were as follows:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>3,634</b>	3,424
Social security costs	<b>332</b>	318
Other pension costs	<b>131</b>	142
	<u>4,097</u>	<u>3,884</u>
	<u>4,097</u>	<u>3,884</u>

There was an accrual for £13,000 (2013 £12,000) included above for pension costs at 31 December 2014.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Group is of the opinion that there are no other key management personnel other than the executive and non-executive directors. Details of directors' remuneration are set out in Note 28.

#### 8 Financial income and expenses

	2014 £'000	2013 £'000
Fair value gains on interest rate swaps/caps	-	134
Fair value losses on interest rate swaps/caps	(44)	-
Interest expense on bank overdrafts and loans	(275)	(236)
Notional interest on deferred consideration	(51)	(45)
Finance costs	(370)	(281)
Net finance costs	(370)	(147)

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 9 Profit/(loss) before tax

The following items have been charged/(credited) to the Consolidated Statement of Comprehensive Income in arriving at profit/(loss) before tax:

	2014 £'000	2013 £'000
Depreciation of property, plant and equipment (Cost of Sales)	598	556
Depreciation of property, plant and equipment (discontinued)	200	775
	<u>          </u>	<u>          </u>
Staff costs (Note 7)	4,097	3,884
	<u>          </u>	<u>          </u>
Foreign exchange loss	3	4
	<u>          </u>	<u>          </u>
Rental Income	(210)	(206)
	<u>          </u>	<u>          </u>
Rentals payable under operating leases		
- Buildings	871	972
- Plant and machinery	873	997
	<u>          </u>	<u>          </u>
Auditors' remuneration - audit services	28	30
	<u>          </u>	<u>          </u>

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 10 Income taxes

<b>(a) Analysis of charge in year</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>UK</b>		
Corporation tax at 21.5% (2013: 23.25%)	<b>86</b>	37
Adjustment in respect of previous periods	-	5
<b>Ireland</b>		
Corporation tax at 12.5% (2013: 12.5%)	<b>5</b>	36
Adjustment in respect of previous periods	<b>(20)</b>	1
	<hr/>	<hr/>
Current tax charge	<b>71</b>	79
	<hr/>	<hr/>
Deferred tax charge/ (credit) (Note 22)	<b>83</b>	(122)
Deferred tax in respect of industrial buildings allowance (IBA)	<b>10</b>	(61)
	<hr/>	<hr/>
Deferred tax charge/(credit)	<b>93</b>	(183)
	<hr/>	<hr/>
<b>(b) Factors affecting tax charge for year</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Profit on ordinary activities before taxation	<b>762</b>	763
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard UK tax rate 21.5% (2013: 23.25%)	<b>164</b>	177
<i>Effects of:</i>		
Other expenses not deductible for tax purposes	<b>84</b>	151
Adjustment for tax effect of discontinued operations	<b>(64)</b>	(220)
Adjustment in respect tax payable on Irish Income (12.5%)	<b>6</b>	33
Adjustments in respect of previous periods	<b>(20)</b>	5
Adjustments in respect of timing differences	<b>(6)</b>	(250)
	<hr/>	<hr/>
Total tax charge/(credit) for year	<b>164</b>	(104)
	<hr/>	<hr/>

The deferred tax charge of £93,000 (2013: credit £183,000) has arisen under IAS 12. In 2009 the company applied the dual recovery method in respect of one of its main assets which triggered a tax credit. The credit in 2014 relates to the temporary difference between the carrying value of the asset in the consolidated statement of financial position and its tax base. The dual recovery method continues to be applied as disposal of the asset is anticipated.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 11 Earnings per share

Basic earnings per share figures are calculated by dividing the weighted average number of Ordinary Shares in issue during the period into the profit after taxation attributable to the owners of the parent for the year.

	2014	2013
Profit attributable to owners of parent – continuing (£'000)	607	867
Loss attributable to owners of parent – discontinuing (£'000)	(300)	(946)
	<u>307</u>	<u>(79)</u>
Weighted average number of ordinary shares outstanding	<u>15,037,642</u>	<u>10,371,347</u>
Basic earnings per share – continuing operations	4.0p	8.4p
Basic loss per share – discontinuing operations	(2.0)p	(9.1)p
Basic earnings/(loss) per share	<u>2.0p</u>	<u>(0.7)p</u>

For the purposes of calculating diluted earnings per share, dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the period.

	2014	2013
Profit attributable to owners of parent – continuing (£'000)	607	867
Loss attributable to owners of parent – discontinuing (£'000)	(300)	(946)
	<u>307</u>	<u>(79)</u>
Weighted average number of ordinary shares outstanding	<u>15,037,642</u>	<u>10,371,347</u>
Dilutive effect of share options	-	-
Weighted average number of shares for the calculation of diluted earnings per share	<u>15,037,642</u>	<u>10,371,347</u>
Diluted earnings per share – continuing operations	4.0p	8.4p
Diluted loss per share – discontinuing operations	(2.0)p	(9.1)p
Diluted earnings/(loss) per share- total	<u>2.0p</u>	<u>(0.7)p</u>

The exercise prices of all share options in issue were above the market share price and hence have no dilutive effect in the current year or the prior year.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 12 Goodwill

Group	Ambient £'000	Commodity Trading £'000	Total £'000
Cost	-	2,338	2,338
Accumulated impairment loss	-	-	-
<b>At 31 December 2014</b>	<b>-</b>	<b>2,338</b>	<b>2,338</b>

Group	Ambient £'000	Commodity Trading £'000	Total £'000
Cost	216	2,338	2,554
Impairment loss	(216)	-	(216)
<b>At 31 December 2013</b>	<b>-</b>	<b>2,338</b>	<b>2,338</b>

The net book value of goodwill at 31 December 2014 was £2,338,000 (31 December 2013: £2,338,000). The goodwill at 31 December 2013 relates to the acquisition of Townview Foods Limited in 2012.

Goodwill has been allocated to the Group's cash generating units (CGUs) identified at each warehouse location and now including Townview Foods Limited.

Of the goodwill at 31 December 2013, £216,000 had been allocated to the York warehouse. This warehouse formed part of the Group's North of England business segment. Due to the planned disposal of this business segment this was fully impaired in 2013.

The goodwill of £2,338,000 arising in 2012 has been fully allocated to Townview Foods Limited which the directors consider represents a single CGU, being commodity trading. The recoverable amount of the CGU is based upon value in use. The key assumption in determining value in use is the underlying profitability of the acquired business which depends upon a number of factors including prices and volumes negotiated with both key suppliers and customers. The business has an established trading history, which together with input from both the board and existing management team of Townview Foods Limited, is forecast to generate net cash flows for each of the next ten years. A discount rate of 7.3% has been used.

The accumulated impairment at 31 December 2014 was £Nil (2013: £216,000). In 2013, the impairment loss was included in the loss from discontinued activities in the Consolidated Statement of Comprehensive Income.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 13 Property, plant and equipment

Group	Freehold Land £'000	Leasehold Buildings £'000	Plant and Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2014	2,553	11,797	7,389	21,739
Additions	991	1,393	1,261	3,645
At 31 December 2014	3,544	13,190	8,650	25,384
<b>Depreciation</b>				
At 1 January 2014	-	3,728	5,060	8,788
Charge for year	-	228	370	598
At 31 December 2014	-	3,956	5,430	9,386
<b>Net book value</b>				
<b>31 December 2014</b>	<b>3,544</b>	<b>9,234</b>	<b>3,220</b>	<b>15,998</b>
Group	Freehold Land £'000	Leasehold Buildings £'000	Plant and Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2013	3,166	14,436	7,621	25,223
Additions	-	-	324	324
Disposals	-	(71)	-	(71)
Transfer to assets held for sale (note 32)	(613)	(2,568)	(556)	(3,737)
At 31 December 2013	2,553	11,797	7,389	21,739
<b>Depreciation</b>				
At 1 January 2013	-	3,900	5,024	8,924
Charge for year	-	942	389	1,331
Disposal	-	(30)	-	(30)
Transfer to assets held for sale (note 32)	-	(1,084)	(353)	(1,437)
At 31 December 2013	-	3,728	5,060	8,788
<b>Net book value</b>				
<b>31 December 2013</b>	<b>2,553</b>	<b>8,069</b>	<b>2,329</b>	<b>12,951</b>



## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

Included within the net book value of £16m is £679,000 (2013: £137,000) relating to assets held under finance lease. The depreciation charged in the financial statements in the year in respect of such assets amount to £28,000 (2013: £16,000).

#### 14 Derivative financial instruments

	2014 £'000	2013 £'000
<b>Refrigerant gas</b>		
At 1 January	-	<b>422</b>
Fair value loss on remaining R22R gas	-	(422)
	<hr/>	<hr/>
At 31 December	-	-
	<hr/>	<hr/>

R22 is a Hydrochlorofluorocarbon (HCFC) which is classed as an ozone depleting gas and with effect from 1st January 2010 it was no longer possible to purchase virgin R22. However, the use of re-cycled R22 was permitted until 31st December 2014. The Group had a supply agreement to purchase 14,228 kg of re-cycled R22 at £4.05 per kg. As the quantity of gas held was in excess of the Group's own usage requirements this arrangement was accounted for under IAS39 at fair value through profit or loss. At 31 December 2013, the fair value option price was estimated to be £Nil per kg and a loss of £422,000 was recognised. The carrying value of the related financial asset at both 31 December 2014 and 2013 was £Nil.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 15 Trade and other receivables

	2014	2013
	£'000	£'000
Trade receivables	3,270	3,060
Less: Provision for impairment of trade receivables	(1)	(15)
Trade receivables - net	3,269	3,045
Other receivables	17	-
Prepayments	676	649
Transfer to disposal group (note 32)	(150)	(134)
	3,812	3,560

All amounts fall due within one year therefore the fair value is considered to be approximately equal to the carrying value. All of the Group's trade and other receivables are denominated in Pounds sterling.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The group has entered into a confidential invoice discounting facility. This facility is secured on the trade receivables above.

As at 31 December 2014 trade receivables of £1,000 (2013: £15,000) were impaired. The other classes within trade and other receivables do not contain impaired assets.

As of 31 December 2014, trade receivables of £522,000 (2013: £366,000), were past due of which £2,000 (2013: £15,000) were impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	2014	2013
	£'000	£'000
Up to 3 Months	105	336
Over 3 Months	417	30
	522	366

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 16 Inventories

	2014 £'000	2013 £'000
Goods for resale	52	5
	<u>52</u>	<u>5</u>

Goods for resale consist of commodity products purchased by Townview Foods Limited for resale.

#### 17 Financial liabilities

	Contingent Consideration £'000	Swaps £'000	Total £'000
At 1 January 2013	1,726	146	1,872
Acquisition (net assets) paid	(110)	-	(110)
Contingent consideration paid	(170)	-	(170)
Charged to the Consolidated Statement of Comprehensive Income	45	-	45
Credit to the Consolidated Statement of Comprehensive Income	(737)	(134)	(871)
	<u>754</u>	<u>12</u>	<u>766</u>
At 31 December 2013	754	12	766
Contingent consideration paid	(174)	-	(174)
Charged to the Consolidated Statement of Comprehensive Income	51	44	95
	<u>631</u>	<u>56</u>	<u>687</u>
<b>At 31 December 2014</b>	<b>631</b>	<b>56</b>	<b>687</b>
	<u>206</u>	<u>56</u>	<u>262</u>
Current fair value financial liabilities	206	56	262
Non-current fair value financial liabilities	425	-	425
	<u>631</u>	<u>56</u>	<u>687</u>
<b>At 31 December 2014</b>	<b>631</b>	<b>56</b>	<b>687</b>

## **NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### **(CONTINUED)**

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#### **Fair value of interest rate swaps**

The notional principal amount of the outstanding interest rate swaps contract at 31 December 2014 was £6m (2013: £6m).

Financial assets/liabilities at fair value through profit or loss are presented within the section on investing activities in the Cash Flow Statement.

Changes in fair value of financial assets/liabilities through profit or loss are recorded within finance income/expense in the Consolidated Statement of Comprehensive Income - see note 8.

The above assessment has been performed applying valuation techniques derived from quoted prices.

This assessment has been consistent between periods and as such it is considered that level 2 of the fair value hierarchy as defined in IFRS 13 has been applied consistently.

#### **Contingent consideration**

See note 31 in respect of contingent consideration.

At 31 December 2012, the Group recognised contingent consideration of £1,588,000 in connection with the acquisition of Townview Foods Limited (see note 31). The directors valued the contingent consideration using a probability weighted discounted cash flow model. The most significant assumption is the quantum of earnings before interest and tax of Townview Foods Limited for each of the next three years.

At date of acquisition the Group paid £2,750,000 for the net assets on completion. The net assets acquired were £2,858,000 and the balance of £110,000 was paid in January 2013. During the year ended 31 December 2014, £174,000 (2013: £170,000) of contingent consideration was paid.

As explained in note 31, the Board re-assessed the remaining amount of contingent consideration to be paid at 31 December 2013 resulting in a credit of £737,000 to the Consolidated Statement of Comprehensive Income. The Board has re-assessed the remaining amount of contingent consideration to be paid at 31 December 2014 and have concluded that there has not been a significant change in the value of the liability. Interest of £51,000 (2013: £45,000) has been charged to the Consolidated Statement of Comprehensive Income representing unwinding of the discount. There has been no change to the fair value on the contingent consideration as a result of changes in the assessment of credit risk.

Of the total amount of contingent consideration recognised at 31 December 2014, £206,000 (2014: £160,000) has been included within current liabilities and £425,000 (2013: 593,000) has been included in non-current liabilities. The gross undiscounted payments equate to £687,000.

In respect of the above assessment it is considered that level 3 of the fair value hierarchy as defined in IFRS 13 has been applied.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 18 Trade and other payables

	2014	2013
	£'000	£'000
Trade payables	2,237	2,196
Value added tax and payroll taxes	665	334
Accruals and deferred income	891	876
Transfer to disposal group (note 32)	(475)	(92)
	<u>3,319</u>	<u>3,314</u>

All amounts are short term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

#### 19 Current tax liabilities

	2014	2013
	£'000	£'000
Corporation tax - UK	87	38
Corporation tax - Ireland	(8)	(10)
	<u>79</u>	<u>28</u>

The above liabilities are all payable within 1 year.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 20 Borrowings

	2014 £'000	2013 £'000
<b>Current</b>		
Finance Leases	124	30
Invoice finance	1,371	1,791
Bank overdraft	198	128
Term Loans	821	749
Transfer to disposal group (note 32)	-	(167)
	<b>2,316</b>	<b>2,531</b>
<b>Current</b>		
Disposal group transferred from current	-	167
Disposal group transferred from non current	-	1,208
	<b>-</b>	<b>1,375</b>
<b>Non Current</b>		
Finance Leases	489	-
Non-current bank borrowings	4,596	5,109
Transfer to disposal group (note 32)	-	(1,208)
	<b>5,085</b>	<b>3,901</b>
<b>Total Borrowings</b>	<b>7,401</b>	<b>7,807</b>

The Group arranged the following borrowing facilities with HSBC Bank plc and its subsidiary HSBC Invoice Finance Limited.

- (a) HSBC Bank plc agreed to a term loan of £7.5 million drawn down in December 2005 over a maximum period of 15 years and an overdraft facility of £0.4 million which is reviewed annually.
- (b) HSBC Bank plc agreed to a term loan of £2 million drawn down in March 2008 over a maximum period of 15 years.
- (c) HSBC Bank plc agreed to a term loan of £0.9 million drawn down in January 2012 over a maximum period of 10 years.
- (d) HSBC Bank plc agreed to a term loan of £1.5 million drawn down in May 2014 over a maximum period of 5 years with a 15 year repayment profile.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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(e) HSBC Invoice Finance Limited agreed to allow the Group to borrow up to an amount equivalent to 90% of trade debtors in respect of Norish Limited debtors, 85% in respect of Townview Foods Limited debtors, and 85% in respect of Foro International Connections Limited subject to an overall maximum limit of £3.25m (2013: £3.25m) which is reviewed annually.

Overdraft interest is charged quarterly at an interest rate of bank base rate plus 2.25% (2013: 2.25%). Invoice finance interest is charged on a daily basis at bank base rate plus 2.2% (2013: 2.2%). Term Loan (a) above is charged quarterly at an interest rate of bank base rate plus 1.2% (2013: 1.2%). Term Loan (b) above is charged quarterly at an interest rate of bank base rate plus 1.75% (2013: 1.75%). Term Loan (c) above is charged quarterly at an interest rate of bank base rate plus 2.75% (2013: 2.75%). Term Loan (d) above is charged quarterly at an interest rate of bank base rate plus 3% (2013: n/a).

The group has the following swaps in place:

- (a) £3m (2013: £3m) swap at a fixed rate of 1.45% against base expiring on 10 August 2016.
- (b) £3m (2013: £3m) at a fixed rate of 1.03% expiring on 14 June 2017.

The liabilities of Norish Plc pursuant to these facilities agreements are secured by:

- (1) debentures creating first fixed and floating charges over all the assets, past present and future of Norish Limited and its subsidiaries;
- (2) unlimited multilateral guarantees given by all Group companies each guaranteeing payment of the liabilities of the other;
- (3) legal mortgages held over the Bury St. Edmunds, Wrexham, York, Gillingham and Leeds properties.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

The fair value of the Group's financial liabilities as at 31 December 2014 was as follows:

	2014		2013	
	Book Value	Fair Value	Book Value	Fair Value
	£'000	£'000	£'000	£'000
Current bank borrowings	2,316	2,316	2,698	2,698
Non-current bank borrowings	5,085	5,085	5,109	5,109
	<u>7,401</u>	<u>7,401</u>	<u>7,807</u>	<u>7,807</u>

The Group pays interest at the base rate plus a margin of 1.2% to 3.0% which is reviewed quarterly. It is assumed that the Book Value reflects the Fair Value.

The carrying amounts of the Groups borrowings are all denominated in Pounds Sterling.

The un-drawn committed facilities available to the Group are set out below:

	2014 £'000	2013 £'000
Floating rate, expiring within one year		
Invoice finance	942	459
Bank overdraft	400	272
	<u>1,342</u>	<u>731</u>

## 21 Provisions

	2014 £'000	2013 £'000
At 1 January	185	145
(Released)/charged to the Consolidated Statement of Comprehensive income	(185)	40
	<u>Nil</u>	<u>185</u>
At 31 December	Nil	185

The provision for dilapidations was being carried in relation to the West Midlands, East Kent and Braintree sites. During the year the provision was completely released as the dilapidation work was carried out at East Kent and Braintree and the West Midlands site was acquired by Norish (N.I.) Limited, Norish Limited's parent.



## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 22 Deferred tax

	2014 £'000	2013 £'000
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	934	843
Deferred tax liabilities to be recovered within 12 months	20	20
	<u>954</u>	<u>863</u>

The movement in deferred tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Accelerated capital allowances £'000	Fair value gains £'000	Total £'000
At 1 January 2013	1,030	16	1,046
Credited to the Consolidated Statement of Comprehensive Income	(164)	(19)	(183)
	<u>866</u>	<u>(3)</u>	<u>863</u>
At 31 December 2013	866	(3)	863
Charged/(credited) to the Consolidated Statement of Comprehensive Income	99	(8)	91
	<u>965</u>	<u>(11)</u>	<u>954</u>
At 31 December 2014	965	(11)	954

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

The gross movement on the deferred income tax amount is as follows:

	2014 £'000	2013 £'000
At 1 January	863	1,046
Consolidated Statement of Comprehensive Income charge/(credit)	91	(183)
	<u>          </u>	<u>          </u>
At 31 December	954	863
	<u>          </u>	<u>          </u>

As a result of using the deferred tax dual recovery method in regard to the sale of assets it could potentially give rise to a deferred tax asset totalling £102,000 (2013: £108,000). However, the board feels that it is highly unlikely that this will ever be recoverable and have not provided this amount in the accounts.

### 23 Share capital

	2014 £'000	2013 £'000
<i>Authorised</i>		
25,000,000 (2013: 20,000,000) Ordinary shares of €25c each	4,556	3,527
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>	<b>Number</b>	<b>£'000</b>
Ordinary shares of €25c each		
At 1 January 2013	10,146,185	1,841
Issued during the year	1,104,618	215
	<u>          </u>	<u>          </u>
At 31 December 2013	11,160,803	2,056
Issued during the year	5,945,573	1,224
	<u>          </u>	<u>          </u>
<b>At 31 December 2014</b>	<b>17,106,376</b>	<b>3,280</b>
	<u>          </u>	<u>          </u>

During the year, the company issued 5,945,573 (2013: 1,014,618) Ordinary shares of €25c each for a total cash consideration of £2,081,000 (2013: £405,000). The excess over nominal value of £856,000 (2013: £190,000) less share issue costs of £121,000 (2013: £3,000) has been transferred to the share premium account.

## **NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2014		2013	
	Options Number	Weighted Average Exercise Price	Options Number	Weighted Average Exercise Price
Outstanding at 1 January	250,000	0.58	250,000	0.58
Outstanding at 31 December	250,000	0.58	250,000	0.58
Exercisable at 31 December	250,000	0.58	250,000	0.58

The share options outstanding at the end of the year expire June 2018 at an exercise price of 58p. The fair value of options granted was estimated on the date of grant using the Black-Scholes option pricing model. While the Black-Scholes model does not take into account the performance conditions attached to the award, the directors are of the opinion that the charge recorded would not be materially different if a lattice model (which would take such conditions into account) had been employed. The following assumptions were used for the option grant in 2007:

Modification date	27 June 2008
Grant date	18 September 2007
Share price at grant date	£0.58
Exercise price	£0.58
Shares under option	250,000
Vesting period (years)	3
Expected volatility	40%
Expected life (years)	3.5
Risk free rate	5%
Dividend yield	3%
Fair value	£42,500

A modification was carried out on 27 June 2008 so that the shares would qualify under the Enterprise Management Incentive Scheme (EMI). The original shares issued under a HMRC unapproved company share option scheme were cancelled and new shares were issued to replace these under the EMI scheme. Expected volatility was calculated at 40% which was relatively typical at the time of the grant of shares for a FTSE 100 company. The company has an 18% volatility over the 5 years between September 2008 and November 2010.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 24 Capital conversion reserve fund

	2014 £'000	2013 £'000
Capital conversion reserve fund	23	23

During 1999 the company re-denominated the authorised share capital of the company from Irish Punts to Euro in accordance with Section 26 of the European Monetary Union Act 1998. This resulted in a reduction in respect of the issued shares which was transferred to the Capital conversion fund.

#### 25 Cash and cash equivalents

	2014 £'000	2013 £'000
Cash at bank and on hand	385	49
	<u>385</u>	<u>49</u>

#### 26 Dividends

	2014 £'000	2013 £'000
Final dividend paid in respect of the previous year of 1.25 cent (2013: 1.25cent) per ordinary share	169	108

The board recommends the payment of a final dividend of 1.50 cent per share. This will be paid on 23 October 2015 to those shareholders on the register on 25 September 2015. It will bring the total dividend in respect of the financial year to 1.50 cent per share compared with 1.25 cent last year.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 27 Commitments and contingencies

##### (a) Operating leases

The Group leases various warehouses under non-cancellable operating lease agreements. The leases have varying lease terms, escalation clauses and renewal rights.

The Group also leases various plant and equipment under operating lease agreements. The lease expenditure charged in the year is shown in Note 9.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014	2014	2014	2013	2013	2013
	Land and	Other		Land and	Other	
	Buildings	operating	Total	Buildings	operating	Total
	£'000	leases	£'000	£'000	leases	£'000
<i>Expiring:</i>						
Within one year	366	697	1,063	900	837	1,737
Between two and five years	1,346	1,203	2,549	2,835	1,981	4,816
Beyond five years	1,228	804	2,032	2,536	811	3,347
	<u>2,940</u>	<u>2,704</u>	<u>5,644</u>	<u>6,271</u>	<u>3,629</u>	<u>9,900</u>

##### (b) Guarantees on leasehold properties

The annual operating lease commitment on land and buildings of £366,000 (2013: £900,000) arises on leasehold properties, of which £Nil (2013: £370,000) is subject to parent company guarantees.

The operating lease commitment is stated gross of annual sub-lease income of £194,000 (2013: £194,000).

##### (c) Capital commitments

At 31 December 2014, the Group had £Nil (2013: £Nil) of capital projects authorised of which £Nil (2013: £Nil) was contracted at 31 December 2014.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

#### 28 Directors' remuneration

	2014 £'000	2013 £'000
Ted O'Neill	118	115
Norman Hatcliff	155	165
Aidan Hughes	114	109
Torgeir Mantor	14	13
Willie McCarter	14	13
Sean Savage	14	13
	<hr/>	<hr/>
	429	428
	<hr/>	<hr/>
	2014 £'000	2013 £'000
Aggregate emoluments	382	362
Company pension contributions	47	66
	<hr/>	<hr/>
	429	428
	<hr/>	<hr/>

Details of directors' interests in shares and share options are set out on pages 13 and 14.

Directors' remuneration shown above comprises all of the fees, salaries, pensions and other benefits and emoluments paid to Directors.

The basis of the Directors' remuneration and the level of bonuses paid are fixed by the Remuneration Committee of the Board.

#### 29 Pensions

The Group operates a defined contribution scheme. The assets of the scheme are independent of the assets of Norish plc and are invested with assurance companies and are held in trusts for the employees concerned.

Total pension costs for the year were £131,000 (2013: £142,000).

There was an accrual for £13,000 (2013: £12,000) included above for pension costs at 31 December 2014.

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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#### 30 Group undertakings

Subsidiary undertakings	Holding Direct	Nature of business
<i>Incorporated in Republic of Ireland</i>		
Roebuck Investments Limited	95% (note 1)	Intermediate holding company
Foro International Connections Ltd	90%	Commodity trading
<i>Incorporated in Northern Ireland</i>		
Norish (U.K.) plc	100%	Investment company
Norish (N.I.) Limited	100%	Property management
Townview Foods Limited (subsidiary of Roebuck Investments Limited)	100%	Commodity trading
<i>Incorporated in England</i>		
Norish Limited (subsidiary of Norish (N.I.) Limited)	100%	Cold storage
Belvedere Warehousing Limited (subsidiary of Norish Limited)	100%	Non-trading
Norish Warehousing Limited (subsidiary of Belvedere Warehousing Limited)	100%	Non-trading

Note 1: As part of the transaction to acquire Townview Foods Limited in 2012, the vendor acquired a 5% interest in the ordinary shares of the acquisition vehicle, Roebuck Investments Limited, a subsidiary undertaking of Norish plc. Subject to certain conditions, Norish plc has the right to acquire these shares at their nominal value (£5) on or after 1 August 2018. Furthermore, through the ownership of the preferred ordinary shares in Roebuck Investments Limited, Norish plc has secured the entire equity interest in Townview Foods Limited to 1 August 2018 and beyond. Accordingly, the board consider that a financial liability of £5 should be recorded in these consolidated financial statements in respect of the vendor's interest and that Norish plc should account for 100% of the equity interest in Townview Foods Limited.



## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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(a) *The registered offices of Norish plc and its subsidiary undertakings are set out below:*

Norish plc	South Bank House,
Roebuck Investments Limited	Barrow Street, Dublin 4, Republic of Ireland
Foro International Connections Limited	

Norish (U.K.) plc,	79 Chichester Street
Norish (N.I.) Limited	Belfast BT1 4JE

Norish Limited,	Northern Industrial Estate,
Belvedere Warehousing Limited,	Bury St Edmunds, Suffolk, IP32 6NL
Norish Warehousing Limited	

Townview Foods Limited	7 Carrivekeeney Road
	Newry, County Down, BT35 7LU

(b) *The issued share capital of the subsidiary undertakings is as follows:*

Norish (U.K.) plc	50,000 Ordinary shares of £1 each
Norish (N.I.) Limited	480,000 Ordinary shares of £1 each
Norish Limited	60,000 Ordinary shares of £1 each
Belvedere Warehousing Limited	8,000 Ordinary shares of £1 each
Norish Warehousing Limited	4,000 Ordinary shares of £0.25 each
Townview Foods Limited	100 Ordinary shares of £1 each
Roebuck Investments Limited	95 Ordinary shares of €1 each 5 Preferred ordinary shares of €1 each
Foro International Connections Ltd	100 Ordinary shares of £1 each 100,000 Preferred shares of £1 each

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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#### 31 Contingent Consideration

In 2012, the Group acquired the entire issued share capital of Townview Foods Limited, a meat import company based in Newry, Northern Ireland.

At date of acquisition the Group paid £2,750,000 for the net assets on completion. The net assets acquired were £2,858,000 and the balance of £110,000 was paid in January 2013. During the year ended 31 December 2013, £170,000 of contingent consideration was paid.

Contingent consideration is payable at the rate of 50% of Townview Foods Limited's earnings before interest and tax payable in six monthly instalments for five years following the acquisition subject to a maximum amount payable to the vendor of £8.25m. In addition to these amounts, in the six month periods ending 30 June 2014 and 31 December 2014 amounts became payable to the vendor if earnings before interest and tax in any given six month period exceeded £868,000 and £970,000 respectively. No payments have been made in respect of these amounts.

The amount included as consideration above represented the Board's estimate of fair value of the purchase consideration, valuing the contingent consideration using a probability weighted discounted cash flow model consistent with level 3 of the fair value hierarchy as defined in IFRS 13. Earnings before interest and tax were initially extracted from the acquisition model and a discount rate of 7.3% was applied. Subsequently, budgets and forecasts have been prepared as part of the Group's financial planning activities which in turn have allowed the estimated amount of contingent consideration that the Group will need to pay to be recalculated. Based on performance during 2014 and that expected over the remaining measurement period, the Board estimated that the fair value of contingent consideration still to be paid at 31 December 2014 was £631,000.

The Board has re-assessed the remaining amount of contingent consideration to be paid at 31 December 2014 and have concluded that there has not been a significant change in the value of the liability. Interest of £51,000 (2013: 45,000) has been charged to the Consolidated Statement of Comprehensive Income representing unwinding of the discount.

The undiscounted range of outcomes can range from a low of £448,000 to a high of £4,642,000. At 31 December 2014, liabilities include £631,000 (2013: £753,000) comprising deferred consideration of £506,000 (2013: £680,000) and notional interest of £125,000 (2013: £73,000).

## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

### (CONTINUED)

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#### 32 Discontinued operations and assets classified as held for sale

During 2013, the Board made the decision to focus the Group's storage operations exclusively on cold storage in both the South East and North West of the United Kingdom. Consequently, the Board agreed to exit the Group's storage operations in the North of England comprising both the York ambient storage site and Leeds cold store. The York ambient storage site's carrying value was to be recovered by a sale of the site and accordingly, these activities were classified as held for sale. The disposal of the site completed during 2014. The Leeds site is currently being marketed for sale which was originally expected to complete in 2014. However, market conditions have meant that the site remains unsold. The Board have taken the necessary actions during 2014 to respond to changes in market conditions and the site continues to be actively marketed at a price considered reasonable against current market conditions. The Board remain committed to the plan to sell the site and believe it is reasonable that a sale will complete within one year of the balance sheet date.

Prior to the transfer of these sites to assets held for sale in 2013, the group impaired the carrying value by £677,022 to £2.3m. During 2014, the group impaired a further £200,000. Financial information in respect of this component of the Group is summarised below.

	<b>2014</b>	2013
	<b>£'000</b>	£'000
Operating cash flows	(100)	45
Investing cash flows	1,550	41

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## NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

*(CONTINUED)*

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	<b>2014</b> <b>£'000</b>	2013 £'000
Trade and other payables	<b>475</b>	92
	<hr/>	<hr/>
Total liabilities of the disposal group classed as held for sale	<b>475</b>	92
	<hr/>	<hr/>
	<b>2014</b> <b>£'000</b>	2013 £'000
Term loans repayable	-	1,375
	<hr/>	<hr/>
Total borrowings of the disposal group classed as held for sale	-	1,375
	<hr/>	<hr/>
	<b>2014</b> <b>£'000</b>	2013 £'000
Revenue	<b>497</b>	720
Expenses	<b>(797)</b>	(1,666)
	<hr/>	<hr/>
Loss after tax of discontinued operations	<b>(300)</b>	(946)
	<hr/>	<hr/>

## **NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### ***(CONTINUED)***

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#### **33 Post-reporting date events**

No significant events have taken place since the year-end that would result in adjustment to the financial statements or the inclusion of a note thereto.

#### **34 Related party transactions**

Consultancy services totalling £1,000 (2013:£1,000) were provided by a relative of a director during the year. There was £nil outstanding as at 31 December 2014 (2013:£nil).

#### **35 Approval of financial statements**

The Board of Directors approved these financial statements on 4 March 2015.

# COMPANY BALANCE SHEET

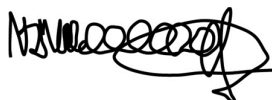
at 31 December 2014

	<i>Note</i>	<b>2014</b> <b>£'000</b>	2013 £'000
<b>Fixed assets</b>			
Investments – Shares in group undertakings	4	752	651
<b>Current assets</b>			
Debtors	5	7,428	5,431
<b>Creditors:</b> amounts falling due within one year	6	(388)	(388)
<b>Net current assets</b>		<b>7,040</b>	5,043
<b>Net assets</b>		<b>7,792</b>	5,694
<b>Capital and reserves</b>			
Called up share capital	7	3,280	2,056
Share premium account	8	4,198	3,463
Capital conversion reserve fund	8	23	23
Profit and loss account	8	291	152
<b>Shareholders' funds</b>	9	<b>7,792</b>	5,694

Approved on behalf of the board on 4 March 2015 by:



T.J. O'Neill  
Chairman



N.A Hatcliff  
Managing Director

# NOTES TO THE ACCOUNTS

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## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company financial statements.

### **Basis of preparation**

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council, as promulgated by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

### **Financial fixed assets**

Investments in subsidiary undertakings are shown at cost less provisions for impairment in value.

### **Taxation**

Current tax, including Irish corporation tax and foreign tax, is provided on the Group's taxable profits, at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

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

### **Foreign currencies**

Transactions in foreign currencies are recorded in pounds sterling at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated into pounds sterling at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account. Non-monetary assets are translated at the rate prevailing at the date of the transaction.

Share capital and share premium were translated at the historic rate on the date when the Group changed its functional currency to pounds sterling.

## NOTES TO THE ACCOUNTS *(CONTINUED)*

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### **Dividends**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### **Share based payments**

The Company issues equity-settled share-based payments to certain employees. In accordance with FRS 20, "Share-based payments", equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

The Group has applied the exemption available, and has applied the provisions of FRS 20 only to those options granted after 7 November 2002 and which were not vested by 1 January 2006.

It is the company policy to debit the annual charge to investments and credit reserves.

Details of share options that were granted by the company are presented in note 23 to the consolidated IFRS financial accounts within these financial statements.

The treatment under FRS20 "Share Based Payments" is consistent with the treatment under IFRS.

### **Financial instruments**

Financial instruments are classified and accounted for in accordance to the substance of the contractual arrangement, either as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Shares are included in shareholders' funds. Other instruments are classified as liabilities if not included in shareholders funds and if they contain an obligation to transfer economic benefits. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

## **2 Profits of the company**

In accordance with Section 148(8) of the Companies Act, 1963 a separate profit and loss account for the Company has not been presented. The profit for the year arising in Norish plc amounted to £297,000 (2013: £230,000).



## NOTES TO THE ACCOUNTS (CONTINUED)

### 3 Dividends paid and proposed

	2014 £'000	2013 £'000
Final dividend paid in respect of the previous year of 1.25 cent (2013: 1.25 cent) per ordinary share	(158)	(98)

### 4 Investments – Shares in group undertakings

	2014 £'000	2013 £'000
Cost and net book value at 1 January 2014	651	651
Additions	101	-
Cost and net book value at 31 December 2014	<b>752</b>	<b>651</b>

In the opinion of the Directors, the value of shares in subsidiary undertakings is not less than the original book value. During 2014, the Company acquired 90 £1 Ordinary shares and 100,000 £1 Preferred shares in Foro International Connections Limited.

Details of the Company's subsidiary undertakings are presented in Note 30 to the consolidated IFRS accounts within these financial statements

### 5 Debtors

	2014 £'000	2013 £'000
Amount receivable from subsidiary undertakings	7,426	5,419
Corporation tax	2	12
	<b>7,428</b>	<b>5,431</b>

All amounts fall due within one year and no interest is payable by the subsidiaries.

### 6 Creditors: Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to subsidiary undertakings	388	388
	<b>388</b>	<b>388</b>

## NOTES TO THE ACCOUNTS (CONTINUED)

### 7 Called up share capital

	2014 £'000	2013 £'000
<i>Authorised</i>		
25,000,000 (2013: 20,000,000) Ordinary shares of €25c each	<b>4,556</b>	3,527
<i>Allotted, called up and fully paid</i>	<b>Number</b>	<b>£'000</b>
Ordinary shares of €25c each		
At 1 January 2013	10,146,185	1,841
Issued during the year	1,104,618	215
At 31 December 2013	11,160,803	2,056
Issued during the year	5,945,573	1,224
<b>At 31 December 2014</b>	<b>17,106,376</b>	<b>3,280</b>

The total Ordinary shares in issue are 17,106,376 (2013: 11,160,803). These are all fully paid up. During the year, the company issued 5,945,573 Ordinary shares of €25c each for a total cash consideration of £2,081,000 (2013: £405,000). The excess over nominal value of £856,000 (2013: £190,000) less share issue costs of £121,000 (2013: £3,000) has been transferred to the share premium account. The proceeds were used to finance working capital.

Details of share options that were granted by the company are presented in note 23 to the consolidated IFRS financial accounts within these financial statements.

The treatment under FRS20 "Share Based Payments" is consistent with the treatment under IFRS.

## NOTES TO THE ACCOUNTS (CONTINUED)

### Share Premium

	2014 £'000	2013 £'000
At 1 January	3,463	3,276
Share Issue	856	190
Issue costs	(121)	(3)
	<hr/>	<hr/>
At 31 December	4,198	3,463
	<hr/>	<hr/>

### 8 Reserves

	Share Premium Account £'000	Capital Conversion Reserve Fund £'000	Profit and Loss Account £'000
At 1 January 2014	3,463	23	152
Profit for the financial year	-	-	297
Dividends paid (Note 3)	-	-	(158)
Share issue	856	-	-
Share issue costs	(121)	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2014	4,198	23	291
	<hr/>	<hr/>	<hr/>

During the year, the company issued 5,945,573 (2013: 1,014,618) Ordinary shares of €25c each for a total cash consideration of £2,081,000 (2013: £405,000). The excess over nominal value of £856,000 (2013: £190,000) less share issue costs of £121,000 (2013: £3,000) has been transferred to the share premium account.

Details of the share based payment charge in accordance with FRS 20 are fully disclosed in Note 23 to the consolidated IFRS accounts within these financial statements.

The treatment under FRS 20 “Share Based Payments” is consistent with the treatment under IFRS.

## NOTES TO THE ACCOUNTS (CONTINUED)

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### 9 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	297	230
Dividends paid	(158)	(98)
Share issue	2,080	405
Share issue costs	(121)	(3)
	<hr/>	<hr/>
Net increase in shareholders' funds	2,098	534
Opening shareholders' funds	5,694	5,160
	<hr/>	<hr/>
Closing shareholders' funds	7,792	5,694
	<hr/>	<hr/>

The group paid a total dividend in 2014 of £169,000 (2013: £108,000), of which £158,000 (2013: £98,000) was paid through the company and £11,000 (2013: £10,000) was paid through Norish UK plc under the Twin Share Option Scheme.

### 10 Financial commitments and contingencies

At the 31 December 2014, the Group had £Nil (2013: £Nil) of capital projects authorised of which £Nil (2013: £Nil) was contracted at 31 December 2014.

At the 31 December 2014, the Company has exposure for the debts of Norish Limited and Townview Foods Limited totalling £6,788,000 (2013: £7,777,000) to HSBC Bank plc.

The liabilities of Norish Limited pursuant to these facilities agreements are secured by:

- (1) debentures creating first fixed and floating charges over all the assets, past present and future of Norish Limited and its subsidiaries;
- (2) unlimited multilateral guarantees given by all Group companies each guaranteeing payment of the liabilities of the other;
- (3) legal mortgages held over the Bury St. Edmunds, Wrexham, York , Gillingham and Leeds properties.

### 11 Related party transactions

The company has taken advantage of the exemptions within FRS 8 "Related Party Disclosures" not to disclose transactions and balances between 100% owned group companies.

## HISTORICAL FINANCIAL SUMMARY

### Consolidated income statement

	2010 £'000	2011 £'000	2012 £'000	2013 £'000	2014 £'000
	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue – continuing	10,654	11,213	13,552	22,811	23,645
– discontinuing	-	-	1,324	720	497
Trading profit – continuing	931	1,045	1,035	1,151	1,730
– discontinued	-	-	-	(946)	(300)
Other Income	410	190	109	315	-
Other exceptional items	-	-	(317)	-	-
Net finance expenses	(181)	(260)	(287)	(147)	(370)
Depreciation	(608)	(569)	(595)	(556)	(598)
Profit/(loss) before taxation	552	406	(55)	(183)	462
Taxation	(128)	(44)	(24)	104	(164)
Profit/(loss) for the financial year	424	362	(79)	(79)	298
Dividends	-	(92)	(93)	(108)	(169)

### Consolidated balance sheet

	2010 £'000	2011 £'000	2012 £'000	2013 £'000	2014 £'000
	IFRS	IFRS	IFRS	IFRS	IFRS
<b>Total assets less current liabilities</b>					
Non-current assets	16,079	16,264	19,275	15,289	18,336
Current assets	2,698	2,877	4,431	6,048	4,949
Current liabilities	(3,235)	(4,066)	(7,136)	(7,512)	(6,451)
	15,542	15,075	16,570	13,825	16,834
<b>Financed by</b>					
Share capital	1,493	1,674	1,841	2,056	3,280
Share premium account	3,156	3,229	3,276	3,463	4,198
Capital conversion reserve fund	23	23	23	23	23
Retained earnings	2,828	3,099	2,927	2,740	2,878
Non-controlling interest	-	-	-	-	(9)
<b>Shareholders' funds - equity</b>	7,500	8,025	8,067	8,282	10,370
Provisions	509	139	145	185	-
Deferred tax	1,091	1,055	1,046	863	954
Deferred consideration	-	-	1,422	594	425
Long term liabilities	6,442	5,856	5,890	3,901	5,085
	15,542	15,075	16,570	13,825	16,834



# **NORISH PLC**

**Registered Office**

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**Operational Head Office**

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