

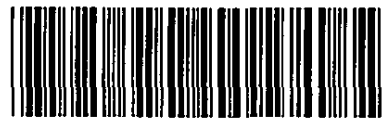
Capespan International Limited

Directors' report and
financial statements

Year ended 31 December 2013

Registered number 2893876

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Capespan International Limited

Directors' report and financial statements

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Capespan International Limited

Directors' and Other Information

Directors

J J Dique (South African)
L B Kriel Jnr (South African) (resigned 14 June 2013)
A S McVickers
J C Van Heerden (South African)

Company Secretary

K J Wayman (resigned 29 July 2013)

Bankers

The Royal Bank of Scotland
Corporate Business Retail Team
3rd Floor
3 Temple Back East
Bristol
BS1 6DZ
UK

Solicitors

Thomson Snell & Passmore
3 Lonsdale Gardens
Tunbridge Wells
TN1 1NX
UK

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Registered Office

The Maidstone Studios
Vinters Park
New Cut Road
Maidstone
Kent
ME14 5NZ
UK

Capespan International Limited

Strategic Report

for the year ended 31 December 2013

Principal activities

The principal activity is the provision of marketing, selling and distribution services in relation to the fresh produce trade and allied food products as well as the provision of management and procurement services to other group companies

Review of business

The Company's profit after tax for the year ended 31 December 2013 was £806,000 (2012 profit £539,000)

The improvement in the Company's performance can largely be attributed to a more focussed understanding of the cost chain from supplier to customer and better control of the process by which the Company is able to add value to each end of the relationship

New appointments to the senior management team at the start of the financial year have enabled us to serve both customer and supplier better whilst preparing the Company for its next stage of growth. Closer ties with third party suppliers have enabled the Company to have more control over the packing and distribution of fresh produce to more accurately meet our customers' demanding requirements and mitigate potential control issues

The Company has invested £1m in new plant and machinery for the packing and sorting of fresh produce and effectively brought these services "in-house" through a flexible third party working relationship.

All key contracts with our major customers either continued or renewed during the year leading to stability of revenue streams and a solid platform from which to grow the business in 2014

Key performance indicators

Whilst the Company's profit and turnover per headcount (£14,000/head and £1.1m/head respectively) compare favourably to other competitors engaged in the same aspect of the fresh produce trade this is largely due to third party labour being employed for packing activities and masks the underlying position of admin heavy systems and processes that do not add value to the operation or produce real time information

For this reason the Company will be migrating to a trade specific Enterprise Resource Planning system by the start of 2015 which will reduce the IT spend from its current 10% of OPEX and reduce the current administration and overhead burden of 15 staff

Principal risks and uncertainties

The Company's earnings are largely dependent on the volume of produce sold and the selling prices obtained in the market. These in turn are largely determined by market supply and demand. Excess supplies of fresh produce leading to reduced selling prices could have an adverse effect on the Company's revenues and profitability

Capespan International Limited

Strategic Report (*continued*)
for the year ended 31 December 2013

Principal risks and uncertainties (*continued*)

The Company's customer base consists of major retailers and wholesalers. The increasing concentration of customers can increase risk. Changes in the trading relationships with major customers or their procurement policies could positively or negatively affect the operations and profitability of the business.


Profitability in the fresh produce sector is dependent on high quality supplies and consistency of delivery. It is possible that serious quality issues, and in particular, contamination of product, whether deliberate or accidental, could have a negative impact on revenue and profitability.

The Company sources product globally and is therefore exposed to foreign exchange risk if there is a significant movement of certain currencies against sterling. It is also exposed to climate and crop failure risks in source countries.

The Company is dependent on certain key service providers who provide packing, warehousing and haulage services. It is possible that service level issues could impact on revenue and profitability.

The Company is dependent on the continuing commitment of its Directors and senior management team. The loss of such key personnel without adequate replacement could have an adverse effect on the business.

The experienced management team continually monitor and manage these risks.



AS McVickers
Director

14 March 2014

Capespan International Limited

Directors' report

The directors present their 2013 annual report and the audited financial statements for the year ended 31 December 2013

Results and dividends

The Company's profit after tax for the year ended 31 December 2013 was £806,000 (2012 *profit* £539,000)

The results of the Company for the year ended 31 December 2013 are set out on page 9. The directors do not recommend the payment of a dividend for the year.

Directors and Secretary

L B Kriel Jnr resigned as a director on 14 June 2013. K J Wayman resigned as company secretary on 29 July 2013. There were no other changes of director or secretary during the year.

Future developments

The focus for 2014 is to continue to grow the business and broaden both existing and new customer, supplier and product bases and focus on the customer offer.

Directors' and Company Secretary's interests

The directors and company secretary do not hold any interest in shares or share options of the Company at the beginning or end of the financial year.

Employees and employee involvement

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The Company retains its full commitment to ensuring employees are fully involved with, and kept informed of, the business on a regular basis. The development of employees to realise their full potential is considered fundamental to the long-term success of the Company.

Payments to creditors

It is the Company's normal practice to make payments to suppliers in accordance with agreed terms, provided that the supplier has performed in accordance with the relevant terms and conditions. The average creditor payment days were 24 days (2012 *34 days*).

Political and charitable contributions

The Company made charitable and non political contributions of £375 (2012 *£380*) during the year.

Capespan International Limited

Directors' report (*continued*)

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 auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Post balance sheet events

There were no post balance sheet events since 31 December 2013 which affect the company

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG will therefore continue in office

By order of the board



AS McVickers
Director

The Maidstone Studios
Vinters Park
New Cut Road
Maidstone
Kent
ME14 5NZ

14 March 2014

Capespan International Limited

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

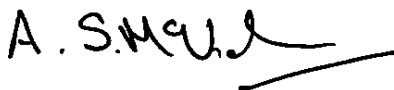
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

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 they have been prepared in accordance with IFRSs as adopted by the EU, 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.

On behalf of the Board



AS McVickers
Director



KPMG
Audit
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Capespan International Limited

We have audited the financial statements of Capespan International Limited for the year ended 31 December 2013 set out on pages 9 to 54. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 auditors' 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 auditors

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. 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 APB's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006



Independent auditor's report to the members of Capespan International Limited
(continued)

Opinion on other matter prescribed by the Companies Act 2006

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

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, 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

Roger Gillespie (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

14 March 2014

Capespan International Limited

Income statement for the year ended 31 December 2013

	<i>Notes</i>	2013 £'000	2012 £'000
Continuing operations			
Revenue	<i>1</i>	66,287	58,667
Cost of sales		(60,934)	(54,545)
		<hr/>	<hr/>
Gross profit		5,353	4,122
Other operating income	<i>4</i>	17	46
Administrative expenses	<i>6</i>	(4,469)	(3 600)
Other operating expenses	<i>5</i>	(90)	(39)
		<hr/>	<hr/>
Profit from operating activities	<i>3</i>	811	529
Financial income	<i>7</i>	753	876
Financial expense	<i>7</i>	(728)	(797)
		<hr/>	<hr/>
Profit before tax		836	608
Income tax charge	<i>8</i>	(30)	(69)
		<hr/>	<hr/>
Profit for the financial year attributable to equity shareholders		806	539
		<hr/>	<hr/>

On behalf of the board



AS McVickers
Director

Capespan International Limited

Statement of comprehensive income for the year ended 31 December 2013

	<i>Notes</i>	2013 £'000	2012 £'000
Profit for the financial year		806	539
Other comprehensive income			
<i>Items that will not be reclassified to the income statement</i>			
Liability in relation to minimum funding requirement on defined benefit pension scheme	20	(2)	(13)
Deferred tax on defined benefit pension scheme obligation		-	3
Total other comprehensive income		(2)	(10)
Total other comprehensive income attributable to equity shareholders		804	529

Capespan International Limited

Balance sheet

as at 31 December 2013

	<i>Notes</i>	2013 £'000	2012 £'000
Assets			
Non-current			
Property, plant and equipment	<i>10</i>	1,019	143
Investments in subsidiaries	<i>11</i>	-	673
Other receivables	<i>12</i>	4,823	4,823
Deferred tax assets	<i>18</i>	525	587
		<hr/>	<hr/>
Total non-current assets		6,367	6,226
		<hr/>	<hr/>
Current			
Inventories	<i>13</i>	1,389	415
Trade and other receivables	<i>12</i>	10,130	9,148
Corporation tax	<i>16</i>	67	3
Cash and cash equivalents	<i>21</i>	2,412	2,803
		<hr/>	<hr/>
Total current assets		13,998	12,369
		<hr/>	<hr/>
Total assets		20,365	18,595
		<hr/>	<hr/>

Capespan International Limited

Balance sheet (continued) as at 31 December 2013

	Notes	2013 £'000	2012 £'000
Equity			
Called-up share capital	14	3,452	3,452
Retained earnings		6,021	5,216
Total equity		9,473	8,668
Liabilities			
Non-current			
Other payables	15	-	673
Employee benefits	20	1,586	1,754
Total non-current liabilities		1,586	2,427
Current			
Trade and other payables	15	9,298	7,486
Derivative financial liabilities	24	8	2
Provisions	17	-	12
Total current liabilities		9,306	7,500
Total liabilities		10,892	9,927
Total equity and liabilities		20,365	18,595

On behalf of the board



AS McVickers
Director

Capespan International Limited

Statement of changes in equity for the year ended 31 December 2013

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2012	3,452	4,687	8,139
Comprehensive income			
Profit for the year	-	539	539
Other comprehensive income			
Liability in relation to minimum funding requirement on defined benefit pension scheme	-	(13)	(13)
Deferred tax on defined benefit pension scheme obligations	-	3	3
Total other comprehensive income	-	(10)	(10)
Total comprehensive income	-	529	529
Balance at 30 December 2012	3,452	5,216	8,668
Comprehensive income			
Profit for the year	-	806	806
Other comprehensive income			
Liability in relation to minimum funding requirement on defined benefit pension scheme	-	(2)	(2)
Total other comprehensive income	-	(2)	(2)
Total comprehensive income	-	804	804
Balance at 31 December 2013	3,452	6,021	9,473

Capespan International Limited

Statement of cash flows for the year ended 31 December 2013

	2013 £'000	2012 £'000
Operating activities		
Profit for the financial year	806	539
<i>Adjustments for</i>		
Income tax charge	30	69
Depreciation	156	85
Impairment of related party receivable (Fresh Fruit Services Limited)	-	205
Impairment of investment in subsidiary	673	-
Write off of intercompany payable	(673)	-
Employee benefit costs and settlement gains	(170)	(105)
Foreign exchange movements	9	22
Loss on sale of property, plant and equipment	-	1
Net finance income	(25)	(79)
Movement in inventories	(974)	51
Movement in trade and other receivables	(962)	564
Movement in trade and other payables	1,810	(387)
Changes in provisions	(12)	(245)
Taxation paid	(31)	(75)
	<hr/>	<hr/>
Cash flows from operating activities	637	645
	<hr/>	<hr/>
Financing activities		
Interest paid	-	(1)
Interest received	5	3
	<hr/>	<hr/>
Cash flows from financing activities	5	2
	<hr/>	<hr/>
Investing activities		
Acquisition of property plant and equipment	(1,033)	(37)
	<hr/>	<hr/>
Cash flows from investing activities	(1,033)	(37)
	<hr/>	<hr/>

Capespan International Limited

Statement of cash flows *(continued)* *for the year ended 31 December 2013*

	2013 £'000	2012 £'000
Net (decrease)/increase in cash and cash equivalents	(391)	609
Cash and cash equivalents at beginning of year	2,803	2,194
	<hr/>	<hr/>
Cash and cash equivalents at end of year	2,412	2 803
	<hr/>	<hr/>
Analysed as follows		
Cash and cash equivalents	2,412	2,803
	<hr/>	<hr/>
	2,412	2,803
	<hr/>	<hr/>

Capespan International Limited

Significant accounting policies

for the year ended 31 December 2013

Reporting entity

Capespan International Limited ("the Company") is a Company domiciled and incorporated in the UK. The Company's financial statements for the year ended 31 December 2013 present the financial information of the Company as a single entity. The Company has taken advantage of the exemption not to prepare consolidated financial statements provided by section 400 of the Companies Act 2006, as it is a subsidiary undertaking of Capespan Group Limited, a Company incorporated in South Africa, which prepares consolidated accounts including the results of this Company.

The financial statements were authorised for issue by the directors on 14 March 2014.

The accounting policies applied in the preparation of the financial statements for the year ended 31 December 2013 are set out below.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

The IFRSs adopted by the EU and applied by the Company in the preparation of these financial statements are those that were effective at 1 January 2013.

Basis of preparation

The financial statements, which are presented in sterling, the Company's functional currency, rounded to the nearest thousand, have been prepared on the historical cost basis except for certain financial assets and pension obligations which are stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 25.

Capespan International Limited

Significant accounting policies *(continued)*

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous year except for the following new and amended IFRS and IFRIC interpretations adopted by the Company as of 1 January 2013

- Amendment to IAS 1 – Presentation of items of Other Comprehensive Income
- IFRS 7 (Amendment) – Financial Instrument Disclosures
- IFRS 13 – Fair Value Measurement
- IAS 12 (Amendment) – Income Tax
- IAS 16 (Amendment) - Property, Plant and Equipment
- IAS 19 (Amendment) – Employee Benefits
- IAS 28 (Amendment) – Investments in associates and joint ventures
- IAS 32 (Amendment) – Financial Instruments

Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment. Dividend income is recognised when the right to receive payment is established.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditure incurred to replace a component of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure including repairs and maintenance costs is recognised in the income statement as an expense as incurred.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over the estimated useful economic lives of the assets. The rates of depreciation are as follows:

Computer equipment	Between 20% and 33% per annum
Fixtures, fittings and other equipment	Between 10% and 20% per annum
Buildings	Between 5% and 20% per annum

The residual value of assets, if not significant, and the useful life of assets is reassessed annually. Gains and losses on disposals of property, plant and equipment are recognised on the completion of sale. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

Foreign currency including net investment hedges

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date of valuation.

Capespan International Limited

Significant accounting policies (*continued*)

Foreign currency including net investment hedges (*continued*)

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The portion of exchange gains or losses on foreign currency borrowings used to provide a hedge against a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in other comprehensive income to the extent that it is determined to be effective. The ineffective portion is recognised immediately in the income statement.

Any movements that have arisen since 29 December 2003, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the income statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS in respect of all non-sterling denominated operations are not presented separately.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, the Company takes into account potential voting rights that are currently exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Company measures goodwill at the acquisition date as

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interests in the acquiree, plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree less
- the fair value of the identifiable assets and acquired liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts relating to the settlement of pre-existing relationships, which are generally recognised in profit or loss. Costs associated with the acquisition, except those relating to the issue of debt or equity securities, are expensed as incurred.

Contingent consideration is measured at fair value at the date of acquisition. Where the contingent consideration is classified as equity, it is not subsequently remeasured and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognised in profit or loss.

Capespan International Limited

Significant accounting policies *(continued)*

Business combinations *(continued)*

When share-based payment awards are required to be exchanged for awards held by the acquiree's employees and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions before 1 January 2010

For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs other than those associated with the issue of debt or equity securities, that the Company incurred in connection with the business combinations were capitalised as part of the cost of acquisition.

Acquisitions of non-controlling interests

Under IAS 27 Consolidated and Separate Financial Statements (2008), acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of these transactions. The adjustment to non-controlling interests is based on a proportionate amount of the net assets of the subsidiary.

For transactions completed prior to 1 January 2010, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries and associates and on the acquisition of the non-packhouse business and net assets of the Company's subsidiary Capespan Limited. In respect of acquisitions that have occurred since 29 December 2003, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 29 December 2003 has not been reconsidered in preparing the Company's opening IFRS balance sheet at 29 December 2003.

Goodwill is allocated to cash generating units and is now no longer amortised but is tested annually for impairment at a consistent time each year. Goodwill is now stated at cost or deemed cost less any accumulated impairment losses.

Capespan International Limited

Significant accounting policies *(continued)*

Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated depreciation and impairment losses, when separable or arising from contractual or other legal rights and are reliably measurable

Amortisation is expensed in the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite, from the date they are available for use. Intangible assets reflecting the value of customer relationships, which arise on acquisitions, are amortised over their useful lives.

Impairment of non-financial assets

The carrying amounts of the Company's assets, other than inventories, (which are carried at the lower of cost and net realisable value), certain financial assets (which are carried at fair value) and deferred tax assets, (which are recognised based on recoverability), are assessed for impairment when an event or transaction indicates that an impairment may have occurred except for goodwill and indefinite lived intangibles which are assessed annually for impairment. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount as appropriate.

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Goodwill assets were tested for impairment at 29 December 2003, the date of transition to IFRSs, and at the balance sheet date and the appropriate adjustments made to the carrying values.

Goodwill assets with an indefinite useful life are tested for impairment at each balance sheet date. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the direct cost of fruit to the Company. Net realisable value is the estimated selling price in the ordinary course of business, less all further marketing and selling costs. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Capespan International Limited

Significant accounting policies (*continued*)

Cash and cash equivalents

Cash and cash equivalents, comprise cash balances and call deposits, including bank deposits of less than three months maturity. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Employee Benefits

Short Term Employee Benefits

Short term employee benefits are recognised as an expense as the related employee service is received.

Retirement Benefit obligations

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as services from employees are received. Under such schemes, the Company has no obligation to make further contributions to these schemes beyond the contracted amount.

The defined benefit pension asset or liability in the balance sheet comprises the total of the present value of the defined benefit obligation less any past service cost not yet recognised and less the fair value of plan assets (measured at bid value) out of which the obligations are to be settled directly.

The liabilities and costs associated with the Company's defined benefit pension schemes are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date. The discount rates employed in determining the present value of the scheme's liabilities are determined by reference to market yields at the balance sheet date on high quality credit rated bonds that have maturity dates approximating the terms of the Company's obligations. All actuarial gains and losses as at 29 December 2003, the date of transition to IFRS, were recognised in full against retained earnings. Actuarial gains and losses for subsequent periods are recognised in the statement of other comprehensive income. Current and past service costs, interest on scheme liabilities and expected return on assets are recognised in the income statement and included in operating profit.

Taxation

Taxation on the profit or loss for the year comprises deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income in which case the related tax is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Capespan International Limited

Significant accounting policies (*continued*)

Taxation (*continued*)

Deferred tax is provided using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting nor taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Assets held under leases

Finance Leases

Leases of property, plant and equipment, where the Company retains substantially all risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges so as to achieve a constant interest charge on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest bearing loans and borrowings, allocated between current and non-current as appropriate. The interest element of the finance cost is charged to the income statement over the lease period. Assets held under finance leases are depreciated over the shorter of their expected useful lives or the lease term, taking into account the time period over which benefits from the leased assets are expected to accrue to the Company.

Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of incentives received from the lessor, are charged to the income statement on a straight line basis over the period of the lease. Income earned from operating leases is credited to the income statement when earned.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Capespan International Limited

Significant accounting policies *(continued)*

Financial instruments

Trade and other receivables

Trade and other receivables are initially measured at fair value and are thereafter measured at amortised cost using the effective interest method less any provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity Investments

Equity investments held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income (in the available for sale reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When a devaluation of these assets is significant or prolonged, it is removed from its fair value reserve and shown as an impairment loss in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income is recognised in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement.

Derivative Financial Instruments

Foreign currency derivatives are entered into only when they match an existing foreign currency asset or liability or where they are used to hedge a forecasted transaction. The company does not enter into speculative transactions. Derivative financial instruments are measured at fair value at each reporting date and the movement in fair value is recognised in the income statement unless they are designated as cash flow hedges under IAS 39. Where such instruments are designated as cash flow hedges, and subject to the satisfaction of certain criteria relating to documentation of the risk, objectives, and strategy for the hedging transaction and the ongoing measurement of its effectiveness, they are accounted for under hedge accounting rules. In such cases, any gain or loss arising on the effective portion of the derivative instrument is recognised in the hedging reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction matures, the related gains or losses in the hedging reserve are transferred to the income statement.

Interest-bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Capespan International Limited

Significant accounting policies *(continued)*

Revenue

Revenue comprises the fair value of amounts (excluding value added tax) derived from the sale of fruit and allied products and services. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

Finance income and finance expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrued in profit or loss, using the effective interest method.

Finance expense comprise expense on borrowings, unwinding of the discount on provisions, dividend on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Exceptional items

The Company has adopted an Income Statement format which seeks to highlight significant items within its results for the financial year. The Company believes that this presentation provides a more helpful analysis as it highlights one off items. Such items may include significant impairments of investments and intangible assets, onerous contracts, restructuring and prior period costs. Judgement is used by the Company in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the Income Statement and related notes as exceptional items.

Capespan International Limited

Significant accounting policies *(continued)*

New standards and interpretations not applied

The following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2014 or later periods, but have not been early adopted

	Effective date - for accounting periods beginning on or after
Standard/Interpretation	
• IFRS 9 – Financial Instruments	1 January 2015
• IFRS 10 – Consolidated Financial Statements	1 January 2014
• IFRS 11 – Joint Arrangements	1 January 2014
• IFRS 12 – Disclosure of Interests in other entities	1 January 2014
• Annual improvements to IFRSs 2010-2012 Cycle	1 July 2014
• Annual improvements to IFRSs 2011-2013 Cycle	1 July 2014
• IAS 19 – Employee Benefits	1 July 2014
• Amendment to IAS 32 – Offsetting Financial Assets and Liabilities	1 January 2014
• IAS 27 – Investment Entities	1 January 2014
• IAS 36 – Non financial Assets Disclosures	1 January 2014
• IAS 39 – Financial instruments Amendments	1 January 2014
• IFRIC 21 – Levies	1 January 2014

The Directors anticipate that the adoption of the above standards and interpretations issued by the IASB or the IFRIC will not have a material impact on the Company's earnings

Capespan International Limited

Notes

forming part of the financial statements

1 Revenue

Revenue represents gross sales of fresh produce and allied products marketed, sold and distributed to customers in the UK

2 Information regarding directors and employees

Directors' emoluments	2013 Number	2012 Number
Number of directors who are members of a defined benefit pension scheme	-	-
	<hr/>	<hr/>
	£'000	£'000
Total directors' emoluments, excluding pension contributions	156	128
Pension contributions	15	15
Remuneration of the highest paid director, excluding pension contributions	156	121
	<hr/>	<hr/>

Certain directors received remuneration from other group undertakings and this information is disclosed in those Company's financial statements

Employees

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

	2013 Number	2012 Number
Sales and distribution	44	36
Administration	15	19
	<hr/>	<hr/>
	59	55
	<hr/>	<hr/>

Capespan International Limited

Notes (continued)

2 Information regarding directors and employees (continued)

Employee benefits

The aggregate employee costs for the Company are as follow

	2013 £'000	2012 £'000
Wages and salaries	2,735	2,452
Social security contributions	250	255
Pension costs - defined contribution schemes	191	163
Defined benefit pension scheme liabilities	2	13
Other costs (including other benefits and training)	179	68
	<u>3,357</u>	<u>2,951</u>

3 Statutory and other information

Profit for the financial year is stated after charging

	2013 £'000	2012 £'000
Depreciation of owned property, plant and equipment	156	85
Impairment of related party receivable (Fresh Fruit Services Limited)	-	205
Auditor's remuneration for audit services	59	39
Auditor's remuneration for non-audit services	21	32
Operating lease rentals		
- Other	200	178
	<u></u>	<u></u>

4 Other operating income

	2013 £'000	2012 £'000
Licence income	11	18
Commission income	-	13
Forwarding income	6	15
	<u></u>	<u></u>
Total	17	46
	<u></u>	<u></u>

Capespan International Limited

Notes (continued)

5 Other operating expenses

	2013 £'000	2012 £'000
Loss on disposal of property, plant and equipment	-	1
Foreign currency loss	9	22
Other	81	16
	<u> </u>	<u> </u>
Total	90	39
	<u> </u>	<u> </u>

6 Exceptional items

	2013 £'000	2012 £'000
Included in administrative expenses		
Restructuring provision	-	171
Release of provisions in year	-	(236)
Impairment of related party receivable (Fresh Fruit Services Limited)	-	205
Write-off of intercompany payable	(673)	-
Impairment of investment in subsidiary	673	-
	<u> </u>	<u> </u>
Total exceptional items	-	140
	<u> </u>	<u> </u>

7 Financial income and expense

	2013 £'000	2012 £'000
Interest income	80	75
Imputed interest income	673	801
	<u> </u>	<u> </u>
Financial income	753	876
	<u> </u>	<u> </u>
Interest expense on interest bearing borrowings	-	(1)
Imputed interest expense	(728)	(796)
	<u> </u>	<u> </u>
Financial expense	(728)	(797)
	<u> </u>	<u> </u>

Capespan International Limited

Notes (continued)

8 Income tax charge

Recognised in the income statement

	2013 £'000	2012 £'000
<i>Current tax</i>		
UK corporation tax at 23.25% (2012: 24.5%)	6	-
Adjustments relating to prior periods	(39)	8
Total current tax	(33)	8
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	40	24
Impact of changes in tax rates	23	37
Total deferred tax	63	61
Total income tax charge	30	69

	2013 %	2013 £'000	2012 %	2012 £'000
Reconciliation of effective tax rate				
Profit before tax		836		608
Taxation based on UK Corporate rate	23.25	194	24.5	149
Expenses not deductible for tax purposes	0.9	8	9.7	59
Capital allowances in excess of depreciation	(11.5)	(96)	(14.5)	(88)
Group relief	(1.9)	(16)	(3.7)	(23)
Impact of changes in tax values	2.9	24	6.0	37
Tax losses	(5.4)	(45)	-	-
Other temporary differences	-	-	(12.0)	(73)
Adjustments to prior years	(4.7)	(39)	1.4	8
		30		69

Capespan International Limited

Notes (continued)

8 Income tax charge (continued)

	2013 £'000	2012 £'000
Movement on deferred tax asset/(liability) recognised directly in equity		
Relating to employee benefit schemes	-	3
	<hr/>	<hr/>
Total movement on deferred tax recognised in equity	-	3
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted by FA 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 by FA 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rates of 23% and 21% substantively enacted at the balance sheet date.

9 Dividends to equity shareholders

No dividends were declared during the year.

Capespan International Limited

Notes (*continued*)

10 Property, plant and equipment

	Plant and equipment £'000
<i>Cost</i>	
Balance at 30 December 2012	493
	<hr/>
Additions	
Disposals	1,033 (1)
	<hr/>
Balance at 31 December 2013	1,525
<i>Depreciation and impairment losses</i>	
Balance at 30 December 2012	350
	<hr/>
Depreciation charge for the year	156
	<hr/>
Balance at 31 December 2013	506
<i>Carrying amounts</i>	
At 30 December 2012	143
	<hr/>
At 31 December 2013	1,019
	<hr/>

Land and buildings and plant and equipment are stated at depreciated historic cost

Leased property, plant and equipment

At 31 December 2013 no items of property plant and equipment were held under finance lease arrangements

Capespan International Limited

Notes (continued)

11 Investments in subsidiaries

Shares in subsidiaries

	2013 £'000	2012 £'000
Cost		
At beginning and end of year	5,879	5,879
Impairment		
At beginning of year	5,206	5,206
Impairment during year	673	-
At end of year	5,879	5,206
Carrying value		
At beginning of year	673	673
At end of year	-	673

There were no acquisitions during the year ended 31 December 2013

The Company has the following principal investment entities

	Shareholding %	Type	Incorporated and trading in
Capespan Limited (non-trading)	100	Subsidiary	Great Britain
Fresh Fruit Services Limited (in liquidation)	100	Subsidiary	Great Britain

Fresh Fruit Services Limited

Fresh Fruit Services Limited is incorporated in Great Britain and registered in England and Wales. The Fresh Fruit Services Limited business entered a creditors' voluntary liquidation on 30 September 2011.

Capespan International Limited's investment in Fresh Fruit Services Limited had been written down to £nil at 28 December 2008.

Capespan International Limited

Notes (continued)

11 Investments in Subsidiaries (continued)

In early 2010, an impairment in value of the Company's investment in Capespan Limited was recognised in the amount of £5,164,000. A further £32,000 was impaired in 2011. In 2012, Capespan UK Limited, a 100% subsidiary, was dissolved, and therefore the £10,000 investment in the Company was impaired at 1 January 2013. In 2013 a further impairment in Capespan Limited was recognised in the amount of £673,000 as a result of a capital reduction of that company.

The above undertakings have financial years ended on 31 December 2013.

12 Trade and other receivables

	2013 £'000	2012 £'000
Non current		
Amounts owed by parent and group undertakings (note 22)	4,823	4,823
Current		
Trade receivables	8,677	6,673
Amounts owed by parent and group undertakings (note 22)	423	218
VAT receivable	415	286
Advances to suppliers	205	217
Other receivables	2	67
Prepayments and accrued income	408	1,687
	10,130	9,148

The amounts owed by parent and group undertakings include trading balances and loans. Trading balances are unsecured, interest free and are repayable on demand. Loan balances are unsecured, but have a market rate of interest and a repayment schedule.

A review of the balances in the current year has resulted in an impairment of £2,740 (2012: £2,444) in trade receivables.

Capespan International Limited

Notes (continued)

13 Inventories

	2013 £'000	2012 £'000
Goods for resale	1,384	380
Consumable stores	5	35
	<u>1,389</u>	<u>415</u>

14 Share capital

	2013 £'000	2012 £'000
<i>Authorised</i>		
4 997,000 ordinary voting shares of £1 each	4,997	4 997
1,000 non-voting B ordinary shares of £1 each	1	1
1,000 non-voting C ordinary shares of £1 each	1	1
1,000 non-voting D ordinary shares of £1 each	1	1
	<u>5,000</u>	<u>5,000</u>
Total authorised share capital	5,000	5,000
	2013 £'000	2012 £'000
<i>Called up, allotted and fully paid</i>		
3,450 000 ordinary voting shares of £1 each	3,450	3,450
1,000 non-voting B ordinary shares of £1 each	1	1
1,000 non-voting C ordinary shares of £1 each	1	1
	<u>3,452</u>	<u>3,452</u>
Total called up, allotted and fully paid share capital	3,452	3,452

The non-voting B, C and D shares are entitled to a dividend but in the event of the Company being wound up they rank behind the voting ordinary shareholders in proceeds from the final liquidation. The B, C and D non-voting shares rank *pari passu*.

Capespan International Limited

Notes (continued)

15 Trade and other payables

	2013 £'000	2012 £'000
Non-current		
Amounts owed to parent and group undertakings (note 22)	-	673
Current		
Trade payables	3,871	3 664
Amounts owed to parent and group undertakings (note 22)	113	146
Other taxes and social security	75	66
Other payables	34	43
Accruals and deferred income	5,205	3,567
	9,298	7,486

The amounts due to group and related undertakings include both trading and loan balances
Trading balances are unsecured and interest free and loan balances have interest payable at a market rate

16 Current tax

The net current tax receivable of £67,000 (2012 £3,000) represents the amount of income tax recoverable in respect of current and prior periods

17 Provisions

	Legal costs £'000	Onerous lease £'000	Restructuring £'000	Total £'000
At 1 January 2012	50	65	142	257
Provision created during the year	-	-	171	171
Expenditure during the year	-	(28)	(152)	(180)
Release of provision during the year	(50)	(37)	(149)	(236)
	-	-	12	12
At 30 December 2012	-	-	-	-
Provision created during year	-	-	(12)	(12)
Expenditure during the year	-	-	-	-
	-	-	-	-
At 31 December 2013	-	-	-	-

Capespan International Limited

Notes (continued)

17 Provisions (continued)

Restructuring provision

The restructuring provision related primarily to the costs of redundancy and legal and professional costs following the closure of a subsidiary's operational business and site

18 Deferred taxation

	2013 £'000	2012 £'000
At the beginning of the year	587	646
On pension provision – (pension payment plan)	(39)	(22)
Impact of changes in tax rates	(23)	(37)
	<hr/>	<hr/>
Net deferred tax asset recognised	525	587
	<hr/>	<hr/>

The following deferred tax asset was not recognised in the financial statements

	2013 £'000	2012 £'000
Accelerated capital allowances	339	407
Losses	175	200
Other timing differences	7	8
	<hr/>	<hr/>
Deferred tax asset not recognised	521	615
	<hr/>	<hr/>

19 Lease obligations

The Company has no obligations under finance leases

Capespan International Limited

Notes (continued)

19 Lease obligations (continued)

Leases as lessee

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Company is required to make under existing lease agreements.

	2013 £'000	2012 £'000
Less than one year	202	138
Between one and five years	644	30
	<hr/>	<hr/>
	846	168
	<hr/>	<hr/>

The Company leases office buildings and some equipment under operating leases.

During the year ended 31 December 2013, £200,000 was recognised as an expense in the income statement in respect of operating leases (2012: £178,000).

20 Pension schemes

The Company operates an externally funded defined benefit and defined contribution pension scheme. The schemes are set up under trusts and the assets of the schemes are therefore held separately from those of the Company.

The accompanying disclosures in respect of the year ended 31 December 2013 relate to the Company's defined benefit retirement scheme in the UK – the South African Co-operative Citrus Exchange Limited pension and life assurance scheme ("SACCE").

A full actuarial valuation was carried out as at 1 February 2012. The results of that valuation have been projected to 31 December 2013 by a qualified, independent actuary. The actuarial reports are not available for public inspection. However, the results of the valuations are advised to members of the schemes.

The net pension expense recognised in the income statement for the year in respect of the Company's defined benefit scheme was £55,000 (2012: £5,000 income). The cost recognised in the income statement in respect of the Company's defined contribution schemes was £191,000 (2012: £163,000).

During 2012, the Company formally agreed on a schedule of contributions with the Trustees of the SACCE pension scheme to fund the deficit on the scheme as per the last full actuarial valuation dated 1 February 2012. The present value of the contributions amounts to £1,586m (2012: £1,754m) which is reflected in the SACCE net liability below. The schedule of contributions will be reviewed following the next full actuarial valuation on 1 February 2015.

Capespan International Limited

Notes (continued)

20 Pension schemes (continued)

The amounts recognised in the Balance Sheet are as follows:

	2013 £'000	2012 £'000
Fair value of scheme assets	17,165	16,626
Present value of scheme liabilities	(18,751)	(18,380)
Deficit in the scheme (equates to present value of agreed schedule of contributions)	(1,586)	(1,754)
Deferred tax asset	341	403
Net liability recognised at year end	(1,245)	(1,351)

Gains and losses are recognised immediately on the Balance Sheet and pass through the Statement of Comprehensive Income

The amounts recognised in the Statement of Comprehensive Income

	2013 £'000	2012 £'000
Cumulative amount recognised	(4,088)	(4,086)
Additional amount recognised in year in respect of the net present value of company contributions to the agreed funding plan	(2)	(13)

The cumulative amount recognised in the statement of comprehensive income is from 28 December 2003

Amounts recognised in the income statement

	2013 £'000	2012 £'000
Interest cost	(728)	(796)
Expected return on pension scheme assets	673	801
Total income statement (charge)/credit	(55)	5

The company expects to contribute £225,000 to the Scheme during the year ended 31 December 2014

Capespan International Limited

Notes (continued)

20 Pension schemes (continued)

IAS 19 (Revised) "Employee benefits" has been adopted as required by IFRS for the year ended 31 December 2013. The amendment requires the return on defined benefit assets to be based on the discount rate that is used to discount scheme liabilities. Comparatives for 2012 have not been restated as in the opinion of the directors the adjustment calculated under IAS19 (Revised) of £43,000 is not material and has been accounted for in the current year income statement.

Principal actuarial assumptions

	2013	2012
Inflation assumption	3.50%	2.80%
Rate of increase in salaries	0.00%	0.00%
Increases for pensions in payment	3.90%	3.50%
Revaluation of deferred pensions	2.75%	2.05%
Liability discount rate	4.40%	4.10%
Expected return on assets at end of year	4.40%	4.10%
Proportion of employees opting for early retirement	0.00%	0.00%
Proportion of employees commuting pension for cash	50.00%	50.00%
Future expected lifetime of current pensioner at age 65		
Male born in 1948	23.0	22.9
Female born in 1948	26.3	26.2
Future expected lifetime of current pensioner at age 65		
Male born in 1948	24.9	24.8
Female born in 1948	28.4	28.3

The assets in the scheme are invested in

	2013 £'000	2012 £'000
Equities	3,845	3,238
Bonds	8,543	5,212
Gilts	-	3,639
Absolute return fund	3,496	3,040
Insured policies	1,245	1,397
Cash	36	100
	17,165	16,626

The scheme has no investments in the Company or in property owned by the company.

Capespan International Limited

Notes (continued)

20 Pensions schemes (continued)

Asset and liability reconciliation

Reconciliation of assets

	2013 £'000	2012 £'000
Fair value of assets at beginning of year	16,626	16,274
Interest income	673	753
Return on assets	542	364
Employer contributions	225	150
Benefits paid	(825)	(831)
Administration expenses	(76)	(84)

Fair value of assets at end of year	17,165	16,626
--	---------------	---------------

Actual return on scheme assets	1,215	845
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Reconciliation of liabilities

	2013 £'000	2012 £'000
Value of scheme obligations at the start of the year	(18,380)	(18,120)
Interest on scheme obligations	(728)	(796)
Benefit payments	825	831
Actuarial loss*	(462)	(559)
Experience gains	(4)	277
Adjustment in respect of minimum funding requirement recognised in statement of comprehensive income	(2)	(13)

Value of scheme obligations at the end of the year*	(18,751)	(18,380)
--	-----------------	-----------------

- * The value of the scheme obligations at the end of the year reflects the net present value of the agreed schedule of contributions to the scheme which is higher than the net deficit in the scheme per the actuarial report at 31 December 2013

Capespan International Limited

Notes *(continued)*

20 Pensions schemes *(continued)*

Amounts for the current and previous four periods are as follows

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Scheme assets	17,165	16,626	16,274	16,297	15,378
Scheme liabilities *	(18,751)	(18,380)	(18,120)	(17,995)	(15,298)
Restriction on scheme surplus *		-	-	(257)	(80)
Adjustment in respect of present value of agreed future employer contributions under funding contrition plan*	(2)	(13)	(176)	(1,698)	-
Scheme deficit	(1,586)	(1,754)	(1,846)	(1,698)	-
Experience adjustments on scheme assets	-	44	(325)	572	822
Experience adjustments on scheme liabilities	106	(862)	(1,124)	(620)	(3,003)

* In 2008 and 2009 the surplus on the fund was restricted. From 2010 onwards, the net deficit represents the net present value of the agreed contribution plan in place at the year-end date. The adjustment is reflected by an increase in the scheme liabilities.

21 Commitments and contingencies

(a) Capital commitments

The directors have authorised capital expenditure of £Nil (2012 £622,000) at the balance sheet date.

(b) Other commitments and contingencies

Capespan International Limited, Capespan Limited and Capespan International Holdings Limited have a combined overdraft facility with the Royal Bank of Scotland Plc. The facility is secured by an unlimited inter-company composite guarantee between Capespan International Holdings Limited, Capespan International Limited, Capespan Limited and Capespan Investments (UK) Limited.

The facility is also secured by a formal charge over cash in respect to the facilities for Capespan International Limited. A total of £500,000 (2012 £500,000) is restricted cash and held in a separate account legally charged to Natwest. This guarantees the duty deferment requirements of HMRC.

The facility is supported by a debenture from Capespan International Holdings Limited, Capespan International Limited, Capespan Limited and Capespan Investments (UK) Limited.

From time to time, the Company is involved in other claims and legal actions, which arise in the normal course of business. Based on information currently available to the Company and legal advice, the directors believe such litigation will not, individually or in aggregate, have a material adverse effect on the financial statements and that the Company is adequately positioned to deal with the outcome of any such litigation.

Capespan International Limited

Notes (continued)

22 Related parties

Identity of related parties

The Company has a related party relationship with its ultimate parent company Capespan Group Limited and its subsidiary and associated companies, its immediate parent Company (Capespan International Holdings Limited and its other subsidiary companies), its defined benefit pension schemes, and with the directors of the Company and subsidiaries

Payments to Key Management Personnel	2013 £'000	2012 £'000
Short term employee benefits	691	404
Post-employment benefits	43	30
	<u>734</u>	<u>434</u>

Related party transactions with associated companies

The Company trades in the normal course of its business, in some situations under long term supply contracts, with its associated companies. A summary of transactions with these related parties during the year ended 31 December 2013 is as follows (revenue and purchases including interest, management and administration fees)

	2013 Revenue £'000	2013 Purchases £'000	2012 Revenue £'000	2012 Purchases £'000
Ultimate parent companies	41	8,295	4,242	8,682
Parent company	79	-	-	-
Other group companies	688	412	1 078	250
	<u>808</u>	<u>8,707</u>	<u>5 320</u>	<u>8,932</u>
	Debtor £'000	Creditor £'000	Debtor £'000	Creditor £'000
Ultimate parent companies	128	85	11	146
Other group companies	5,118	28	5,030	673
	<u>5,246</u>	<u>113</u>	<u>5,041</u>	<u>819</u>

Ultimate parent includes their subsidiary and associated companies

Capespan International Limited

Notes (*continued*)

23 Ultimate parent undertakings

Capespan International Limited is owned by Capespan International Holdings Limited, incorporated in the United Kingdom. The ultimate holding company of Capespan International limited in the Capespan group is Capespan Group Limited with the ultimate holding company of Capespan Group Limited being PSG Group Limited, a company incorporated in South Africa.

Capespan International Limited has taken advantage of the exemption not to prepare consolidated financial statements provided by Section 400 of the Companies Act 2006, as it is a subsidiary undertaking of Capespan Group Limited, a Company incorporated in South Africa, which prepares consolidated financial statements which include the results and financial position of the Company.

Accounts of the ultimate parent undertaking are available from

The Secretary, Capespan Group Limited, Vineyards Square North, the Vineyards Office Estate, 99 Jip de Jager, Bellville, PO Box 6133, Tyger Valley, 7536 Republic of South Africa

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk

	Designated at fair value 2013 £'000	Loans and receivables 2013 £'000	Available for sale 2013 £'000	Liabilities at amortised cost 2013 £'000	Total carrying amount 2013 £'000	Fair value 2013 £'000
Trade and other receivables (Note 12)	-	14,953	-	-	14,953	14,953
Cash and cash equivalents	-	2,412	-	-	2,412	2,412
Derivative financial asset	-	-	-	-	-	-
	<u>-</u>	<u>17,365</u>	<u>-</u>	<u>-</u>	<u>17,365</u>	<u>17,365</u>
Trade and other payables (Note 15)	-	-	-	(9,298)	(9,298)	(9,298)
Bank overdrafts	-	-	-	-	-	-
Derivative financial liability	-	-	-	(8)	(8)	(8)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,306)</u>	<u>(9,306)</u>	<u>(9,306)</u>

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk (continued)

	Designated at fair value 2012 £'000	Loans and receivables 2012 £'000	Available for sale 2012 £'000	Liabilities at amortised cost 2012 £'000	Total carrying amount 2012 £'000	Fair value 2012 £'000
-	-	-	-	-	-	-
Trade and other receivables (Note 12)	-	13,971	-	-	13,971	13,971
Cash and cash equivalents	-	2,803	-	-	2,803	2,803
Derivative financial asset	-	-	-	-	-	-
	-	16,774	-	-	16,774	16,774
Trade and other payables (Note 15)	-	-	-	(8,158)	(8,158)	(8,158)
Bank overdrafts	-	-	-	-	-	-
Derivative financial liability	-	-	-	(2)	(2)	(2)
	-	-	-	(8,160)	(8,160)	(8,160)

Capespan International Limited

Notes (continued)

24 Financial Instruments and Financial Risk (continued)

Estimation of fair values

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table

Short term bank deposits and cash and cash equivalents

For short term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the nominal amount is deemed to reflect fair value

Trade and other receivables/payables

For receivables and payables with a remaining life of less than six months or demand balances, the carrying value less impairment provision, where appropriate is deemed to reflect fair value. All other receivables and payables are discounted to fair value in the balance sheet

Interest bearing loans and borrowings

For interest bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with a repricing date of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows

Risk exposures

The Company's multinational operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Company has a risk management program in place which seeks to limit the impact of these risks on the financial performance of the Company and it is the policy to manage these risks in a non-speculative manner

The Company has exposure to the following risks

- credit risk
- liquidity risk
- currency risk
- interest rate risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing the risk, and the Company's management of capital. Further quantitative disclosures are included throughout this note

Capespan International Limited has an Audit Committee. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. Risk evaluation and recommendations for strategic change are reviewed by the Audit Committee for its consideration. The Audit Committee, in turn, report these findings to the Board at least annually enabling corrective initiatives to be undertaken where appropriate

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk (continued)

Risk exposures (continued)

Capespan Group Limited has established a strong internal audit function under the direction of its Audit Committee. This internal audit undertakes both regular and ad hoc reviews of the Company's risk management controls and procedures, the results of which are reported to the Company's Audit Committee.

The Board, through its Audit Committee, has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The board has embedded these structures and procedures throughout the Company and considers these to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

Credit risk

Exposure to credit risk

Credit risk arises from credit risk to customers and associates arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk by dependence on individual customers or geographically.

The Company has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. Individual risk limits are generally set by customer and risk is only accepted above such limits in defined circumstances. The utilisation of credit limits is regularly monitored. The impairment provisions accounts are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount is considered irrecoverable and is written off directly against the trade receivable.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Cash and short term bank deposits

Cash and short term bank deposits are invested with institutions with the highest credit rating with limits on amounts held with individual banks or institutions at any one time. For banks and financial institutions, only independently rated banks with a minimum rating of "A" are accepted.

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk (continued)

Credit risk (continued)

Available for sale equity investments

The Company has investments in companies with a strategic interest to the Company and limits its exposure by ensuring that such investments are of a non speculative nature

The carrying amount of financial assets, net of impairment provisions represents the Company's maximum credit exposure. The maximum exposure to credit risk at year end was as follows

	<i>Note</i>	Carrying amount 2013 £'000	Carrying amount 2012 £'000
Cash and cash equivalents		2,412	2 803
Trade and other receivables (excluding prepayments)	<i>12</i>	14,545	12,284
		<hr/>	<hr/>
		16,957	15,087
		<hr/>	<hr/>

Trade receivables

The Company has detailed procedures for monitoring and managing the credit risk related to its trade receivables. Trade receivables are monitored by geographic region and by largest customers. The maximum exposure to credit risk for third party trade receivables at the reporting date by geographic region based on the location of customers was

	Carrying Amount 2013 £'000	Carrying amount 2012 £'000
Euro – zone	-	16
United Kingdom	8,677	6,657
	<hr/>	<hr/>
	8,677	6,673
	<hr/>	<hr/>

Capespan International Limited

Notes (continued)

24 Financial Instruments and Financial Risk (continued)

Credit risk (continued)

Trade receivables (continued)

The following table details the ageing of gross third party trade receivables, and the related impairment provisions in respect of specific amounts expected to be irrecoverable

	2013 Gross £'000	2013 Impairment £'000	2012 Gross £'000	2012 Impairment £'000
Not past due	8,068	-	5,981	-
Past due 0 – 30 days	553	-	692	-
Past due 31 – 90 days	56	-	-	-
Past due 91 – 180 days	3	3	1	1
Past due more than 180 days	-	-	1	1
	<u>8,680</u>	<u>3</u>	<u>6,675</u>	<u>2</u>

Other receivables

The following table details the ageing of gross third party other receivables and the related impairment provisions in respect of specific amounts expected to be irrecoverable

	2013 Gross £'000	2013 Impairment £'000	2012 Gross £'000	2012 Impairment £'000
Not past due	652	-	570	-
Past due 0 – 30 days	-	-	-	-
Past due 31 – 90 days	-	-	-	-
Past due 91 – 180 days	-	-	-	-
Past due more than 180 days	-	-	-	-
	<u>652</u>	<u>-</u>	<u>570</u>	<u>-</u>

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk (continued)

Analysis of movement in impairment provisions

Trade receivables – impairment provision

	2013 £'000	2012 £'000
Balance at beginning of year	(2)	(43)
Utilized during year	2	41
Movement during year	(3)	-
	<hr/>	<hr/>
Balance at end of year	(3)	(2)
	<hr/>	<hr/>

Other receivables – impairment provision

	2013 £'000	2012 £'000
Balance at beginning of year	-	-
Movement in year	-	-
	<hr/>	<hr/>
Balance at end of year	-	-
	<hr/>	<hr/>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to the best of their ability that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

It is the policy of the Company to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements.

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk (continued)

The following are the contractual maturities of the financial liabilities and cash and cash equivalents, including estimated interest payments and excluding the impact of netting agreements

	2013 Carrying amount £'000	2013 6 months or less £'000	2012 Carrying amount £'000	2012 6 months or less £'000
Non-derivative financial liabilities				
Bank overdraft	-	-	-	-
Trade and other payables	9,185	9,185	7,340	7,340
Provisions	-	-	12	12
	<u>9,185</u>	<u>9,185</u>	<u>7,352</u>	<u>7,352</u>

Market risk

Market risk is the risk that changes market prices and indices, such as foreign exchange rates, and interest rates. It will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's risk management strategy is to manage and control market risk exposures within acceptable parameters, while optimising the return earned by the Company. The Company has two types of market risk namely currency risk and interest rate risk each of which are dealt with as follows

Currency risk

The majority of the Company's operations are carried out in the UK, mitigating currency risk. A large portion of the Company's costs, particularly product purchases and shipping costs, are denominated in Euros and US Dollars.

As a result, the Company is exposed to currency fluctuations of the Euro and US Dollar. Foreign exchange risk also arises from assets and liabilities. Management requires all Company operations to manage their foreign exchange risk against their functional currency. These currency risks are monitored on a daily basis and managed by utilising spot and forward foreign currency contracts.

Exposure to currency risk

The Company's exposure to transactional foreign currency risk is minimal, due to the fact that the majority of trade receivables are held in the Company's own functional currency. The split below details the sterling receivable and payables with minimal amounts due from and payable to euro and dollar denominated companies. Therefore the majority of amounts held in own functional currencies are not exposed to transactional risk.

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk (continued)

Currency risk (continued)

	2013 Euro £'000	2013 Sterling £'000	2013 US Dollar	2012 Euro £'000	2012 Sterling £'000	2012 US Dollar £'000
Trade and other receivables	17	14,878	58	161	13,796	14
Cash and cash equivalents	34	2,253	125	5	2,727	71
Derivative Financial Instrument Liability	-	-	(8)	(2)	-	-
Trade and other payables	(339)	(8,934)	(25)	(356)	(7,674)	(129)

Sensitivity analysis

Based on the above table, a sensitivity analysis was not deemed necessary

Derivative financial instruments

At 31 December 2013 the Company had a US Dollar (2012 Euro) denominated forward foreign exchange contract in place as a cash flow hedge against future payments to suppliers

	2013 £'000	2012 £'000
<i>Fair value of derivative financial instruments</i>		
Financial asset arising from financial instruments	-	-
Financial liability arising from financial instruments	8	2

Interest rate risk

Due to the relatively modest amount of variable interest-bearing liabilities and the nature of certain of these borrowings, the Company's current policy is not to hedge against the risk of interest rate fluctuations

There is no significant difference between the effective interest rates on the Company's loans and market rates

The Company holds both interest bearing assets and interest bearing liabilities. In general the approach employed by the Company to manage its interest exposure is to maintain the majority of its cash, short term bank deposits and interest bearing borrowings on floating rates. The Company does not use fixed-rate instruments

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk (continued)

Interest rate risk (continued)

At year-end, the interest rate profile of the Company's interest-bearing financial instruments was

	Carrying amount 2013 £'000	Carrying amount 2012 £'000
Variable rate instruments		
Cash and cash equivalents	2,412	2,803
Bank overdrafts	-	-
	<hr/>	<hr/>
	2,412	2,803
	<hr/>	<hr/>

Cash flow sensitivity analysis for variable rate instruments

At 31 December 2013, the average interest rate being earned on the Company's cash and cash equivalents was 0.31 % (2012 0.31%). At 31 December 2013, the average interest being paid on the Company's net borrowings was 2.50% (2012 1.63%)

An increase or decrease of 50 basis points in interest rates at the reporting date would have had the following effect on the income statement and equity. This analysis assumes that all other variables in particular foreign currency rates remained constant. The analysis was performed on the same basis for 2012.

	50 basis point increase		50 basis point decrease	
	Income statement £'000	Equity £'000	Income statement £'000	Equity £'000
31 December 2013				
Variable rate instruments	8	8	(-)	(-)
30 December 2012				
Variable rate instruments	1	1	(1)	(1)

Capespan International Limited

Notes (continued)

24 Financial instruments and financial risk (continued)

Accounting for derivatives and hedging activities

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates measured to fair value. The gain or loss arising on remeasurement is recognised in the income statement within financial income or financial expense.

The fair value of the derivative at the balance sheet date is set out as follows:

	Assets	Liabilities
	2013	2013
	£'000	£'000
Forward currency contracts	-	8
	<hr/>	<hr/>
	Assets	Liabilities
	2012	2012
	£'000	£'000
Forward currency contracts	-	2
	<hr/>	<hr/>

25 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

Management discussed with the Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

Particular areas which are subject to accounting estimates and judgements in these financial statements are areas such as impairment testing and in relation to judgemental provisions and accruals.

Impairment testing of assets involves estimating the recoverable value. The estimation of employee benefit costs requires the use of actuaries and the determination of appropriate assumptions such as discount rates and expected future rates of return as set out in Note 20.

26 Comparative amounts

Certain amounts have been reclassified on a basis consistent with the current year presentation.

27 Board approval

The board of directors approved these financial statements on 14 March 2014.