

Pete & Johnny Limited

**Directors' report and financial
statements**

Registered number 2831957

Period ended 29 December 2012



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Directors' report

The directors present their annual report and the audited financial statements for the period ended 29 December 2012

Principal activities

The company did not trade during the period

Business review

The loss on ordinary activities before taxation of £381,000 (2011 £439,000) is due to residual administrative costs relating to an onerous lease interest paid on a loan with Tropicana UK Limited and an increase in the onerous lease provision

Principal risks and uncertainties

The company anticipates measures and manages its exposure to risk through strategic planning and management reporting. Further information on these risks and their potential impact can be found in the PepsiCo, Inc. Annual Report for 2012, which may be obtained from their registered office as detailed in note 14.

As can be seen from the balance sheet the company has net liabilities. To eliminate any uncertainty regarding the future operational existence of the company it continues to receive financial support from its ultimate parent company PepsiCo, Inc. The company keeps its parent fully informed of its financial position through the submission of monthly management accounts. The parent company has provided a letter of support to the company confirming that it will continue to support the company until 30 September 2014.

Proposed dividends

The directors do not recommend the payment of a dividend (2011 £nil)

Directors

The directors who held office during the period and subsequently were as follows:

J K Averiss
V E Evans
A J Macleod
J I Sigalos (appointed 7 September 2012)

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that so far as they are each aware there is no relevant audit information of which the company's auditor is unaware and each director has taken all the 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.

Political and charitable contributions

The company made no political or charitable donations during the period (2011 £nil)

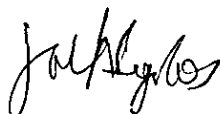
Employee communication and policy

The company follows an employment policy of non-discrimination on the grounds of sex, race or age and gives full and fair consideration to the employment of disabled people. The company promotes a positive attitude by ensuring that recruitment staff are fully conversant with the statutory provisions on discrimination and by giving full and fair consideration to applications for employment by disabled people, having regard to their particular aptitudes and abilities. Wherever possible arrangements are made to retain and assist employees who become disabled during service and disabled people have equal opportunities with other employees for training, career progression and promotion. The company provides all employees with information on its progress in regular internal newspapers and videos. Group briefings and individual employee consultations are also held.

Auditor

Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



J L Sigalos
Director
23 July 2013

1600 Arlington Business Park
Theale
Reading
RG7 4SA

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of Pete and Johnny Limited

We have audited the financial statements of Pete and Johnny Limited for the period ended 29 December 2012 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's (FRC) website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 29 December 2012 and of the company's loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Pete and Johnny Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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



Simon Haydn-Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park,
Theale,
Reading
RG7 4SD

26 July 2013

Profit and loss account
for the period ended 29 December 2012

	<i>Note</i>	2012 £000	2011 £000
Administrative expenses		(291)	(362)
Operating loss		<u>(291)</u>	<u>(362)</u>
Interest payable and similar charges	4	(90)	(77)
Loss on ordinary activities before taxation		<u>(381)</u>	<u>(439)</u>
Tax on/loss on ordinary activities	5	29	85
Loss for the financial period	11	<u><u>(352)</u></u>	<u><u>(354)</u></u>

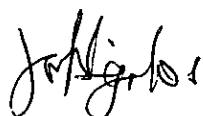
The operating profit is derived from discontinued operations (2011 discontinued operations)

There were no recognised gains or losses in either period other than the loss for the period

Balance sheet
at 29 December 2012

		2012		2011	
	<i>Note</i>	£000	£000	£000	£000
Current assets					
Debtors	6	158		204	
Cash at bank and in hand		53		188	
		<u>211</u>		<u>392</u>	
Creditors amounts falling due within one year	7	(4,006)		(3,920)	
Net current liabilities			(3,795)		(3,528)
Provisions	8		(1,103)		(1,018)
Net liabilities			(4,898)		(4,546)
Capital and reserves					
Called up share capital	10		203		203
Share premium reserve	11		4,057		4 057
Profit and loss account	11		(9,158)		(8 806)
Equity shareholder's deficit	12		(4,898)		(4 546)

The financial statements of Pete & Johnny Limited company number 2831957 were approved by the board of directors on 23 July 2013 and were signed on their behalf by



J L Sigalos
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The comparative figures cover the period to 31 December 2011 as permitted by the Companies Act 2006 Section 390

The company's business activities together with the factors likely to affect its future development and position are set out in the Business Review in the Directors' Report. The financial position of the company, its cash flows, liquidity position and borrowing facilities are directly related to the consolidated position of PepsiCo Inc. As such, details of this Group-wide position are described in the consolidated financial statements of PepsiCo Inc. available to the public from the address in note 14.

In addition, the notes to the consolidated financial statements of PepsiCo Inc. include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

As can be seen from the balance sheet, the company has net current liabilities. To eliminate any uncertainty regarding the future operational existence of the company, it continues to receive financial support from its ultimate parent company PepsiCo Inc. The company keeps its parent fully informed of its financial position through the submission of monthly management accounts to its parent. The parent company has provided a letter of support to the company confirming that it will continue to support the company until 30 September 2014. As such, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cashflows of the company within its own published consolidated financial statements.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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.

Leases and hire purchase agreements

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs

The company participates in a group-wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore the annual cost charged to the profit and loss account is equal to the employer's ordinary contributions paid.

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose related party transactions with members of the same group on the grounds that 100% of the voting rights are controlled within the group.

Notes (continued)

2 Auditor's remuneration

The auditor's remuneration has been borne in both periods by a fellow group company. The audit fee allocated to Pete & Johnny Limited for the period is £4,800 (2011: £6,000) and no additional non-audit services were received during the period (2011: £nil).

3 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the period was as follows:

	2012 Number	2011 Number
Administrative	1	1
	<hr/>	<hr/>
	1	1
	<hr/>	<hr/>

In 2012 the cost of staff employed by Pete & Johnny Limited was borne by a fellow group company where the majority of the employee's time was expended without recharge.

The directors principally work for other group companies. Their emoluments, in both periods, have been borne by the group company where the majority of the directors' time is expended without recharge.

4 Interest payable and similar charges

	2012 £000	2011 £000
Interest payable on loans from other group companies	90	77
	<hr/>	<hr/>
	90	77
	<hr/>	<hr/>

Notes (continued)

5 Taxation

Analysis of charge/(credit) in period

	2012		2011	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on profit/(loss) for the period	(93)		(85)	
Adjustments in respect of prior periods	64		-	
	<hr/>		<hr/>	
Total current tax charge/(credit)		(29)		(85)
		<hr/>		<hr/>
Tax on profit/(loss) on ordinary activities		(29)		(85)
		<hr/>		<hr/>

Factors affecting the tax charge/(credit) for the current period

The current tax charge/(credit) for the period is higher (2011 lower) than the standard rate of corporation tax in the UK of 24.51% (2011 26.51%). The differences are explained below:

	2012	2011
	£000	£000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before taxation	(381)	(439)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities at 24.51% (2011 26.51%)	(93)	(117)
Adjustment in respect of prior periods	64	-
Expenses not deductible for tax purposes	-	32
	<hr/>	<hr/>
Total current tax charge/(credit) (see above)	(29)	(85)
	<hr/>	<hr/>

Factors that may affect future tax charges/(credits)

The 2012 UK Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. The December 2012 UK Autumn Statement announced a planned further reduction to 21% by 2014 and the 2013 UK Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011 and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly.

It has not yet been possible to quantify the full anticipated effect of the further rate reductions although this will further reduce the company's future current tax charge.

Notes (continued)

6 Debtors

	2012 £000	2011 £000
Amounts receivable from group undertakings	-	84
Corporation Tax	93	85
Prepayments and accrued income	65	35
	<u>158</u>	<u>204</u>

7 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Amounts due to group undertakings	4,006	3 800
Accruals	-	120
	<u>4,006</u>	<u>3,920</u>

8 Provisions

	Onerous Lease Provision £000	Dilapidations Provision £000	Total £000
Provisions are made up as follows			
At beginning of period	927	91	1,018
Utilisation of provision	(206)	-	(206)
(Decrease)/Increase in provision	(116)	407	291
	<u>605</u>	<u>498</u>	<u>1,103</u>
At end of period	605	498	1,103

This provision relates to an onerous lease on a manufacturing site no longer in use. It is expected to be fully utilised by July 2016 as that is when the lease expires. The provision includes a total of £320 000 (2011 £396,000) for rent commitments on the site.

9 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows

	2012 Land and Buildings £000	2011 Land and Buildings £000
Operating leases which expire		
In the second to fifth years inclusive	92	88
	<u>92</u>	<u>88</u>

Notes (continued)

10 Called up share capital

	2012	2011
<i>Allotted, called up and fully paid</i>	£000	£000
9,805,524 Ordinary shares of 1p each	98	98
719 178 Ordinary Class A shares of 1p each	7	7
98 171 Deferred shares of £1 each	98	98
	<u>203</u>	<u>203</u>

11 Reserves

	Share premium account	Profit and loss account
	£000	£000
At beginning of period	4,057	(8,806)
Loss for the period	-	(352)
At end of period	<u>4,057</u>	<u>9,158</u>

12 Reconciliation of movements in equity shareholder's deficit

	2012	2011
	£000	£000
Opening equity shareholder's deficit	(4,546)	(4 192)
Loss for the period	(352)	(354)
Closing equity shareholder's deficit	<u>(4,898)</u>	<u>(4 546)</u>

13 Pension scheme

The company is a member of a pension scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the charge for the period is determined as the contributions paid into the scheme.

The latest full actuarial valuation was carried out at 30 September 2011 by a qualified independent actuary. The overall pension deficit at that date was £123 900 000. To eliminate this shortfall the company has agreed that additional contributions will be paid to the Plan by the participating employers.

The pension charge for the period was £nil for 2012 (2011: £nil).

On 25 March 2013 Pete and Johnny Ltd ceased to be a member of the PepsiCo UK pension plan. All active pension liabilities were transferred to another group company on the cessation date.

Notes *(continued)*

14 Ultimate holding company and parent undertaking of a larger group of which the company is a member

The company is a subsidiary undertaking of PepsiCo Inc, which is the ultimate parent company. PepsiCo Inc is registered and incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by PepsiCo Inc whose registered office is at 700 Anderson Hill Road Purchase New York 10577, United States of America.

The consolidated financial statements of this group are available to the public and may be obtained from their registered office as noted above.

No other group financial statements include the results of the company.