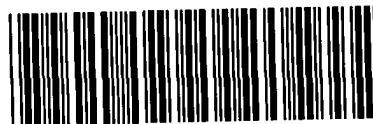


Fresh Trading Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2016

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FRESH TRADING LIMITED

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FRESH TRADING LIMITED

Company Information

Directors	J L Davenport D Lamont S Mori S Roche
Company secretary	J L Davenport
Registered office	Fruit Towers 342 Ladbroke Grove London W10 5BU
Solicitors	Joelson Wilson & Co 30 Portland Place London W1B 1LZ
Bankers	Bank of Scotland plc The Mound Edinburgh EH1 1YZ Citibank 1 Northwall Quay Dublin 1 Ireland
Auditors	Ernst & Young Harcourt Centre Harcourt Street Dublin 2 Ireland

FRESH TRADING LIMITED

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Fair review of the business

The Company's principal activities during the year continued to be the management and development of intellectual property.

The Groups's principal activities during the year continued to be the development, manufacturing and distributing of natural healthy drinks.

Group financial statements have not been prepared as the Company is exempt from preparing such financial statements under section 401(c) of the Companies Act 2006. The Company's financial statements present information about it as an individual company and not about its group.

As the Company is an investment holding company, in discussing the development and performance of the Company, it is considered appropriate to present below the key performance indicators of the Company together with the key performance indicators of its subsidiaries on a consolidated basis ("the Group").

	Unaudited 2016 £m	Unaudited 2015 £m	Change %
Group turnover	303.5	247.4	23
Group operating profit/(loss)	8.5	(0.7)	
Group operating profit/(loss) - excluding movement in the fair value of unrealised derivatives	3.1	(0.9)	
Group tax charge	(2.0)	(1.4)	41
Group profit/(loss) after tax	6.4	(2.1)	
Group shareholder funds	60.5	68.1	(11)
Average number of employees	401.0	361.0	11
Group charitable donations	1.5	1.5	

2016 was an outstanding year for the business with successful innovation launches and continued geographic expansion. We have continued our strategy, as developed and implemented in 2013, and we achieved our ambition of becoming Europe's favourite little chilled juice brand. The innocent brand was also the fastest growing soft drinks brand in Europe.

We are pleased to have delivered operating profit in line with expectation as we continue to invest for growth, however the substantial strengthening of the US dollar has a material impact on our business as a substantial proportion of our raw materials are purchased in dollars. We have worked very hard to find substantial cost efficiencies to offset as much of this impact as possible. This will be even more of a challenge in 2018 as our US dollar hedges unwind. Our underlying supply chain and operating model is undergoing significant transformation as we grow rapidly (50% growth since the start of 2013) and adapt to being a truly pan European business with more than 50% of our sales outside of the UK.

As we look ahead, we believe the opportunities for the business continue to grow, as consumers increasingly focus on health and wellness. Our ambition is to become Europe's favourite healthy drinks company through continued product innovation, geographic expansion and partnering with our retailers to make it easy for people to do themselves some good. We will continue to invest substantially to deliver on this ambition whilst ensuring we protect our margins to build long term value.

FRESH TRADING LIMITED

Strategic Report for the Year Ended 31 December 2016 (continued)

We continue to be fully committed to building a business we are proud of. In 2016 we made charitable donations of £1.5m to our Foundation and to age concern charities through our Big Knit campaign. This takes our total charitable donations to over £10m, a significant milestone for the business.

Our Foundation has now helped 750,000 hungry people around the world, and this year celebrated a breakthrough success with its partner Action Against Hunger, where they piloted a new model for treating children with severe acute malnutrition resulting in treatment rates doubling. The Mali government are so impressed they will now look to adopt this approach at a national level and the foundation hopes to be able to influence global policy change, which could save millions of lives each year.

Our sustainability focus remains as strong as ever. We have introduced a revised auditing programme for our suppliers to ensure a consistent and credible standard of sustainability performance according to international standards. We are also working hard to increase the level of recycled material in our packaging (currently 30% - 50%) and are investigating new technologies to enable this.

We have been recognised for our agriculture work with a Guardian Sustainability Award for our project to reduce water stress in strawberry growing areas in Spain.

We are grateful for the long term partnerships we have with our many suppliers and retail partners. It is because of the strength of these partnerships and the can do attitude of everyone involved that we continue to be able to innovate and grow quickly. Of course, we are also very thankful for the talented, committed and passionate team that we have right across Europe, they make innocent a special place to work.

Principal risks and uncertainties

Financial risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital management and to reduce the impact of price fluctuations, whether due to the demand for raw materials or foreign currency fluctuations.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Company's policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations.

Cash flow risk

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability.

Pricing risk

Pricing risk is the risk that the movement in the price of key materials will adversely affect the profitability of the business. The Company aims to manage the risk of movement in the price of fruit by the use of purchase contracts to secure future supply.

The Group uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

Competitive risks

Competitive risks have continued to increase with the introduction of new competitors and supermarket own brand chilled juice drinks and the level of promotional activity and discounts in the market.

FRESH TRADING LIMITED

Strategic Report for the Year Ended 31 December 2016 (continued)

Litigation

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

Laws and regulations

Changes in, or failure to comply with, the laws and regulations applicable to our business operations could increase our costs or reduce our net operating revenues.

Brexit

Brexit has given rise to increased economic uncertainty. As the exit process becomes clearer we will be using our risk management tools to identify potential impacts and are confident that we are well placed to navigate and mitigate what will no doubt be a period of both continued uncertainty and significant change over the next few years. We are adept at dealing with significant change given the high growth rates of the Company, seasonal cost fluctuations from fruit procurement and currency movements and hence believe we will be able to remain nimble and agile to these future changes.

Approved by the Board on 19 May 2017 and signed on its behalf by:


.....

J L Davenport
Company secretary and director

FRESH TRADING LIMITED

Directors' Report for the Year Ended 31 December 2016

Registered No. 03720071

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors of the Company

The directors, who held office during the year, were as follows:

J L Davenport - Company secretary and director

D Lamont

S Mori

S Roche

Principal activity

The principal activity of the Company is the management and development of intellectual property.

The Group's principal activities during the year continued to be the development, manufacturing and distributing of natural healthy drinks.

Dividends

The directors recommend that the Company does not pay a dividend in respect of the financial year ended 31 December 2016 (2015: Nil).

Charitable donations

We seek to redistribute some of the wealth that our business creates to those people that need it. The Group donates a minimum of 10% of its profits each year to charity, most of which goes to the innocent foundation, which we set up in 2004 with a vision to help build sustainable futures for the world's poorest people.

During the year, the group have agreed to make charitable contributions of £1,464,000 (2015: £1,456,000) to charities. This means the total charitable contributions we have made is now in excess of £10m. At this point in time, on a rolling basis we are substantially ahead of our 10% of profits to charity commitment with 27% of profits over the last 5 years having been donated to charity.

The table below sets out the 5 year cumulative profit or loss the Group has made each since 2010, the amount of money committed to charity on the same basis, and the donation as a percent on profit after tax on the same basis.

	2010	2011	2012	2013	2014	2015	2016
Cumulative 5 year total charitable donation	1,978	1,986	3,450	3,857	4,865	6,078	6,828
Cumulative 5 year PAT	(3,971)	(20,726)	(5,783)	(2,257)	4,910	8,796	25,619
Cumulative 5 year donation as a % of PAT	-	-	-	-	99	69	27

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

FRESH TRADING LIMITED

Directors' Report for the Year Ended 31 December 2016 (continued)

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through the weekly and quarterly updates in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Future developments

The Company intends to continue operating in line with current activity.

Research and development

The Company carries out research and development necessary to support its principal activities in supporting the development of natural healthy drinks.

Important non adjusting events after the financial period

On the 28th February 2017 the Company received a dividend from Innocent Ltd, its fully owned subsidiary, amounting to £50,000,000.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risk are described in the Strategic Report on pages 2 to 4.

The financial statements have been prepared on a going concern basis as, having reviewed the current position and cash flow projections of the Company (including those of its subsidiaries) and taking account of the dividend received in 2017 of £50,000,000, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. The Company has access to cash funding from the Company's subsidiary Innocent Limited as and when required to finance the payment of liabilities as they fall due.


Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 19 May 2017 and signed on its behalf by:


.....
J L Davenport
Company secretary and director

FRESH TRADING LIMITED

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRESH TRADING LIMITED

We have audited the financial statements of Fresh Trading Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 Statement of Directors' Responsibilities, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

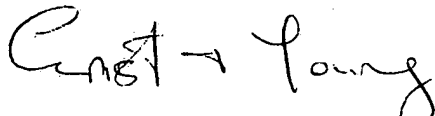
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and 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.



George Deegan (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Dublin

22 May 2017

FRESH TRADING LIMITED

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Administrative expenses		<u>(8,780)</u>	<u>(14,251)</u>
Operating loss	4	(8,780)	(14,251)
Other interest receivable and similar income	5	3	432
Interest payable and similar charges	6	<u>(361)</u>	<u>(299)</u>
Loss before tax		(9,138)	(14,118)
Tax on loss on ordinary activities	8	<u>-</u>	<u>-</u>
Loss for the year		(9,138)	(14,118)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss		<u>(9,138)</u>	<u>(14,118)</u>

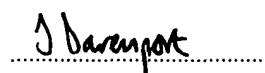
The above results were derived from continuing operations.

FRESH TRADING LIMITED

(Registration number: 03720071)
Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Tangible assets	9	1,011	1,259
Investments	10	39,568	39,568
		<u>40,579</u>	<u>40,827</u>
Current assets			
Debtors	11	339	14,759
Cash at bank and in hand	12	265	83
		604	14,842
Creditors: Amounts falling due within one year	13	<u>(28,041)</u>	<u>(17,350)</u>
Net current liabilities		<u>(27,437)</u>	<u>(2,508)</u>
Total assets less current liabilities		13,142	38,319
Creditors: Amounts falling due after more than one year	13	<u>(600)</u>	<u>(1,719)</u>
Net assets		<u>12,542</u>	<u>36,600</u>
Capital and reserves			
Called up share capital	14	0	0
Share premium reserve		12,398	12,398
Capital redemption reserve	15	0	0
Profit and loss account		<u>144</u>	<u>24,202</u>
Shareholders' funds		<u>12,542</u>	<u>36,600</u>

Approved by the Board on 19 May 2017 and signed on its behalf by:



J L Davenport

Company secretary and director

FRESH TRADING LIMITED

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £ 000	Capital redemption reserve £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	-	-	12,398	38,320	50,718
Loss for the year	-	-	-	(14,118)	(14,118)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(14,118)	(14,118)
At 31 December 2015	-	-	12,398	24,202	36,600
	Share capital £ 000	Capital redemption reserve £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2016	-	-	12,398	24,202	36,600
Loss for the year	-	-	-	(9,138)	(9,138)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	-	(9,138)	(9,138)
Purchase of own share capital*	-	-	-	(14,920)	(14,920)
At 31 December 2016	-	-	12,398	144	12,542

*Included in this amount is £73,000 related to transaction costs associated with the purchase of own share capital.

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Authorisation of financial statements & statement of compliance with FRS 101

The financial statements of Fresh Trading Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the board on 19 May 2017. Fresh Trading Limited is a private company, limited by shares, incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016. The financial statements are prepared in Pound Sterling and are rounded to the nearest thousand Pounds (£ 000).

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Group financial statements have not been prepared as the Company is exempt from preparing such financial statements under section 401(1) of the Companies Act 2006. The Company's financial statements present information about it as an individual company and not about its group. The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member and the ultimate controlling party, is The Coca-Cola Company. Copies of the group financial statements are available to the public from The Coca-Cola Company, PO Box 1734, Atlanta, Georgia 30301, United States of America. Copies of the financial statements can be obtained from the Company's registered office.

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- (d) the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

- (g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- (h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Going concern

The financial statements have been prepared on a going concern basis as, having reviewed the current position and cash flow projections of the Company (including those of its subsidiaries) and taking account of the dividend received in 2017 of £50,000,000, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. The Company has access to cash funding from the Company's subsidiary Innocent Limited as and when required to finance the payment of liabilities as they fall due.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2016 have had a material effect on the financial statements.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discount, rebates, VAT and other sales taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

- Interest income: Revenue is recognised as interest accrues using the effective-interest method.

Foreign currency transactions and balances

The Company's functional currency and presentation currency is Pounds Sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income tax

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

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Tangible assets

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

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

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	2-10 years

Investments

Fixed asset investments are stated at cost less provision for impairment in value. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Financial assets and liabilities

Classification

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables or available for sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and derivative financial instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss and payables.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

Recognition and measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income or interest charges in the Profit and Loss Account. The losses arising from impairment are recognised in the income statement in administrative expenses.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the Profit and Loss Account.

De-recognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Financial assets and liabilities

Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Profit and Loss Account.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Provision for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material provisions are discounted.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain.

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements often requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

There are no judgements or key sources of estimation uncertainty which have a material impact on these financial statements.

4 Operating profit

Arrived at after charging/(crediting)

	2016 £ 000	2015 £ 000
<i>Included in administrative expenses:</i>		
Depreciation of tangible fixed assets	248	334
Foreign exchange (gains) / losses	2,495	(401)
Auditors' remuneration		
- Audit services	122	126
- Taxation services	5	52
Operating lease - rentals - minimum lease payments		
- Land and Buildings	752	737

5 Interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest receivable from group companies	3	432

6 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Interest on bank overdrafts and borrowings	188	558
Fair value gain on derivative liability	(143)	(456)
Interest paid to group undertakings	316	197
Total interest payable and similar costs	361	299

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Aggregate remuneration in respect to qualifying services *	452	535
Aggregate contribution to pension scheme	13	18
Aggregate amounts receivable under long term incentive plan ending 31 December 2015 **	-	397
Aggregate amounts receivable under new deferred bonus scheme***	818	-
	<u>1,283</u>	<u>950</u>

In respect of the highest paid director:

	2016 £ 000	2015 £ 000
Aggregate remuneration in respect to qualifying services *	260	307
Aggregate amounts receivable under long term incentive plan ending 31 December 2015 **	-	275
Company contributions to money purchase pension schemes	7	9
Aggregate amounts receivable under new deferred bonus scheme***	565	-
	<u>832</u>	<u>591</u>

* £8,000 (2015: £Nil) of remuneration includes cash supplements in lieu of pension contributions. The total amount in respect of the highest paid director was £5,000 (2015: £Nil)

**These amounts represent the increase in the accrual during the year for all outstanding long term incentive plan awards. The total outstanding accrual at the end of 2015 was £585,000 (2014: £188,000). The total outstanding accrual in respect of the highest paid director at the end of 2015 was £405,000 (2014: £130,000). These amounts were paid in February 2016.

***This is the total bonus value awarded for 2016 as well as a retrospective element from 2015 which had not been fully approved at the end of 2015. In accordance with the scheme rules, a proportion of the bonus amount is deferred and paid out in future years. No bonus payments had been made at 31 December 2016. £368,000 (2015: £Nil) of this amount was paid out in January 2017, with the remaining to be paid out in January 2018 and January 2019. The total amount paid out in January 2017 in respect of the highest paid director was £253,000 (2015: £Nil).

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8 Taxation

Tax charged/(credited) in the profit and loss account

	2016 £ 000	2015 £ 000
Current income tax		
UK corporation tax on loss for the period	(1,822)	(2,957)
UK corporation tax adjustment to prior periods	1,822	2,325
Tax losses carried forward to future periods	-	632
Total current tax	-	-

The tax on loss before tax for the year differs from the standard rate of corporation tax in the UK of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Loss before tax	(9,138)	(14,118)
Corporation tax at standard rate	(1,828)	(2,859)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	23	48
Decrease (increase) from tax losses for which no deferred tax asset was recognised	(15)	486
Increase (decrease) arising from group relief surrendered/claimed for no payment	1,822	2,325
Deferred tax expense (credit) relating to changes in tax rates or laws	(2)	-
Total tax charge/(credit)	-	-

The corporation tax rate in the UK is 20%. This rate will be reduced on 1 April 2017 to 19%, and then further reduced to 17% on 1 April 2020. The 17% statutory rate of corporation tax was enacted in full on 6 September 2016, and this is the rate at which deferred tax would be provided at if it was recognised. No further rate changes have been announced. The UK government have announced the introduction of new loss relief rules effective from 1 April 2017 which may impact the timing of the utilisation of tax losses in the future.

The aggregate unused tax losses for which no deferred tax asset is recognised amounts to £4,022,000 (2015: £3,962,000). There is no expiry date for utilising these losses.

The deferred tax included in the balance sheet is as follow:

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8 Taxation (continued)

	31 December 2016 £ 000	31 December 2015 £ 000
Deferred tax assets		
Accelerated capital allowances	(13)	(39)
Tax losses	684	713
Other timing differences	196	233
Deferred tax asset not recognised	(867)	(907)
	<u>-</u>	<u>-</u>
Net asset disclosed in the balance sheet	<u>-</u>	<u>-</u>

Upon review of forecast financial performance, no deferred tax asset is recognised.

9 Tangible assets

	Leasehold Improvements £ 000	Total £ 000
Cost or valuation		
At 1 January 2016	<u>2,548</u>	<u>2,548</u>
At 31 December 2016	<u>2,548</u>	<u>2,548</u>
Depreciation		
At 1 January 2016	1,289	1,289
Charge for the year	<u>248</u>	<u>248</u>
At 31 December 2016	<u>1,537</u>	<u>1,537</u>
Carrying amount		
At 31 December 2016	<u>1,011</u>	<u>1,011</u>

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2015	39,568
Additions	-
At 31 December 2015	39,568
At 1 January 2016	39,568
Additions	-
At 31 December 2016	39,568
Carrying amount	
At 31 December 2016	39,568

In the opinion of the directors, the value of investments are not less than the carrying amount at which they are stated in the balance sheet.

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Innocent Limited	Drinks sales and distribution	UK	100%	100%
Innocent ApS*	Drinks sales and distribution	Denmark	100%	100%
Innocent AB*	Dormant	Sweden	100%	100%
Innocent Alps GmbH*	Drinks sales and distribution	Austria	100%	100%
Innocent Deutschland GmbH**	Administrative services	Germany	100%	100%
Innocent SAS*	Drinks sales and distribution	France	100%	100%
Innocent BV*	Drinks sales and distribution	Netherlands	100%	100%

* Held by a subsidiary undertaking

**Innocent Deutschland GmbH is a direct subsidiary of Innocent Alps GmbH.

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

11 Trade and other debtors

	2016 £ 000	2015 £ 000
Amounts due from group undertakings	19	14,343
Prepayments	276	67
Other debtors	44	-
Corporation tax asset	-	349
	<u>339</u>	<u>14,759</u>

12 Cash and cash equivalents

	2016 £ 000	2015 £ 000
Cash at bank	<u>265</u>	<u>83</u>

13 Trade and other creditors

	2016 £ 000	2015 £ 000
Accrued expenses and deferral income	683	660
Amounts owed to undertakings in which the Company has participating interests	27,648	16,969
Interest rate swap liability	-	984
Other creditors	<u>310</u>	<u>456</u>
	<u>28,641</u>	<u>19,069</u>

Amounts falling due after more than one year includes other creditors of £223,000 (2015: £217,000), accruals and deferred income of £377,000 (2015: £518,000), and derivative financial liabilities of £Nil (2015: £984,000).

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

14 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary A shares of £0.10 each	970	97	970	97
Ordinary B shares of £0.10 each	-	-	30	3
	<u>970</u>	<u>97</u>	<u>1,000</u>	<u>100</u>

15 Reserves

Capital redemption reserve

The Company repurchased and cancelled, out of distributable reserves, 30 Ordinary B Shares of £0.10 each during the year for consideration of £14,847,000. £3, being the aggregate nominal value of the shares repurchased and cancelled, has been transferred to the Capital Redemption Reserve.

16 Obligations under leases and hire purchase contracts

Operating leases

The Company has entered into a commercial lease on its head office property.

The total future value of minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Within one year	735	735
In two to five years	<u>1,654</u>	<u>2,389</u>
	<u>2,389</u>	<u>3,124</u>

17 Commitments

Other financial commitments

The Company had no other financial commitments as at the balance sheet date (2015: None).

FRESH TRADING LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

18 Financial instruments

Financial liabilities

Derivative financial liabilities at fair value through profit and loss held for trading

Derivative financial instruments are initially recognised at fair value on the date they are entered into and are subsequently re-measured at their fair value. The resulting gain or loss on re-measurement is taken to the profit and loss account.

	Carrying value		Fair value	
	2016 £ 000	2015 £ 000	2016 £ 000	2015 £ 000
Interest rate swap – non-hedged	-	984	-	984

Valuation methods and assumptions

Interest rate swap – non-hedged:

As at 31 December 2016 and 31 December 2015 no derivative financial assets or derivative financial liabilities have been offset in the balance sheet. The Company's derivatives are classified as being within level 2 of the fair value hierarchy. The fair value of the interest rate swap is determined using forward interest rates at the balance sheet date, with the resulting value discounted back to present value.

19 Related party transactions

The Company has taken advantage of the exemptions under FRS101 not to disclose transactions with wholly owned subsidiaries or key management personnel.

20 Parent and ultimate parent undertaking

The immediate parent company and immediate controlling company is European Refreshments, a company incorporated in Ireland. The ultimate parent company and ultimate controlling party is The Coca-Cola Company, a company incorporated in Delaware, USA, and registered on the New York Stock Exchange. The Coca-Cola Company is the largest group and The Coca-Cola Export Corporation is the smallest group which includes the Company and for which consolidated financial statements are prepared.

Copies of the consolidated financial statements for The Coca-Cola Company are available from The Coca-Cola Company, PO Box 1734, Atlanta, Georgia 30301, United States of America.

21 Non adjusting events after the financial period

On the 28th February 2017 the Company received a dividend from Innocent Ltd, its fully owned subsidiary, amounting to £50,000,000.