

# **Panfoods Co. Limited**

## **Report and Financial Statements**

31 March 2018

**Registered No. 1961948**

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COMPANIES HOUSE

**Directors**

J P Gallagher

T Yamaoka

T Ito

I Maeda (resigned on 26 April 2017)

F Sato (appointed on 26 April 2017)

T Tanaka

**Secretary**

T Ito

**Auditors**

Ernst & Young LLP

1 More London Place

London, SE1 2AF

**Bankers**

The Bank of Tokyo – Mitsubishi UFJ, Ltd

Ropemaker Place

25 Ropemaker Street

London, EC2Y 9AN

Barclays Bank plc

1 Churchill Place

London, E14 5HP

**Solicitors**

Birkett Long Solicitors

Number One, Legg Street

Chelmsford

Essex, CM1 1JS

**Registrars and Registered Office**

4th Floor, 95 Gresham Street

London, EC2V 7AB

## Strategic report

The directors present their strategic report for the year ended 31 March 2018.

### Review of the business

The company is engaged, as a sole distributor for Brazilian soluble coffee, in the worldwide sale and distribution of soluble coffee and associated products.

The financial key performance indicators for the company are:

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
Volumes sold (kg)	15,191,282	15,194,449
Turnover	\$123,176,913	\$115,402,531
Gross Profit	\$4,279,735	\$4,062,418

The year ended 31 March 2018 demonstrated strong performance for the company with an increase in the trading profitability to \$2,162,221 from \$1,694,914 as compared with the year ended 31 March 2017. During the year a greater product mix of higher margin products was sold and administrative costs were mostly kept at the previous year level. Market conditions for Brazilian coffees remained challenging during the year with the crop for the most widely used type of coffee continuing to be limited in supply.

Sales with a value of \$19,878,860 were achieved in North America, \$11,164,826 in Russia, \$24,597,611 in Japan and \$67,535,616 in Asia, Middle East, Europe, South America and Africa. Geographical split of turnover is analysed in Note 3 to the financial statements.

The joint venture Alliance Coffee Company (ACC) has been liquidated resulting in \$82,221 gain.

### Strategy

We will continue to develop our relationships with the clients, generating new business where possible and increasing our margin.

### Principal risks and uncertainties

The company is cautiously optimistic about improving trading conditions in 2018 through 2019 as though the climatic conditions in Brazil are expected to produce a larger crop, coffee price became more competitive on the market in general. The management is also cautious towards volatility in the currency.

#### Competitive Risks

Competitive pressure globally is a continuing risk for the company while strong internal demand in Brazil puts pressure on export prices; the soluble coffee industries are highly competitive, particularly at the wholesale level where our business is focused. Many companies offer these types of products resulting in a very competitive pricing environment.

The company manages this risk by providing high quality products backed up by reliable, fast and efficient service.

Therefore, the company has been prudent again in setting objectives for the year ending 31 March 2019.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### Legislative Risks

Uncertainties in the Russian economy as a result of continuation of the sanctions, could worsen the country's financial situation, especially relating to foreign exchange rate of RUB to USD affecting the purchasing ability of the customers the Company operates with in the Russian market.

#### Exposure to price, credit, liquidity and cash flow risk

Coffee commodities are quoted on international markets in the United States Dollars, as a result the majority of sales and purchases of the company are US Dollar denominated.

The company is not exposed to price risk as the company's margins are fixed as agreed with its parent company, Cia Iguacu de Café Solúvel (the company's only product supplier), therefore, any detriment or benefits from price movements are transferred to the parent company.

The company had cash at bank and in hand of \$ 5,265,235 at the balance sheet date (31 March 2017 – \$2,264,270). Increase from the previous year is due to higher receipts from customers during the last 7 days of the year that prevented it from repaying the intercompany loan during March. Operational needs are financed out of these deposits and operational cash flow as well.

For all trade creditors it is the policy of the company to make payment within the agreed terms.

The majority of the customer base makes regular payments monthly. Third party bad debt risk is considered to be low and outstanding debtors are monitored on an on-going basis and credit insurance and other debt protection measures are employed by the directors as and when deemed necessary.

Intercompany lending risk is considered to be low due to additional capital injection made in the year ending 31 March 2015 by the ultimate parent company Marubeni Corporation into the parent company Cia Iguacu de Café Solúvel.

### Transparency provisions of the Modern Slavery Act 2015

From 29 October 2015, commercial organisations with a turnover of £36 million or more who do business in the UK are required to disclose, in an annual statement, the steps they are taking to address modern slavery in their business and supply chain. As a response to this requirement, the management of the ultimate parent of the company produced the annual Slavery and Human Trafficking statement to disclose the results of the assessment on whether the business and supply chains of the company are at risk of slavery and human trafficking and the steps taken by the management to assess and manage this risk. The statement is available at the company's registered office address.

### General Data Protection Regulation

From 25 May 2018, The EU General Data Protection Regulation (GDPR) replaces the 1995 EU Data Protection Directive. The GDPR strengthens the rights that individuals have regarding personal data relating to them and seeks to unify data protection laws across Europe, regardless of where that data is processed. As a response to this requirement, the management is currently accessing the areas of the business that will be impacted and the measurements to be taken to ensure compliance on each of the identified areas.

On behalf of the board,



Ito Tetsuro  
Director

Date: 7 June 2018

## Directors' report

### Registered No. 1961948

The directors present their report for the year ended 31 March 2018.

### Directors of the company

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

J P Gallagher

T Yamaoka

T Ito

I Maeda (resigned on 26 April 2017)

F Sato (appointed on 26 April 2017)

T Tanaka

### Results and dividends

The profit for the year after taxation amounted to \$2,783,578 (year ended 31 March 2017 – profit of \$2,242,614). Dividends paid during the year were \$nil (year ended 31 March 2017 – \$nil). The directors do not recommend a final dividend (year ended 31 March 2017 – \$nil).

### Future developments

We expect the performance of the company to improve in 2018-2019 as the company will also sell coffee from other origins although in small quantities.

### Financial instruments

The company finances its activities including financing to its parent company, Cia Iguacu de Café Solúvel, with a combination of a related party loans and cash. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

Financial instruments give rise to credit, price and liquidity risk. Information on how these risks arise is set out above, as are the objectives, policies and processes for their management and the methods used to measure each risk.

### Going concern

Panfoods is a profitable company, which has net assets of \$28,448,135 as at 31 March 2018. The directors expect the company's profitability to be maintained in the financial year ending 31 March 2019. The company had cash reserves of \$5,265,235 at the period end and the directors plan to use any spare cash generated from its future profitable trading and to provide pre-shipment finance to our parent company, Cia Iguacu de Café Solúvel.

As such, the directors have a reasonable expectation that the company will continue to have sufficient funds to meet its liabilities as these fall due and will, therefore, be in a position to continue its operational existence for a period of at least 12 months from the date on which these financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements for the 12 months ended 31 March 2018.

## Directors' report (continued)

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

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

On behalf of the Board



Ito Tetsuro  
Director

Date: 7 June 2018

## Directors' report (continued)

### Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANFOODS CO. LIMITED

## Opinion

We have audited the financial statements of Panfoods Co. Limited for the year ended 31 March 2018 which comprise the Balance Sheet and the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes 1 to 21 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 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

## 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.

## Conclusions relating to going concern

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANFOODS CO. LIMITED (Continued)

## 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## 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 directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANFOODS CO. LIMITED (Continued)

## **Auditor's responsibilities for the audit of the financial statements**

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

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

Ernst & Young LLP.

William Binns (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London, United Kingdom

Date: 7 June 2018

## Statement of Comprehensive Income

for the year ended 31 March 2018

		Year ended 31 March 2018	Year ended 31 March 2017
	Notes	\$	\$
<b>Turnover</b>	3	123,176,913	115,402,531
Cost of sales		(118,897,178)	(111,340,113)
<b>Gross profit</b>		4,279,735	4,062,418
Administrative expenses		(2,119,514)	(2,367,504)
<b>Operating profit</b>	4	2,160,221	1,694,914
Interest receivable and similar income	7	1,847,392	1,776,523
Interest payable and similar charges	8	(657,619)	(644,829)
<b>Profit on ordinary activities before exceptional items</b>		3,349,994	2,826,608
(Loss) / Gain on disposal of investment		82,221	(12,468)
<b>Profit before taxation</b>		3,432,215	2,814,140
Tax on profit on ordinary activities	9	(648,637)	(571,526)
<b>Profit for the year</b>	17	2,783,578	2,242,614

All amounts relate to continuing activities: There were no other items of comprehensive income other than the profit for the year.

## Statement of Changes in Equity

for the year ended 31 March 2018

	Share capital \$	Retained earnings \$	Share premium \$	Total equity \$
<b>Balance at 1 April 2016</b>	2,781,011	20,594,202	46,730	23,421,943
<i>Changes in Equity</i>				
Total comprehensive income for the year	-	2,242,614	-	2,242,614
<b>Balance at 31 March 2017</b>	2,781,011	22,836,816	46,730	25,664,557
<i>Changes in equity</i>				
Total comprehensive income for the year	-	2,783,578	-	2,783,578
<b>Balance at 31 March 2018</b>	2,781,011	25,620,394	46,730	28,448,135

## Balance Sheet

as at 31 March 2018

		31 March 2018	31 March 2017
	Notes	\$	\$
<b>Fixed assets</b>			
Tangible assets	10	51,867	49,346
Investments	11	—	—
		<u>51,867</u>	<u>49,346</u>
<b>Current assets</b>			
Stocks	12	1,100,366	489,331
Debtors	13	42,682,367	46,270,973
Cash at bank and in hand		<u>5,265,235</u>	<u>2,264,270</u>
		49,047,968	49,024,574
<b>Creditors: amounts falling due within one year</b>	14	(20,651,700)	(23,409,363)
<b>Net current assets</b>		<u>28,396,268</u>	<u>25,615,211</u>
<b>Net assets</b>		<u>28,448,135</u>	<u>25,664,557</u>
<b>Capital and reserves</b>			
Called up share capital	15	2,781,011	2,781,011
Share premium	16	46,730	46,730
Profit and loss account	16	<u>25,620,394</u>	<u>22,836,816</u>
<b>Shareholders' funds</b>	17	<u>28,448,135</u>	<u>25,664,557</u>

Approved by the Board on and signed on its behalf by:

  
 Ito Tetsuro  
 Director

Date: 7 June 2018

## Notes to the financial statements

as at 31 March 2018

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Panfoods Co. Limited (the “company”) for the year ended 31 March 2018 were authorised for issue by the board of directors on 7 June 2018 and the balance sheet was signed on the board’s behalf by Tetsuro Ito. Panfoods Co. Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The company’s financial statements are presented in USD and all values are rounded to the nearest USD except when otherwise indicated.

The results of Panfoods Co. Limited are included in the consolidated financial statements of registered Brazilian company, Cia Iguacu de Café Solúvel, which is available from Av. Paulista, 854 - 16º andar, CEP: 01310-913 - São Paulo, Brazil.

The principal accounting policies adopted by the company are set out in Note 2.

### 2. Accounting policies

#### *Basis of preparation*

The financial statements of Panfoods Co. Ltd have been prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The company’s parent undertaking, which is registered in Brazil, Cia Iguacu de Café Solúvel, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2018.

#### *Tangible fixed assets*

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows.

Land and buildings	–	20 years
Office fixtures	–	5 years
Office equipment	–	4 years
Mobile equipment	–	3 years
Motor vehicles	–	4 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

## Notes to the financial statements

as at 31 March 2018

### 2. Accounting policies (continued)

#### *Provisions for liabilities*

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

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

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and goods for resale the average purchase price is used.

#### *Trade and other debtors*

Trade debtors, which generally have 30-180 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### *Cash at bank and in hand*

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

#### *Income taxes*

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

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions: deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

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

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

## Notes to the financial statements

as at 31 March 2018

### 2. Accounting policies (continued)

#### ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### ***Pensions***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### ***Revenue recognition***

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

#### ***Sale of goods***

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) receivable for goods supplied to customers. Turnover is recognised at the point when the goods are shipped to customers or at the point when goods are released from free trade zones to customers.

#### ***Interest income***

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

#### ***Dividends***

Income is recognised when the company's right to receive payment is established.

#### ***Statement of cash flows***

Under FRS 101 paragraph 8(h) the company is exempt from the requirement to prepare a statement of cash flows on the grounds that a parent undertaking includes this company in its own published group financial statements.

#### ***Investments***

The fixed asset investments are stated at cost less any permanent diminution in value.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the beginning of the month in which the transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

## Notes to the financial statements

as at 31 March 2018

### 2. Accounting policies (continued)

#### *Going concern*

Panfoods is a profitable company, which has net assets of \$28,448,135 as at 31 March 2018. The directors expect the company's profitability to be maintained in the financial year ending 31 March 2018. The company had cash reserves of \$5,265,235 at the period end and the directors plan to use any spare cash generated from its future profitable trading to provide pre-shipment finance to our parent company, Cia Iguacu de Café Solúvel.

As such, the directors have a reasonable expectation that the company will continue to have sufficient funds to meet its liabilities as these fall due and will, therefore, be in a position to continue its operational existence for a period of at least 12 months from the date on which these financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements for the 12 months ended 31 March 2018.

#### *Group financial statements*

The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements on the basis that it is a wholly owned subsidiary of Cia Iguacu de Café Solúvel and is included in the group financial statements of Cia Iguacu de Café Solúvel for the 12 months ended 31 March 2018, which are publicly available. These financial statements therefore present information about the company as an individual undertaking and not about its group and accordingly the comparative figures have been presented to reflect the company as on individual undertaking.

As the company is a wholly owned subsidiary of Cia Iguacu de Café Solúvel, the company has taken advantage of the exemption available under FRS 101 paragraph 8(j) and has, therefore, not disclosed transactions or balances with the entities, which are wholly owned by a member of the group. The group financial statements of Cia Iguacu de Café Solúvel, within which this company is included, can be obtained from the address given in Note 21.

## Notes to the financial statements

as at 31 March 2018

### 3. Turnover

All turnover is derived from the sale of coffee. Turnover of the company is analysed by geographical market below.

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	\$	\$
United Kingdom	—	—
Rest of Europe including Russia	48,296,492	48,202,031
North America	19,878,860	17,826,171
Japan	24,597,611	19,039,189
Rest of Asia and Middle East	18,638,859	13,899,563
Africa and South America	11,765,091	16,435,577
	<u>123,176,913</u>	<u>115,402,531</u>

### 4. Operating Profit

This is stated after charging:

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	\$	\$
Auditors' remuneration – audit services	61,465	94,425
– taxation compliance services	2,830	5,000
	<u>64,295</u>	<u>99,425</u>
Depreciation of tangible fixed assets (Note 10)	24,123	20,735
Operating lease rentals	<u>7,109</u>	<u>62,287</u>

### 5. Directors' remuneration

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	\$	\$
Remuneration	652,319	624,821
Company contributions paid to defined contribution pension schemes	20,715	26,207
	<u>673,034</u>	<u>651,028</u>

The highest paid director was paid \$378,514 for the year ended 31 March 2018 (year ended 31 March 2017 – \$309,938) and \$nil contributions were made to money purchase schemes on his behalf (year ended 31 March 2017 – \$nil).

## Notes to the financial statements

as at 31 March 2018

### 5. Directors' remuneration (continued)

Retirement benefits accrued amounted to \$nil (year ended 31 March 2017 – \$nil) for the directors under a money purchase scheme.

### 6. Staff costs

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	\$	\$
Wages and salaries	1,185,331	1,141,120
Social security costs	99,457	87,880
Other pension costs	55,192	50,185
	<u>1,339,980</u>	<u>1,279,185</u>

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

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	No.	No.
Sales and marketing	4	4
Administration	5	6
	<u>9</u>	<u>10</u>

### 7. Interest receivable and similar income

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	\$	\$
Foreign exchange gains	–	2,957
Interest income from pre-shipment finance balances owed by group undertakings and related parties	1,847,392	1,773,566
	<u>1,847,392</u>	<u>1,776,523</u>

### 8. Interest payable and similar charges

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	\$	\$
Interest paid on amounts owed by group undertakings and related parties	633,972	644,829
Foreign exchange losses	23,647	–
	<u>657,619</u>	<u>644,829</u>

## Notes to the financial statements

as at 31 March 2018

### 9. Tax

#### (a) Tax on Profits on ordinary activities

The tax on profits is made up as follows:

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	<i>\$</i>	<i>\$</i>
<b>Current income tax:</b>		
UK corporation tax on the profit for the period	648,637	571,951
Adjustments in respect of prior periods	—	(23,469)
	<u>648,637</u>	<u>548,482</u>
Foreign tax		
Current tax on profit for the period	—	—
Total current income tax	<u>648,637</u>	<u>548,482</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	—	—
Total deferred tax (Note 9(c))	—	23,044
Tax on profit on ordinary activities (Note 9(b))	<u>648,637</u>	<u>571,526</u>

#### (b) Factors affecting the current tax on profit for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19% (12 months ended 31 March 2017 – 20%). The differences are explained below:

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	<i>\$</i>	<i>\$</i>
Profit before tax	<u>3,432,215</u>	<u>2,814,140</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (12 months ended 31 March 2017 – 20%)	652,121	562,828
<b>Effects of:</b>		
Expenses not deductible for tax purposes	17,925	9,123
Adjustments to tax charge in respect of previous years	—	(23,469)
Non-taxable income	(21,409)	—
Other timing differences	—	23,044
Total tax for the period (Note 9(a))	<u>648,637</u>	<u>571,526</u>

## Notes to the financial statements

as at 31 March 2018

### 9. Tax (continued)

#### (c) Deferred tax

	\$
At 1 April 2017	6,000
Charged to / (Utilised from) profit and loss for the period	—
At 31 March 2018	<u>6,000</u>

The elements of the deferred tax asset are as follows:

	<i>Year ended 31 March 2018</i>	<i>Year ended 31 March 2017</i>
	\$	\$
Difference between accumulated depreciation and amortisation and capital allowances	6,000	6,000
Other timing differences	—	—
	<u>6,000</u>	<u>6,000</u>

#### (d) Factors that may affect future tax charges

During the period the main rate of corporation tax remain at 19% with effect from 1 April 2017. Under the Finance Act 2018 the rate of corporation tax will continue unchanged at 19% with effect from 1 April 2018 and to 17% with effect from 1 April 2020. The company has reflected deferred tax at a rate of 19%. In his March 2018 Budget, the Chancellor of the Exchequer announced that the main rate of corporation tax will fall to 17%, with effect from 1 April 2020. At the balance sheet date, the new legislation had not been substantively enacted, and, therefore, the effect of this budget announcement on the deferred tax balance is not reflected in these accounts.

## Notes to the financial statements

as at 31 March 2018

### 10. Tangible fixed assets

	<i>Office fixtures and equipment</i>
	\$
Cost:	
At 1 April 2017	75,808
Additions	28,537
Disposals	(6,415)
At 31 March 2018	<u>97,930</u>
Depreciation:	
At 1 April 2017	26,462
Charge for the period	24,123
Disposals	(4,522)
At 31 March 2018	<u>46,063</u>
Net book value:	
At 31 March 2018	<u>51,867</u>
At 1 April 2017	<u>49,346</u>

### 11. Investments

	<i>Associated undertakings – joint ventures</i>
	\$
Cost:	
At 1 April 2017	–
Impairment reserve b/f	–
At 31 March 2018	<u>–</u>

The undertakings in which the company had the interest in prior year are as follows:

	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
<i>Associated undertakings – joint ventures</i>			
Alliance Coffee Company Limited	England and Wales	Coffee distribution	Ordinary shares 50%

The joint venture, Alliance Coffee Company (ACC), has been liquidated resulting in \$82,221 gain.

## Notes to the financial statements

as at 31 March 2018

### 12. Stocks

	<i>31 March 2018</i>	<i>31 March 2017</i>
	\$	\$
Raw materials and consumables	<u>1,100,366</u>	<u>489,331</u>

### 13. Debtors

	<i>31 March 2018</i>	<i>31 March 2017</i>
	\$	\$
Trade debtors	15,764,222	8,918,440
Amounts owed by group undertakings and related parties	26,627,368	37,217,313
Other debtors	38,937	15,541
Deferred tax assets	6,000	6,000
Prepayments and accrued income	241,892	107,126
Deposits	3,948	6,553
	<u>42,682,367</u>	<u>46,270,973</u>

### 14. Creditors: amounts falling due within one year

	<i>31 March 2018</i>	<i>31 March 2017</i>
	\$	\$
Trade creditors	156,882	57,733
Amounts owed to group undertakings and related parties	19,436,084	21,955,354
Corporation tax creditor	408,196	323,718
Other creditors	378,149	320,626
Accruals	272,389	751,931
	<u>20,651,700</u>	<u>23,409,363</u>

Amounts owed to group undertakings and related parties, which includes an intercompany loan and interest payable to Marubeni Finance Europe plc, at 31 March 2018 was \$17,402,298. This intercompany loan revolving facility initially capped at \$52,000,000 reduced to \$40,000,000 on 29 March 2018 to the period ending 31 March 2019. This amount is fully guaranteed by Marubeni Corporation, the ultimate parent undertaking. The company in turn has provided an indemnity to Marubeni Corporation. Management anticipate that this facility will continue to be renewed for the foreseeable future.

## Notes to the financial statements

as at 31 March 2018

### 15. Issued share capital

	31 March 2018		31 March 2017	
	No.	\$	No.	\$
<i>Authorised</i>				
Ordinary shares of \$1 each	2,781,011	<u>2,781,011</u>	2,781,011	<u>2,781,011</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of \$1 each	2,781,011	<u>2,781,011</u>	2,781,011	<u>2,781,011</u>

### 16. Movements on reserves

	Share premium \$	Profit and loss account \$
<b>At 1 April 2017</b>	46,730	22,836,816
Dividends declared and paid during the period	–	–
Profit for the period	–	<u>2,783,578</u>
<b>At 31 March 2018</b>	<u>46,730</u>	<u>25,620,394</u>

### 17. Reconciliation of shareholders' funds

	31 March 2017 \$	31 March 2016 \$
Profit for the period	2,783,578	2,242,614
Dividends declared and paid during the period	–	–
Addition to shareholders' funds	<u>2,783,578</u>	<u>2,242,614</u>
Opening shareholders' funds	<u>25,664,557</u>	<u>23,421,943</u>
Closing shareholders' funds	<u>28,448,135</u>	<u>25,664,557</u>

### 18. Pensions

The company operates a defined contribution pension scheme. The pension cost represents contributions payable by the company to the scheme and amounted to \$55,192 (31 March 2017–\$50,186).

Outstanding contributions at the end of the financial period were \$1,094 (31 March 2017 – \$nil).

## Notes to the financial statements

as at 31 March 2018

### 19. Contingent liabilities

The company has provided an indemnity letter to the ultimate parent undertaking, Marubeni Corporation, which will allow Marubeni Corporation to recover from the company any settlements made to Marubeni Finance Europe plc on behalf of the company. The total amount payable to Marubeni Finance Europe plc at 31 March 2018 is \$17,400,000 (31 March 2017 - \$19,200,000).

### 20. Related party transactions

The company is controlled by Cia Iguacu de Café Soluvel, the parent undertaking. The ultimate controlling party is Marubeni Corporation, the ultimate parent undertaking. Related party transactions with wholly owned members of the Cia Iguacu de Café Soluvel group are not disclosed in this note as a result of the disclosure exemption available under FRS 101 - paragraph 8 (j).

In the period the company sold goods to Marubeni Corporation, the ultimate parent undertaking, of \$24,597,611 (31 March 2017 - \$19,039,189). Marubeni Corporation owed the company \$919,514 (31 March 2017 - \$569,400) at the period end.

### 21. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Marubeni Corporation, incorporated in Japan.

The largest group in which the results of Panfoods Co. Limited are consolidated is that headed by Marubeni Corporation, incorporated in Japan. The smallest group in which the results of Panfoods Co. Limited are consolidated is that headed by Cia Iguacu de Café Soluvel, incorporated in Brazil. The consolidated financial statements of these groups are available to the public at Marubeni Corporation's registered office Nihombashi Tower, 7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo, 103-6060, Japan.