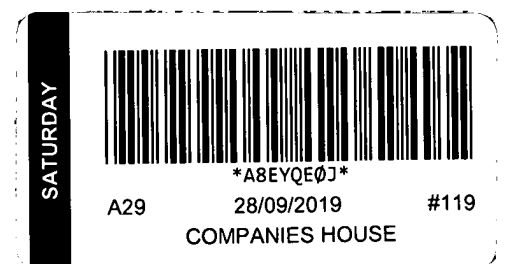


Company registration number: 00548296

SUN VALLEY LIMITED

Financial statements

31 December 2018



SUN VALLEY LIMITED

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SUN VALLEY LIMITED

Directors and other information

Directors	Mrs Gladys Hacking Mr Geoffrey William Street Mr James Joseph Park Hacking Mrs Frances Margaret Leigh Street Mr Thomas Henry Hacking Ms Kathryn Ann Leigh Thomas Ms Christina Hilda Leigh Hacking
Secretary	James Joseph Park Hacking
Company number	00548296
Registered office	Georgia Avenue Bromborough Wirral CH62 3RD
Business address	Georgia Avenue Bromborough Wirral CH62 3RD
Auditor	Clarke Broome & Fleming 223 Church Street Blackpool Lancashire FY1 3PB
Bankers	HSBC Bank Plc 31 The Pyramids, Grange Road Birkenhead Merseyside CH412ZL
Solicitors	Brabners Horton House Exchange Flags Liverpool L2 3YL

SUN VALLEY LIMITED

Strategic report Year ended 31 December 2018

The directors submit their report and the financial statements of Sun Valley Ltd for the Year ended 31 December 2018

Principal Activities

The principal activity is the manufacture and marketing, processing and packaging of nut kernels, dried fruits, seeds and snack and confectionary products.

Review of the Business

The year under review has been challenging on several fronts, not least the recovery from the December 2017 fire. Sales increased 7.7%, margins improved to 18.7% (2017 - 16.2%) in a very competitive snacks and nut market, resulting in a reduced operating Loss of £793,391 (2017 - £1,267,785 loss).

Review of 2018 Results

Turnover increased by £2.9 million to £40.7 million. Gross margin percentage improved by 2.5% to 18.7% resulting in a decrease in the operating loss by £475 thousand to £793 thousand.

Capital expenditure increased by £608 thousand to £1.3 million with a further £1.8 million incurred on capital contracts in progress.

Total assets less current liabilities decreased by £241 thousand and capital and reserves reduced by £800 thousand.

Review of Developments and Future Prospects

The execution of our contingency plans to mitigate the December 2017 fire, required a significant reconfiguration of our business processes. High levels of expenditure were linked to a series of actions which have successfully reduced the impact on the trading results in 2018 and into 2019.

Despite the fire, the business has not only maintained, but grown customer activity. Brand remained stable, while food ingredients and own label both grew. The exception was tree nuts, which have been adversely affected by our fire mitigation plan. We expect to recover this situation during 2019 and into 2020.

Work on altering our procurement strategies and foreign exchange provision have helped improve the profitability of the operation. Investment in key areas of production equipment and planning software for our ERP system, also contributed to the improved gross profit margin.

To date, the business has maintained the 2018 investment profile, albeit at a reduced level, of both replacement and innovative machinery and software. With the completion of the contingency programme, manufacturing operations will return to standard processes by the end of the year.

SUN VALLEY LIMITED

Strategic report (continued) Year ended 31 December 2018

Key Performance Indicators

The company has established key performance indicators to measure the progress of the company in achieving both its business objectives and strategy. The Executive Team reviews performance against these at monthly meetings.

The principal performance measures are summarised below

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Sales Growth	8%	8%	(13%)	4%
Gross Margin	19%	16%	19%	14%
Net Margin	-	-	1%	-
ROCE	-	-	4%	-

Principal Risks and Uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the company's performance.

Commercial

Demand for the Company's products, as part of the snack industry, is a function of economic confidence and prosperity both of which can be interrupted by outside events and lower disposable incomes. The departure from the European Union may have an impact on this.

Financial

Liquidity, cash flow and interest risk

Liquidity and cash flow risk are the risk an entity will encounter difficulty in meeting its obligations. The Company aims to mitigate these risks by managing working capital. They closely monitor working capital requirements and work with the Company's bankers to ensure these requirements are met.

Foreign exchange risk

The company's local currency is pounds sterling but many of the purchases are from supplies denominated in US dollars. As a result, the company is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and US dollars. The company seeks to reduce this risk by entering into forward contracts.

SUN VALLEY LIMITED

**Strategic report (continued)
Year ended 31 December 2018**

At the year end there were US Dollar forward currency contracts in place for \$15,495,000 (\$16,675,000 - 2017). The unrealized gain on these contracts at 31 December 2018 was £81,331 which has been hedged forward in the Comprehensive Income Statement.

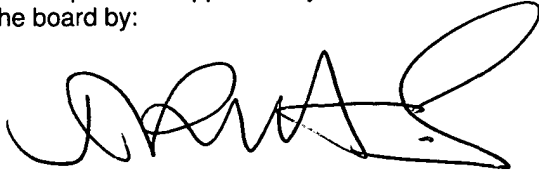
Commercial relationships

The company benefit from close commercial relationships with a number of key customers and suppliers. The loss of any of these key customers or suppliers, or a significant worsening in commercial terms could have a material impact on results.

Competitors

The Company operates in a highly competitive and over saturated market, and as such results must be achieved by finding unique selling points or by superior products and service. The Company cannot compete on price alone.

This report was approved by the board of directors on 27 September 2019 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'JPH', with a large, stylized flourish extending to the right.

Mr James Joseph Park Hacking
Director

SUN VALLEY LIMITED

Directors report Year ended 31 December 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

Directors

The directors who served the company during the year were as follows:

Mrs Gladys Hacking
Mr Geoffrey William Street
Mr James Joseph Park Hacking
Mrs Frances Margaret Leigh Street
Mr Thomas Henry Hacking
Ms Kathryn Ann Leigh Thomas
Ms Christina Hilda Leigh Hacking

Dividends

The directors do not recommend the payment of a dividend.

Hedging instruments

As is common in most businesses which have foreign exchange exposure the company negotiates foreign exchange contracts for future direct costs. The company hedges these options and any gain/loss is shown in the comprehensive income statement.

Disclosure of information in the strategic report.

The company has chosen in accordance with section 414C (11) of the Companies Act 2006 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report. It has done so in respect of financial instruments, future developments, currency fluctuations and principal risks.

Directors' responsibilities statement

The directors' are responsible for preparing the strategic report, directors report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

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

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

SUN VALLEY LIMITED

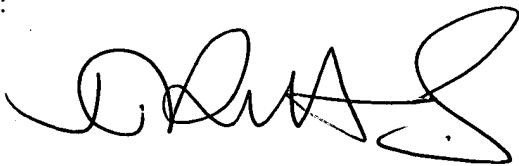
**Directors report (continued)
Year ended 31 December 2018**

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware;
and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 27 September 2019 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'JPH', written over a horizontal line.

Mr James Joseph Park Hacking
Director

SUN VALLEY LIMITED

Independent auditor's report to the members of SUN VALLEY LIMITED Year ended 31 December 2018

Opinion

We have audited the financial statements of SUN VALLEY LIMITED for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other Information

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

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

We have nothing to report in this regard.

SUN VALLEY LIMITED

Independent auditor's report to the members of SUN VALLEY LIMITED (continued) Year ended 31 December 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

SUN VALLEY LIMITED

**Independent auditor's report to the members of
SUN VALLEY LIMITED (continued)
Year ended 31 December 2018**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Martin Vernon Clarke (Senior Statutory Auditor)

For and on behalf of
Clarke Broome & Fleming
Chartered Certified Accountants and Statutory Auditors
223 Church Street
Blackpool
Lancashire
FY1 3PB

27 September 2019

SUN VALLEY LIMITED

**Statement of comprehensive income
Year ended 31 December 2018**

	Note	2018 £	2017 £
Turnover	4	40,741,690	37,824,850
Cost of sales		(33,120,424)	(31,695,771)
Gross profit		<u>7,621,266</u>	<u>6,129,079</u>
Distribution costs		(2,906,401)	(2,655,101)
Administrative expenses		(5,508,256)	(4,741,763)
Operating loss	5	<u>(793,391)</u>	<u>(1,267,785)</u>
Other interest receivable and similar income	8	116	2,955
Interest payable and similar expenses	9	(43,815)	(1,498)
Loss before taxation		<u>(837,090)</u>	<u>(1,266,328)</u>
Tax on loss	10	-	130,532
Loss for the financial year and total comprehensive income		<u>(837,090)</u>	<u>(1,135,796)</u>
Fair value movements on cash flow hedging instruments		81,331	(37,209)
Fair value movements on net investment hedging instruments		(81,331)	-
Hedging item reversed in 2018		37,209	-
Other comprehensive income for the year		<u>37,209</u>	<u>(37,209)</u>
Total comprehensive income for the year		<u>(799,881)</u>	<u>(1,173,005)</u>

All the activities of the company are from continuing operations.

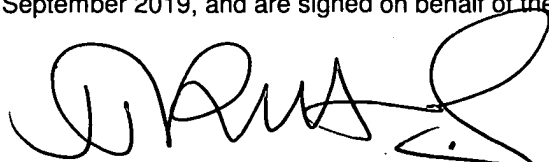
The notes on pages 14 to 26 form part of these financial statements.

SUN VALLEY LIMITED

**Statement of financial position
31 December 2018**

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	11	2,197,294		1,373,438	
			2,197,294		1,373,438
Current assets					
Stocks	12	3,696,177		6,084,098	
Debtors	13	10,767,728		9,127,774	
Cash at bank and in hand		507,612		214,226	
			14,971,517	15,426,098	
Creditors: amounts falling due within one year	15	(10,282,819)		(9,672,304)	
Net current assets			4,688,698		5,753,794
Total assets less current liabilities			6,885,992		7,127,232
Creditors: amounts falling due after more than one year	16		(573,660)		(15,019)
Net assets			6,312,332		7,112,213
Capital and reserves					
Called up share capital	20	300,000		300,000	
Fair value reserve	21	-		(37,209)	
Profit and loss account	21	6,012,332		6,849,422	
Shareholders funds			6,312,332		7,112,213

These financial statements were approved by the board of directors and authorised for issue on 27 September 2019, and are signed on behalf of the board by:



Mr James Joseph Park Hacking
Director

Company registration number: 00548296

The notes on pages 14 to 26 form part of these financial statements.

SUN VALLEY LIMITED

**Statement of changes in equity
Year ended 31 December 2018**

	Called up share capital	Fair value reserve	Profit and loss account	Total
	£	£	£	£
At 1 January 2017	300,000	-	7,985,218	8,285,218
Loss for the year			(1,135,796)	(1,135,796)
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments		(37,209)		(37,209)
Total comprehensive income for the year	-	(37,209)	(1,135,796)	(1,173,005)
At 31 December 2017 and 1 January 2018	300,000	(37,209)	6,849,422	7,112,213
Loss for the year			(837,090)	(837,090)
Other comprehensive income for the year:				
Fair value movements on cash flow hedging instruments		81,331		81,331
Fair value movements on net investment hedging instruments		(81,331)		(81,331)
Hedging item reversed in 2018	-	37,209	-	37,209
Total comprehensive loss for the year	-	37,209	(837,090)	(799,881)
At 31 December 2018	300,000	-	6,012,332	6,312,332

SUN VALLEY LIMITED

**Statement of cash flows
Year ended 31 December 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	22	(1,377,441)	(1,775,288)
Interest paid		(43,815)	(1,498)
Interest received		116	2,955
Tax paid		-	195,368
Net cash used in operating activities		<u>(1,421,140)</u>	<u>(1,578,463)</u>
Cash flows from investing activities			
Purchase of tangible assets		(1,299,731)	(691,280)
Proceeds from sale of tangible assets		5,050	-
Net cash used in investing activities		<u>(1,294,681)</u>	<u>(691,280)</u>
Cash flows from financing activities			
Payment of finance lease liabilities		739,301	(12,031)
Net cash from/(used in) financing activities		<u>739,301</u>	<u>(12,031)</u>
Net increase/(decrease) in cash and cash equivalents		(1,976,520)	(2,281,774)
Cash and cash equivalents at beginning of year	14	<u>214,226</u>	<u>2,496,000</u>
Cash and cash equivalents at end of year	14	<u>(1,762,294)</u>	<u>214,226</u>

SUN VALLEY LIMITED

Notes to the financial statements Year ended 31 December 2018

1. General information

The company is a private company limited by shares, registered in England. The address of the registered office is Sun Valley Ltd, Georgia Avenue, Bromborough, Wirral, CH62 3RD.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.
The financial statements are prepared in sterling, which is the functional currency of the entity

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This is based on a review of banking facilities, underlying profit trends, cash flow forecasts and outstanding insurance claims. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Judgements and key sources of estimation uncertainty

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

Plant & Machinery

The company recognises plant & machinery as an economic enhancement to its production capacity, whereas expenditure classed as maintenance is expensed in the period it is incurred.
The estimated useful economic life of plant & machinery is based on management's judgement by experience. Due to the significant judgements being used, valuations between actual and estimated useful economic lives could impact operating results both positively and negatively, although historically this has not been the case.

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Stock

The valuation of stock is a key assumption on whether or not the company is able to process, pack and deliver finished goods to a competitive snack market and return a margin. The overstatement of stock would lead to lower margins and potentially negative returns for the company.

SUN VALLEY LIMITED

Notes to the financial statements (continued) Year ended 31 December 2018

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 7 Years straight line
Fittings fixtures and equipment	- 3 Years straight line
Motor vehicles	- 4 Years straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

SUN VALLEY LIMITED

Notes to the financial statements (continued) Year ended 31 December 2018

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Cost is calculated using the first in, first out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Hire purchase and finance leases

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets or either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

SUN VALLEY LIMITED

Notes to the financial statements (continued) Year ended 31 December 2018

4. Turnover

Overseas turnover amounted to 17% (31 December 2017: 17%) of the total turnover for the year

5. Operating loss

	2018	2017
	£	£
Depreciation of tangible assets	475,874	362,135
(Gain)/loss on disposal of tangible assets	(5,050)	-
Cost of stocks recognised as an expense	29,129,944	27,753,978
Operating lease rentals	460,466	329,369
Foreign exchange differences	302,257	420,288
Fees payable for the audit of the financial statements	21,249	21,838
	<u> </u>	<u> </u>

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018	2017
Production	160	137
Office & Management	30	26
Sales & Marketing	11	11
	<u> </u>	<u> </u>
	<u>201</u>	<u>174</u>

The aggregate payroll costs incurred during the year were:

	2018	2017
	£	£
Wages and salaries	5,656,728	5,294,708
Social security costs	559,155	489,371
Other pension costs	172,394	126,084
	<u> </u>	<u> </u>
	<u>6,388,277</u>	<u>5,910,163</u>

SUN VALLEY LIMITED

**Notes to the financial statements (continued)
Year ended 31 December 2018**

7. Directors remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018	2017
	£	£
Remuneration	180,059	202,758
Company contributions to pension schemes in respect of qualifying services	1,128	1,128
	181,187	203,886
	181,187	203,886

The number of directors who accrued benefits under company pension plans was as follows:

	2018	2017
	Number	Number
Defined contribution plans	3	3
	3	3
	3	3

8. Other interest receivable and similar income

	2018	2017
	£	£
Bank deposits	116	2,955
	116	2,955
	116	2,955

9. Interest payable and similar expenses

	2018	2017
	£	£
Bank loans and overdrafts	-	146
Other loans made to the company:		
Finance leases and hire purchase contracts	8,896	1,352
Factoring loans	34,919	-
	43,815	1,498
	43,815	1,498

SUN VALLEY LIMITED

Notes to the financial statements (continued)
Year ended 31 December 2018

10. Tax on loss

Major components of tax expense/income

	2018	2017
	£	£
Current tax:		
Adjustments in respect of previous periods	-	(43,459)
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	-	(87,073)
	<hr/>	<hr/>
Tax on loss	<hr/> <hr/>	<hr/> <hr/>

Includes tax losses surrendered to group

Reconciliation of tax expense/income

The tax assessed on the loss for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%).

	2018	2017
	£	£
Loss before taxation	(837,090)	(1,266,328)
	<hr/>	<hr/>
Loss multiplied by rate of tax	(159,047)	(240,602)
Adjustments in respect of prior periods	-	(43,459)
Effect of expenses not deductible for tax purposes	2,476	4,005
Effect of capital allowances and depreciation	16,671	6,910
Effect of different UK tax rates on some earnings	-	(3,123)
Utilisation of tax losses	56,516	160,080
Unrelieved tax losses	84,344	72,730
Deferred Taxation	-	(87,073)
Gain on disposal	(960)	-
	<hr/>	<hr/>
Tax on loss	<hr/> <hr/>	<hr/> <hr/>

Factors affecting future tax expense

There are no factors affecting the future tax expense.

SUN VALLEY LIMITED

Notes to the financial statements (continued)
Year ended 31 December 2018

11. Tangible assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2018	9,096,361	1,021,817	338,736	10,456,914
Additions	1,059,102	240,629	-	1,299,731
Disposals	(2,483,628)	(77,219)	(83,776)	(2,644,623)
Asset register alignment	101,387	186,957	-	288,344
At 31 December 2018	<u>7,773,222</u>	<u>1,372,184</u>	<u>254,960</u>	<u>9,400,366</u>
Depreciation				
At 1 January 2018	7,971,939	795,287	316,250	9,083,476
Charge for the year	315,403	143,607	16,865	475,875
Disposals	(2,483,628)	(77,219)	(83,776)	(2,644,623)
Asset register alignment	101,387	186,957	-	288,344
At 31 December 2018	<u>5,905,101</u>	<u>1,048,632</u>	<u>249,339</u>	<u>7,203,072</u>
Carrying amount				
At 31 December 2018	<u>1,868,121</u>	<u>323,552</u>	<u>5,621</u>	<u>2,197,294</u>
At 31 December 2017	<u>1,124,422</u>	<u>226,530</u>	<u>22,486</u>	<u>1,373,438</u>

Obligations under finance leases

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery	Motor vehicles
	£	£
At 31 December 2018	<u>750,364</u>	<u>5,621</u>
At 31 December 2017	<u>-</u>	<u>22,486</u>

SUN VALLEY LIMITED

**Notes to the financial statements (continued)
Year ended 31 December 2018**

12. Stocks

	2018	2017
	£	£
Raw materials	1,788,823	2,789,968
Work in progress	346,570	689,874
Finished goods	1,560,784	2,604,256
	<u>3,696,177</u>	<u>6,084,098</u>

13. Debtors

	2018	2017
	£	£
Trade debtors	8,530,365	8,384,491
Capital contracts in progress	1,886,275	-
Prepayments and accrued income	165,351	211,809
Derivative financial assets	81,331	209,266
Other debtors	104,406	322,208
	<u>10,767,728</u>	<u>9,127,774</u>

14. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	507,612	214,226
Bank overdrafts	(2,269,906)	-
	<u>(1,762,294)</u>	<u>214,226</u>

SUN VALLEY LIMITED

**Notes to the financial statements (continued)
Year ended 31 December 2018**

15. Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	2,269,906	-
Trade creditors	5,285,750	8,007,652
Accruals and deferred income	1,522,059	630,174
Corporation tax	-	(33,832)
Social security and other taxes	876,899	727,929
Obligations under finance leases	192,676	12,016
Derivative financial liability	81,331	246,475
Other creditors	54,198	81,890
	<u>10,282,819</u>	<u>9,672,304</u>

Obligations under finance leases are secured by the individual asset connected to the agreement. HSCB Bank Plc have a fixed and floating charge over the company assets in order to secure the invoice factoring arrangements.

16. Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Obligations under finance leases	<u>573,660</u>	<u>15,019</u>

SUN VALLEY LIMITED

**Notes to the financial statements (continued)
Year ended 31 December 2018**

17. Obligations under finance leases

Company lessee

The total future minimum lease payments under finance lease agreements are as follows:

	2018	2017
	£	£
Not later than 1 year	207,956	13,368
Later than 1 year and not later than 5 years	618,103	16,709
	<u>826,059</u>	<u>30,077</u>
Less: future finance charges	(59,723)	(3,042)
Present value of minimum lease payments	<u><u>766,336</u></u>	<u><u>27,035</u></u>

Motor Asset Finance

Volvo Financial Services Loan - 15 payments applicable rate 3.99%

Machinery Asset Finance

Loan one - 50 payments applicable rate 2.99%
 Loan two - 52 payments applicable rate 2.99%
 Loan three - 48 payments applicable rate 3.65%

18. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £172,394 (2017: £126,084).

19. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2018	2017
	£	£
Financial assets measured at fair value through profit or loss		
Derivative financial instruments	<u>81,331</u>	<u>209,266</u>
Financial liabilities measured at fair value through profit or loss		
Cash flow hedge reserve	<u>81,331</u>	<u>246,475</u>

Derivatives

The Company has measured its forward exchange contracts at the year end against spot rates over a twelve month period, a gain of £81,331 has arisen which has been credited to the Statement of Comprehensive Income, however the company is eligible to hedge this gain, the delivery of fair value will be recognised in 2019.

SUN VALLEY LIMITED

Notes to the financial statements (continued)
Year ended 31 December 2018

**20. Called up share capital
 Issued, called up and fully paid**

	2018		2017	
	No	£	No	£
Ordinary shares of £ 1.00 each	300,000	300,000	300,000	300,000

21. Reserves

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

22. Cash generated from operations

	2018	2017
	£	£
Cash flows from operating activities		
Loss for the financial year	(837,090)	(1,135,796)
Depreciation of tangible assets	475,875	362,135
Gain/(loss) on financial assets at fair value through profit or loss	-	209,266
Gain/(loss) on financial liabilities at fair value through profit or loss	-	(246,475)
Other interest receivable and similar income	(116)	(2,955)
Interest payable and similar expenses	43,815	1,498
Gain/(loss) on disposal of tangible assets	(5,050)	-
Tax on loss	-	(130,532)
Accrued expenses/(income)	891,885	141,205
<i>Changes in:</i>		
Stocks	2,387,921	(2,482,403)
Trade and other receivables	(1,639,954)	(1,336,088)
Trade and other payables	(2,694,727)	2,844,857
Cash generated from operations	<u>(1,377,441)</u>	<u>(1,775,288)</u>

23. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2018	2017
	£	£
Tangible assets	<u>680,925</u>	<u>3,390</u>

SUN VALLEY LIMITED

**Notes to the financial statements (continued)
Year ended 31 December 2018**

24. Operating leases

The company as lessee

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

	2018	2017
	£	£
Not later than 1 year	446,685	446,460
Later than 1 year and not later than 5 years	1,586,550	1,713,618
Later than 5 years	600,000	900,000
	<u>2,633,235</u>	<u>3,060,078</u>
 Lease payments for the current period	 <u>460,466</u>	 <u>329,368</u>

Rental Arrangements

The total future minimum rental payments under non-cancellable arrangements are as follows:-

	2018	2017
	£	£
Not later than 1 year	23,940	11,262
Later than 1 year and not later than 5 years	77,407	43,602
	<u>101,347</u>	<u>54,864</u>
 Rental payments for the current period	 <u>16,905</u>	 <u>1,448</u>

25. Key management personnel

The amount of compensation paid to the key management personnel for the management of the business is as follows:-

	2018	2017
	£	£
Compensation package	<u>271,626</u>	<u>215,136</u>

SUN VALLEY LIMITED

Notes to the financial statements (continued) Year ended 31 December 2018

26. Controlling party

The company is owned by Goodwood Holdings Ltd, company number 09070079 (England & Wales). The owners of the parent company are the Hacking family who own 100% of the stock issued. Group accounts may be obtained by writing to the Company Secretary at the registered office.

27. Related party note

On 1st January 2016, the company entered into a 10 year lease with the parent company, Goodwood Holdings Ltd, to lease back the property portfolio, details of which are shown in note 24