

# **Fresh Trading Limited**

## **Report and Financial Statements**

**31 December 2014**

WEDNESDAY



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COMPANIES HOUSE

## **Fresh Trading Limited**

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### **Directors**

S E Roche  
S Mori  
D R Lamont  
J L Davenport

### **Secretary**

J L Davenport

### **Auditors**

Ernst & Young  
Harcourt Centre  
Harcourt Street  
Dublin 2

### **Bankers**

Bank of Scotland plc  
The Mound  
Edinburgh EH1 1YZ

### **Solicitors**

Joelson Wilson & Co  
30 Portland Place  
London W1B 1LZ

### **Registered Office**

Fruit Towers  
342 Ladbroke Grove  
London W10 5BU

Registered No. 3720071

## Strategic Report

### Principal activities and review of the business

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

The group's key financial and other performance indicators during the year were as follows;

	2014	2013	Change
	£m	£m	%
Group turnover	218.9	215.5	+ 1.6%
Group turnover currency adjusted	222.5	215.5	+3.2%
Group turnover currency adjusted - and excluding food	213.6	202.5	+5.5%
Operating profit	0.3	1.2	- 75%
Shareholder funds	70.3	71.1	- 1.1%
Portions of fruit sold	752m	735m	+ 2.3%
Average number of employees	321	285	+12.6%

In 2013, we developed and implemented a new strategy to grow the business with the ambition of becoming Europe's favourite little juice company.

The strategy is based on:

- Being brand and innovation led
- Investing in 4 key geographic regions (UK, France, Germany, Sweden)

In 2014, we launched a number of new products, including 'supersmoothies', a Grocer award winning piece of innovation. Our innovation pipeline will see a number of new products coming out in 2015, including coconut water and a carbonated refreshment drink. In addition we continued to drive brand awareness and trial through various marketing activities across the Group.

In the UK, the chilled juice category has been challenging and this has impacted our ability to grow the business, however in our other key geographic regions the business continues to grow strongly with revenue growth from €65m to €91m, from 2013 to 2014.

In 2014 we took the decision to focus on our drinks portfolio and started to wind down our food business, with this area of the business ceasing to trade in April 2015.

As a result of these activities Group turnover, excluding food and using constant currency, increased by 5.5%.

We sold 752 million portions of fruit in 2014; helping millions on their way to their recommended 5 portions of fruit and veg a day and it makes us proud that we are helping to improve the health of people across Europe.

## **Fresh Trading Limited**

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Operating profit has decreased as we invest behind the brand, innovation, and our 4 key geographic regions, helping propel us towards our ambition of becoming Europe's favourite little juice company.

Furthermore, we continued to work closely with our suppliers on ethical sourcing, responsible packaging and supply chain efficiency, targeting reductions in energy, water and waste. We developed new action plans with all of our suppliers to improve their sustainability performance, in conjunction with the Sustainable Agriculture Initiative. We started a new sustainable agriculture project to reduce agrochemical use in Costa Rican pineapple plantations, documented our Indian mango climate change adaptation project in a short film and scaled up our Spanish strawberry water efficiency project to train farmers in techniques that can reduce water use by 40%.

### **Principal risks and uncertainties**

#### **Financial risks**

The group has established a risk and financial management framework whose primary objectives are to protect the group from events that hinder the achievement of the group'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 of 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 of the other party by failing to discharge an obligation. The group'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 group 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. The group manages this risk, where significant, by use of derivatives as explained below.

- **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 group aims to manage the risk of movement in the price of fruit by the use of forward purchase contracts.

Innocent Limited, one of Fresh Trading Limited's subsidiaries, 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. Fresh Trading Limited also employs an interest rate swap to mitigate interest rate risk.

## **Fresh Trading Limited**

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### **Competitive risks**

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

On behalf of the Board



J L Davenport  
Financial Director

28<sup>th</sup> September 2015

# **Fresh Trading Limited**

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## **Directors' Report**

### **Directors**

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

G Ruiz (resigned 22 June 2015)  
S E Roche  
S Mori  
D R Lamont  
J L Davenport  
J Quincey (resigned 27 August 2015)

### **Charitable contributions**

During the year, the group have agreed to make charitable contributions of £1,116,000 (2013: £572,000) to charities.

### **Going concern**

The directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Having reviewed the group's current position and cash flow projections, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Disclosure of information to the auditors**

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

### **Auditors**

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

On behalf of the Board



J L Davenport  
Financial Director

28<sup>th</sup> September 2015

### **Statement of Directors' Responsibilities**

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

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

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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

We have audited the consolidated and parent ('group' and 'company') financial statements of Fresh Trading Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group Balance Sheet, the Company Balance Sheet and the related notes 1 to 27. 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).

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 set out on page 6, the directors are responsible for the preparation of the group and company 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 group and company 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 group and company 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 group's and 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 group and company 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 group's and of the company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.



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

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

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

A handwritten signature in black ink, appearing to read 'George Deegan'.

George Deegan (Senior statutory auditor)  
for and on behalf of Ernst & Young, Statutory Auditor  
Dublin  
30<sup>th</sup> September 2015

**Group Profit and Loss Account**  
For the year ended 31 December 2014

		2014	2013
	Notes	£000	£000
Turnover	2	218,882	215,530
Cost of sales		(155,607)	(152,785)
<b>Gross Profit</b>		<b>63,275</b>	<b>62,745</b>
Distribution costs		(52,341)	(44,140)
Administrative expenses		(10,650)	(17,408)
<b>Operating Profit</b>	3	<b>284</b>	<b>1,197</b>
Bank interest receivable and similar income	6	241	240
Interest payable and similar charges	7	(539)	(551)
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>(14)</b>	<b>886</b>
Tax on profit/(loss) on ordinary activities	8	(728)	(137)
<b>Profit/(Loss) for the financial year</b>	22	<b>(742)</b>	<b>749</b>

The loss of £742,000 for the year ended 31 December 2014 was derived in its entirety from continuing operations.

**Group Statement of Total Recognised Gains and Losses**

For the year ended 31 December 2014

	Note	2014	2013
		£000	£000
Profit/(Loss) for the financial year	22	(742)	749
Exchange difference on retranslation of net profit/(loss) of subsidiary undertakings	22	(50)	111
<b>Total recognised profits/(losses) relating to the year</b>		<b>(792)</b>	<b>860</b>

**Group Balance Sheet**

**As at 31 December 2014**

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	10	3,375	3,179
<b>Current assets</b>			
Stocks	12	13,459	13,489
Debtors: amounts falling due after more than one year	13	2,108	434
Debtors: amounts falling due within one year	13	68,554	35,310
Cash at bank and in hand		24,011	56,304
Short term deposits		5,000	-
		<u>113,132</u>	<u>105,537</u>
Creditors: amounts falling due within one year	14	(45,146)	(37,043)
<b>Net current assets</b>		<u>67,986</u>	<u>68,494</u>
<b>Total assets less current liabilities</b>		<u>71,361</u>	<u>71,673</u>
Creditors: amounts falling due after more than one year	15	(1,038)	(558)
<b>Net assets</b>		<u>70,323</u>	<u>71,115</u>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Share premium account	22	12,398	12,398
Profit and loss account	22	57,924	58,716
<b>Shareholders' funds</b>	22	<u>70,323</u>	<u>71,115</u>

The financial statements on pages 12 to 29 were approved by the Board of Directors and authorised for issue on 28<sup>th</sup> September 2015 and are signed on its behalf by:



J L Davenport  
Financial Director

28<sup>th</sup> September 2015

**Company Balance Sheet**

**As at 31 December 2014**

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	10	1,398	1,637
Investments	11	39,568	39,568
		<u>40,966</u>	<u>41,205</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	15,877	25,496
Cash at bank and in hand		116	55
		<u>15,993</u>	<u>22,551</u>
Creditors: amounts falling due within one year	14	(4,188)	(5,409)
<b>Net current assets</b>		<u>11,805</u>	<u>20,142</u>
<b>Net assets</b>		<u>52,771</u>	<u>61,347</u>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Share premium account	22	12,398	12,398
Profit and loss account	22	40,372	48,948
<b>Shareholders' funds</b>	22	<u>52,771</u>	<u>61,347</u>

The financial statements on pages 12 to 29 were approved by the Board of Directors and authorised for issue on 28<sup>th</sup> September 2015 and are signed on its behalf by:

J L Davenport  
Financial Director

28<sup>th</sup> September 2015

## **Notes to the financial statements**

**As at 31 December 2014**

### **1. Accounting policies**

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

#### **Basis of consolidation**

The group financial statements consolidate the financial statements of Fresh Trading Limited and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for Fresh Trading Limited as permitted by section 408 of the Companies Act 2006.

#### **Going concern**

The financial statements have been prepared on a going concern basis as, having reviewed the group's current position and cash flow projections the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements.

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

Under FRS 1 the company is exempt from the requirement to prepare a statement of cash flows on the grounds that more than 90% of the voting rights are controlled by a group company, producing publicly available group financial statements.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	over a period of between 2 and 10 years straight line
Motor vehicles	-	over a period of between 2 and 5 years straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Assets under construction are stated at cost and will be depreciated from the date on which the assets come into use.

#### **Financial Investments**

Financial 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.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials	-	purchase cost on a first-in, first-out basis
Finished goods	-	cost of direct materials, blending costs, and attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

## **Fresh Trading Limited**

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### **1. Accounting policies (continued)**

#### **Short term deposits**

Short term deposits represent 95 day deposits held with a financial institution.

#### **Revenue recognition**

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

- **Sale of goods:** Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on receipt by the buyer of the goods.
- **Interest income:** Revenue is recognised as interest accrues using the effective-interest method.
- **Listing fees and slotting fees:** Fees that are paid in order for our products to be listed on-shelf are deducted from net revenue. Fees that represent a separable, discretionary cost are treated as a distribution cost.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction, or at the contracted rate if the transaction is covered by a forward foreign currency contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date and if appropriate at the forward contract rate. All differences described above are taken to the profit and loss account.

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

**1. Accounting policies (continued)**

With effect from 1<sup>st</sup> January 2014, it is considered that the results of the overseas branch are more dependent on sterling than its own reporting currency, therefore the results of the branch are incorporated using the temporal method, thereby treating all transactions as though they had been entered into by the undertaking itself in sterling, and translation differences taken to the profit and loss account.

**Lease commitments**

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review. The company has no finance or hire purchase leases.

**Long term incentive plan**

The employee bonus scheme is a 3 year incentive plan which commenced on 1 January 2013 and concludes on 31 December 2015. Annually, employees are granted award units based on several factors including the employees' level, the employees' current year performance and the Group and Company's performance. Award units are then valued based on the Group and Company's revenue performance against a 3 year growth target. The accrual as at 31 December 2014 of £1,038,000 represents the cumulative balance accounted for since inception. The cumulative value of all award units, in each respective performance year, will be paid within 60 days of 1 January 2016.

**Pensions**

The group makes contributions to a defined contribution scheme on behalf of its employees. Contributions are charged to the profit and loss account as they become due, in accordance with the rules of the scheme.

**Accounting for ESOP Trusts**

UITF (Urgent Issues task Force) 38 Accounting for ESOP (Employee Stock Ownership Plan) Trusts has been adopted in these financial statements in respect of the Fresh Trading Limited Employee Benefit Trust. Investment in own shares, which comprises the unallocated shares of the Fresh Trading Limited Employee Benefit Trust, are treated as a deduction in arriving at shareholders' funds. Shares purchased by employees are treated as unallocated within the ESOP Trust as the share based payment schemes are all cash-settled in nature.

No gain or loss is recognised in the profit and loss account on the purchase, sale, issue or cancellation of these shares.

**Share-based payments**

The cost of cash-settled transactions is measured at fair value using an appropriate option pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in profit or loss for the period.

## 2. Turnover

Turnover, which is stated net of value added tax, represents the invoiced amounts of goods sold to third parties, net of credits and discounts. Turnover is attributable to the group's continuing principal activity.

An analysis of turnover by geographical destination is given below:

	2014 £000	2013 £000
UK	146,892	159,943
Europe	71,990	55,587
	<u>218,882</u>	<u>215,530</u>

## 3. Operating profit

This is stated after charging:

	Notes	2014 £000	2013 £000
Depreciation of tangible fixed assets	10	1,234	1,157
Loss on disposal of fixed assets		60	32
Operating lease rentals			
- Land and buildings	16	432	763
- Plant and machinery	16	34	48
Services provided by the company's auditor			
Fees payable for the audit		90	83
Fees payable for local statutory audits of subsidiaries		33	32
Fees payable for tax compliance		90	30

## **Fresh Trading Limited**

### **4. Directors' remuneration**

	2014 £000	2013 £000
Aggregate remuneration in respect to qualifying services	492	530
Aggregate contribution to pension scheme	5	-
Aggregate amounts receivable under long term incentive plan*	123	66
	<u>620</u>	<u>596</u>

The amounts in respect of the highest paid director are as follows:

	2014 £000	2013 £000
Remuneration	285	211
Contribution to pension scheme	1	-
Aggregate amounts receivable under long term incentive plan*	84	46
	<u>370</u>	<u>257</u>

\*These amounts have not been paid as at 31 December 2014.

### **5. Staff costs**

	2014 £000	2013 £000
Wages and salaries	17,367	15,776
Social security costs	2,140	2,057
Other pension costs	413	297
	<u>19,920</u>	<u>18,130</u>

Other pension costs relate to contributions under a defined contribution scheme. The comparative amounts do not include the share based payment expense as detailed in note 21.

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

	No.	No.
Sales and distribution	258	223
Administration	63	62
	<u>321</u>	<u>285</u>

### **6. Interest receivable and similar income**

	2014 £000	2013 £000
Bank interest receivable	125	240
Other Interest receivable	116	-
	<u>241</u>	<u>240</u>

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### 7. Interest payable and similar charges

	2014 £000	2013 £000
Bank interest payable	539	544
Other interest payable	-	7
	<u>539</u>	<u>551</u>

### 8. Tax

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

The tax profit is made up as follows:

	2014 £000	2013 £000
<i>Current tax:</i>		
UK corporation tax:		
Current year	55	126
Adjustments in respect of previous periods	41	137
Tax losses carried forward (back) to next (prior) year	124	(346)
Double taxation relief	<u>(145)</u>	<u>(126)</u>
	<u>75</u>	<u>(209)</u>

#### Foreign tax:

Current year	497	413
Provisions for potential tax liabilities	438	0
Adjustment in respect of previous periods	4	150
Exchange rate differences	<u>(12)</u>	<u>-</u>
	<u>927</u>	<u>563</u>

#### Total current tax (note 8(b))

	<u>1,002</u>	<u>354</u>
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#### *Deferred tax:*

Origination and reversal of timing differences	(245)	(43)
Prior year under provision	(46)	(241)
Exchange rate adjustment	-	1
Effect of changes in tax rate on opening liability	17	66
Total deferred tax (note 19)	<u>(274)</u>	<u>(217)</u>

#### Total tax charge for year

	<u>728</u>	<u>137</u>
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## Fresh Trading Limited

### 8. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	(14)	886
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	(3)	206
<i>Effects of:</i>		
Expenses not deductible for tax purposes	46	(280)
Enhanced relief for R&D expenditure	-	(92)
Provisions for potential tax liabilities	438	0
Timing differences	241	(25)
Adjustments to tax charge in respect of previous years	45	287
Higher/(Lower) tax rate on overseas earnings	11	(17)
Rate change on tax losses carried back to prior year	(12)	(18)
Utilisation of losses brought forward	-	(17)
Unrelieved tax losses carried forward	236	310
Current tax for the year (note 8(a))	1,002	354

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

### 9. Result attributable to members of the parent undertaking

The loss dealt with in the financial statements of the parent undertaking is £8,576,499 (2013 - loss of £8,617,132).

## Fresh Trading Limited

### 10. Tangible fixed assets

<i>Group</i>	<i>Plant and machinery £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
<b>Cost:</b>			
At 1 January 2014	7,265	329	7,594
Additions	1,274	216	1,490
Disposals	(1,256)	(93)	(1,349)
At 31 December 2014	<u>7,283</u>	<u>452</u>	<u>7,735</u>
<b>Depreciation:</b>			
At 1 January 2014	4,208	207	4,415
Charge for the year	1,158	76	1,234
Disposals	(1,196)	(93)	(1,289)
At 31 December 2014	<u>4,170</u>	<u>190</u>	<u>4,360</u>
<b>Net book value:</b>			
At 31 December 2014	<u>3,113</u>	<u>262</u>	<u>3,375</u>
At 1 January 2014	<u>3,057</u>	<u>122</u>	<u>3,179</u>

<i>Company</i>	<i>Plant and machinery £000</i>
<b>Cost:</b>	
At 1 January 2014	2,353
Additions	-
At 31 December 2014	<u>2,353</u>
<b>Depreciation:</b>	
At 1 January 2014	716
Charge for the year	239
At 31 December 2014	<u>955</u>
<b>Net book value:</b>	
At 31 December 2014	<u>1,398</u>
At 1 January 2014	<u>1,637</u>

## Fresh Trading Limited

### 11. Investments

Company

Subsidiary  
undertakings  
£000

Cost:

At 1 January 2014

39,568

Additions

At 31 December 2014

39,568

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

Details of the investments in which the group and company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertaking	Holding	Proportion of rights and shares held	Nature of business	Country of incorporation
Innocent Limited	Ordinary shares	100%	Drinks sales and distribution	UK
Held by a subsidiary undertaking	Holding	Proportion of rights and shares held	Nature of business	Country of incorporation
Innocent ApS	Ordinary shares	100%	Drinks sales and distribution	Denmark
Innocent AB	Ordinary shares	100%	Dormant	Sweden
Innocent Alps GmbH	Ordinary shares	100%	Drinks sales and distribution	Austria
Innocent SAS	Ordinary shares	100%	Drinks sales and distribution	France
Innocent BV	Ordinary shares	100%	Dormant	Netherlands

### 12. Stocks

Group

2014

2013

£000

£000

Raw materials and consumables

6,095

7,899

Finished goods and goods for resale

7,364

5,590

13,459

13,489

## Fresh Trading Limited

### 13. Debtors

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade debtors	43,007	32,268	-	4
Amounts owed by ultimate parent undertaking	21,500	-	-	-
Amounts owed by group undertakings	-	-	15,338	25,008
Other debtors	1,961	140	-	-
Prepayments	1,683	1,343	193	138
Other taxes and social security costs	1,187	1,012	-	-
Corporation tax	616	547	346	346
Deferred tax (note 19)	708	434	-	-
	<u>70,662</u>	<u>35,744</u>	<u>15,877</u>	<u>25,496</u>

Amounts falling due after more than one year included above are:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Deferred Tax Asset	708	434	-	-
Other debtors	1,400	-	-	-
	<u>2,108</u>	<u>434</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	23,516	18,596	76	41
Amounts owed to group undertakings	-	-	3,782	4,850
Other taxes and social security costs	1,431	973	-	-
Other creditors	551	533	45	151
Accruals and deferred income	19,648	16,941	285	367
	<u>45,146</u>	<u>37,043</u>	<u>4,188</u>	<u>5,409</u>

## Fresh Trading Limited

### 15. Creditors: amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Employee bonus scheme	1,038	558	-	-
	<u>1,038</u>	<u>558</u>	<u>-</u>	<u>-</u>

### 16. Obligations under leases

At 31 December 2014 the group and the company had annual commitments under non-cancellable operating leases as set out below:

Group	2014		2013	
	Land and buildings £000	Plant and machinery £000	Land and buildings £000	Plant and machinery £000
Operating leases which expire:				
Within one year	432	34	429	42
In two to five years	88	-	334	6
Over five years	45	-	-	-
	<u>565</u>	<u>34</u>	<u>763</u>	<u>48</u>

Company	2014	2013
	Land and buildings £000	Land and buildings £000
Operating leases which expire:		
Within one year	306	318
In two to five years	-	306
	<u>306</u>	<u>624</u>

### 17. Derivatives

The group purchases forward foreign exchange contracts to manage foreign exchange fluctuations and interest rate swaps to manage interest rate volatility. The group's forward contracts generally have terms of 90 days or less. The group does not use forward contracts for trading purposes. The group's ultimate realised gain or loss with respect to currency fluctuations depends upon the currency exchange rates and other factors in effect as the contracts mature.

**17. Derivatives (continued)**

At 31 December 2014, the following foreign currency forward contracts were outstanding:

	Notional amount 2014 £000	Notional amount 2013 £000
Buy US Dollar/Sell Sterling	52,199	56,992
Buy Euro/Sell Sterling	5,734	10,244
	<u>57,933</u>	<u>67,236</u>

The fair value of outstanding foreign currency forward contracts at 31 December 2014 was £2,765,000.

At 31 December 2014, the following interest rate swaps were held:

	Notional amount 2014 £000	Notional Amount 2013 £000
Interest rate swaps	(12,000)	(12,000)

The fair value of outstanding swaps at 31 December 2014 was -£1,440,000.

**18. Other financial commitments**

At 31 December 2014, the group also had a commitment of £30,870,994 (2013: £34,972,636) relating to future fruit commodity contracts in order to manage raw material price volatility. Commodity contracts requiring settlement by physical delivery are not financial instruments, and as such fair values for these contracts have not been disclosed.

The Group, together with European Refreshments (a Coca-Cola group company) and The Coca-Cola Company, are each joint parties to a commitment that between them they shall donate £1,000,000 per annum to the Innocent Foundation for the remaining term of 3 years.

## Fresh Trading Limited

### 19. Deferred taxation

#### Group

	£000
At 1 January 2014	434
Prior year under provision	46
At 1 January 2014	480
Originating and reversal of timing differences	245
Tax rate adjustment	(17)
Recognised at end of year	708

The deferred tax consists of:

	2014	2013
	£000	£000
Depreciation in excess of capital allowances	501	384
Tax losses	51	-
Other timing differences	156	50
	708	434

#### Company

	£000
At 1 January 2014	-
Prior year under provision	(42)
Originating and reversal of timing differences	45
Tax rate adjustment	(3)
Recognised at end of year	-

**20. Issued share capital**

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2014</i>	<i>No.</i>	<i>2013</i>
		<i>£000</i>		<i>£000</i>
Ordinary shares of £1 each	<u>1,000</u>	<u>1</u>	<u>1,000</u>	<u>1</u>

**21. Share-based payments**

On 3 May 2013, the company was sold to the Coca-Cola Company and all the schemes closed, with employees receiving a cash settlement equivalent to the market value of their share options and share appreciation rights.

***Innocent Promise***

All share options vested in 2013 and employees received a cash settlement equivalent to the market value. No share options were issued in 2013 or during the current year. The scheme closed in 2013.

***Innocent Nest Egg***

Employees invested directly into the nest egg scheme by purchasing, through the ESOP trust, share appreciation rights at an amount equivalent to the latest HMRC valuation of the company's shares. The employee paid cash directly into the ESOP trust, which held the share appreciation rights on behalf of the employee. The full appreciation rights vested automatically on the sale of the company. The employee immediately sold the appreciation rights to the shares and received a cash settlement equivalent to the market value. There was no option to settle in equity.

Share options were granted to top-performing employees through a matching of their investment in the nest egg scheme. The option awards were on the same principles as above, however, they had no value if the employee left within three years.

***Enterprise Management Incentive Scheme***

Senior executives invested directly into the scheme by purchasing, through the ESOP trust, share appreciation rights at an amount equivalent to the latest HMRC valuation of the company's shares. The senior executive paid cash directly into the ESOP trust, or received a loan from the ESOP trust, which held the share appreciation rights on behalf of the executive. The full appreciation rights vested automatically on the sale of the company. The executive immediately sold the share appreciation rights in exchange for cash settlement by the company. There was no option to settle in equity.

**21. Share-based payments (continued)**

*Group and company*

The expense recognised in 2013 due to the increase of the share-based payment liability in respect of employee services received up to 3 May 2013 was £8,901,000.

The following tables illustrate the number and weighted average purchase prices (WAPP) of, and movements in, share appreciation rights during the year.

<i>Nest Egg Scheme</i>	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>No.</i>	<i>WAPP</i>	<i>No.</i>	<i>WAPP</i>
Outstanding as at 1 January	-	-	108,437	£4.13
Exercised during the year	-	-	(108,437)	£4.13
Outstanding at 31 December	-	-	-	-

  

<i>Enterprise Management Scheme</i>	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>No.</i>	<i>WAPP</i>	<i>No.</i>	<i>WAPP</i>
Outstanding as at 1 January	-	-	525,611	£6.55
Exercised during the year	-	-	(525,611)	£6.55
Outstanding at 31 December	-	-	-	-

The expiry date for the share appreciation rights was on the date of the transaction.

The weighted average share price at the date of exercise for the options was £31.37.

In 2013 employees and senior executives settled their contributions towards the purchase price of the share appreciation rights under the two schemes.

## Fresh Trading Limited

### 21. Share-based payments (continued)

#### *Group and company (continued)*

The following tables illustrate the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

<i>Innocent Promise</i>	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Outstanding as at 1 January	-	-	9,559	£0.00
Exercised during the year	-	-	(9,559)	£0.00
Outstanding at 31 December	-	-	-	-
<i>Nest Egg Scheme</i>	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Outstanding as at 1 January	-	-	101,602	£0.00
Exercised during the year	-	-	(101,602)	£0.00
Outstanding at 31 December	-	-	-	-
<i>Unapproved Option Scheme</i>	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Outstanding as at 1 January	-	-	23,869	£0.00
Exercised during the year	-	-	(23,869)	£0.00
Outstanding at 31 December	-	-	-	-

All share options were exercised on 3 May 2013.

The weighted average share price at the date of exercise for the options was £31.37.

## Fresh Trading Limited

### 22. Reconciliation of shareholders' funds and movements on reserves

Group	Share capital £000	Share premium account £000	Capital contribution reserve £000	Investment in own shares £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2013	3	29,278	6,800	(1,591)	(1,349)	33,141
Share for share exchange	(3)	-	-	-	3	-
Transfer from share premium & capital contribution reserves to P & L reserves	-	(29,278)	(6,800)	-	36,078	-
Issue of new share capital	1	12,398	-	-	-	12,399
Sale of ordinary shares held by Employee Benefit Trust	-	-	-	1,591	(4,578)	(2,987)
Transfer to P&L reserves on employee share scheme closure	-	-	-	-	27,702	27,702
Foreign exchange revaluation	-	-	-	-	111	111
Profit for the year	-	-	-	-	749	749
At 1 January 2014	1	12,398	-	-	58,716	71,115
Foreign exchange revaluation	-	-	-	-	(50)	(50)
Loss for the year	-	-	-	-	(742)	(742)
At 31 December 2014	1	12,398	-	-	57,924	70,323

Company	Share capital £000	Share premium account £000	Capital contribution reserve £000	Investment in own shares £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2013	3	29,278	6,800	(1,591)	(1,640)	32,850
Share for share exchange	(3)	-	-	-	3	-
Transfer from share premium & capital contribution reserves to P & L reserves	-	(29,278)	(6,800)	-	36,078	-
Issue of new share capital	1	12,398	-	-	-	12,399
Sale of ordinary shares held by Employee Benefit Trust	-	-	-	1,591	(4,578)	(2,987)
Transfer to P&L reserves on employee share scheme closure	-	-	-	-	27,702	27,702
Loss for the year	-	-	-	-	(8,617)	(8,617)
At 1 January 2014	1	12,398	-	-	48,948	61,347
Loss for the year	-	-	-	-	(8,576)	(8,576)
At 31 December 2014	1	12,398	-	-	40,372	52,771

**23. Related party transactions**

In 2014 the company made a charitable contribution of £950,000 to the Innocent Foundation, a related party of the company by virtue of common directors/trustees.

The company has taken advantage of the exemptions available under FRS 8 not to disclose transactions with group companies where group financial statements are publicly available. No other transactions which require disclosure by FRS 8 took place during the year.

**24. Ultimate parent undertaking and controlling party**

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.

**25. Events after the reporting date**

In 2014, the directors took the decision to focus on the Group's drinks portfolio and started to wind down the food business, with this area of the business ceasing to trade in April 2015.

**26. Contingent liabilities**

The company is subject to routine tax reviews and investigations in the jurisdictions in which it operates. The group provides for any potential exposure, based on the Directors' best estimate, to the extent deemed probable. The actual liability is contingent on the conclusion of the investigation.

**27. Approval of the financial statements**

The Board of Directors approved and authorised for issue these financial statements on 28th September 2015.