

Registration number: 03720071

# Fresh Trading Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2017

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# **FRESH TRADING LIMITED**

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# FRESH TRADING LIMITED

## Company Information

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

## FRESH TRADING LIMITED

### Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

#### Fair review of the business

The principal activities of Fresh Trading Limited ("The Company") during the year continued to be the management and development of intellectual property.

The principal activities of the Fresh Trading Limited group ("The Group") 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(1) 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 (being the Parent company of Innocent Limited), 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").

#### Group performance

	Unaudited 2017 £m	Unaudited 2016 £m	Change %
Group turnover	369.9	303.5	22
Group operating profit - excluding movement in the fair value of unrealised derivatives*	4.0	3.1	
Group tax charge	(1.8)	(2.0)	10
Group (loss)/profit after tax	(11.2)	6.4	
Group shareholder funds	50.0	60.5	(17)
Average number of employees	448.0	401.0	12
Group charitable donations	2.1	1.5	

\* The loss arising from the movement in fair value of unrealised derivatives in 2017 amounted to £13.4 million (2016: gain of £5.3 million).

innocent had another successful year in 2017, one more step towards our ambition to become Europe's favourite little healthy drinks company. Over 25 million people enjoyed one of our healthy drinks (an increase of 4 million compared to the previous financial year) and we delivered more than 1 billion portions of fruit and vegetables to our drinkers. That made 2017 a record year of growth (£66m or 22% compared to the previous financial year) with significant share gains across our three largest markets: UK, Germany and France. We are pleased to have delivered operating profit in line with our plan as we invested substantially in long term growth opportunities. Currency movements and raw material prices continue to put pressure on operating margins which we work to offset through cost efficiencies.

## FRESH TRADING LIMITED

### Strategic Report for the Year Ended 31 December 2017 (continued)

Our commitment to give 10% of profits to charity has enabled us to keep supporting meaningful causes. We donated £1 million to the innocent foundation, who continue their ground-breaking work to help the world's hungry. The partnership with Action Against Hunger to prove a new model for treating severe acute malnutrition is working. Their study in Mali led directly to the UN updating their global guidance on how to treat severe acute malnutrition, which could save millions of lives each year. We are very proud that our donations could lead directly to a change in global hunger policy. It is a clear demonstration of how even relatively small businesses can be a force for good on a large scale. More locally, thanks to the success of our Big Knit campaign we gave over £1 million to age concern charities across Europe, helping older people overcome the challenges of winter and loneliness.

Since innocent was founded in 1999, we have always tried to lead by example when it comes to sustainability. 2017 was no exception as we committed to do our bit to keep global warming below 2 degrees Celsius by signing up to science-based targets. To meet this commitment we will need our direct operations to be carbon neutral by 2020 and the total carbon footprint of our entire end-to-end supply chain to be 25% lower by 2030. We will get there by working closely with our supply partners on everything from optimising transport mileage to minimising waste.

Plastics is an area where we have worked to drive improvement over many years. All our smoothie bottles now contain 50% recycled material thanks to a determination to keep doing more since we first used recycled plastics in our bottles in 2003. In Q1 2018 we have launched our first bottle to include a blend of both recycled and plant based material - we think it's a first for food grade bottles in Europe and possibly the world. We want to make sure plastic use is highly valued and support anything that gets more people recycling every bottle, every time. We will do our bit to support government initiatives across Europe to improve recycling systems, like the proposed UK Deposit Return Scheme.

All of this is possible thanks to the fantastic people we work with across our customers, suppliers and other partners. It is their willingness to join us in doing business the right way that enables us to deliver on our core purpose of making delicious, healthy, natural drinks that help ever more people live well and die old. We couldn't be prouder of the innocent team who make it all happen. We are delighted that as well as our strongest year ever of turnover growth, 2017 saw our highest ever team engagement scores and we were ranked 3rd in the UK Sunday Times Best Companies To Work For.

Despite the severe cost pressures and huge uncertainty from topics like Brexit, we are positive about the prospects for innocent. We will keep building the business for the long term, investing our profits in further growth opportunities in new markets and new ranges as we have done this year, in the right way for the planet and people around us. In these challenging times, we believe that business leaders and shareholders need to stand together to demonstrate that business really can be a force for good in the world. That is why we have chosen to become a B-Corp\* and we hope many others will join us in that movement.

\*B-Corp is a business certified by the non-profit organisation B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency.

#### **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.

## FRESH TRADING LIMITED

### Strategic Report for the Year Ended 31 December 2017 (continued)

#### *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.

#### *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 June 2018 and signed on its behalf by:

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

## FRESH TRADING LIMITED

### Directors' Report for the Year Ended 31 December 2017

Registered No. 03720071

The directors present their report and the financial statements for the year ended 31 December 2017.

#### 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 2017 (2016: 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 £2,086,000 (2016: £1,464,000) to charities, taking our total charitable contributions to date to over £12 million. At this point in time, on a rolling basis we are substantially ahead of our 10% of profits to charity commitment.

The table below sets out the 5 year cumulative profit or loss the Group has made each year since 2013, 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.

	2013	2014	2015	2016	2017
Cumulative 5 year total charitable donation	3,857	4,865	6,078	6,828	6,694
Cumulative 5 year PAT	<u>(2,257)</u>	<u>4,910</u>	<u>8,796</u>	<u>25,619</u>	<u>(6,630)</u>
Cumulative 5 year donation as a % of PAT	<u>-</u>	<u>99</u>	<u>69</u>	<u>27</u>	<u>-</u>

#### 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 2017 (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.

#### **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), 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 June 2018 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**

### **Opinion**

We have audited the financial statements of Fresh Trading Limited for the year ended 31 December 2017 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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



aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### **Use of our report**

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

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

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

20 June 2018

## FRESH TRADING LIMITED

### Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Administrative expenses		<u>(30,806)</u>	<u>(8,780)</u>
<b>Operating loss</b>	5	<b>(30,806)</b>	<b>(8,780)</b>
Other interest receivable and similar income	6	50,388	3
Interest payable and similar charges	7	<u>(36)</u>	<u>(361)</u>
<b>Profit/(loss) before tax</b>		<b>19,546</b>	<b>(9,138)</b>
Tax on profit/(loss) on ordinary activities	9	<u>-</u>	<u>-</u>
<b>Profit/(loss) for the year</b>		<b>19,546</b>	<b>(9,138)</b>
Other comprehensive income		<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss)</b>		<b>19,546</b>	<b>(9,138)</b>

The above results were derived from continuing operations.

**FRESH TRADING LIMITED**

**(Registration number: 03720071)  
Balance Sheet as at 31 December 2017**

	Note	31 December 2017 £ 000	31 December 2016 £ 000
<b>Fixed assets</b>			
Tangible assets	10	770	1,011
Investments	11	39,568	39,568
		<u>40,338</u>	<u>40,579</u>
<b>Current assets</b>			
Debtors	12	7,287	339
Cash at bank and in hand	13	1,639	265
		8,926	604
<b>Creditors: Amounts falling due within one year</b>	14	<u>(16,712)</u>	<u>(28,041)</u>
<b>Net current liabilities</b>		<u>(7,786)</u>	<u>(27,437)</u>
<b>Total assets less current liabilities</b>		<b>32,552</b>	<b>13,142</b>
<b>Creditors: Amounts falling due after more than one year</b>	14	<u>(464)</u>	<u>(600)</u>
<b>Net assets</b>		<u><b>32,088</b></u>	<u><b>12,542</b></u>
<b>Capital and reserves</b>			
Called up share capital	15	0	0
Share premium reserve		12,398	12,398
Profit and loss account		19,690	144
<b>Shareholders' funds</b>		<u><b>32,088</b></u>	<u><b>12,542</b></u>

Approved by the Board on 19 June 2018 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 2017**

	<b>Called up share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
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

	<b>Called up share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2017	-	12,398	144	12,542
Profit for the year	-	-	19,546	19,546
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	19,546	19,546
At 31 December 2017	-	12,398	19,690	32,088

\*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 2017**

#### **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 2017 were authorised for issue by the board on 19 June 2018. 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 2017. The financial statements are prepared in Pound Sterling and are rounded to the nearest thousand Pounds (£ 000).

#### **2 General information**

The address of its registered office is:

Fruit Towers  
342 Ladbroke Grove  
London  
W10 5BU  
England

#### **3 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;

## **FRESH TRADING LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **3 Accounting policies (continued)**

- (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;
- (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), 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 2017 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.

## FRESH TRADING LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 3 Accounting policies (continued)

##### 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.

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.

## **FRESH TRADING LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **3 Accounting policies (continued)**

##### **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.

##### **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.

###### ***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 2017 (continued)**

#### **3 Accounting policies (continued)**

##### **Financial assets and liabilities (continued)**

###### ***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.

###### ***Classification***

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.

###### **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.

#### **4 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.

## FRESH TRADING LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 5 Operating loss

Arrived at after charging/(crediting)

	2017 £ 000	2016 £ 000
<i>Included in administrative expenses:</i>		
Depreciation of tangible fixed assets	241	248
Foreign exchange (gains) / losses	(190)	2,495
<b>Auditors' remuneration</b>		
- Audit services	114	122
- Taxation services	5	5
<b>Operating lease - rentals - minimum lease payments</b>		
- Land and Buildings	<u>758</u>	<u>752</u>

#### 6 Interest receivable and similar income

	2017 £ 000	2016 £ 000
Interest receivable from group companies	388	3
Dividend income	<u>50,000</u>	<u>-</u>
Total interest receivable and similar income	<u><u>50,388</u></u>	<u><u>3</u></u>

#### 7 Interest payable and similar charges

	2017 £ 000	2016 £ 000
Interest on bank overdrafts and borrowings	6	188
Fair value gain on derivative liability	-	(143)
Interest paid to group undertakings	<u>30</u>	<u>316</u>
Total interest payable and similar costs	<u><u>36</u></u>	<u><u>361</u></u>

## FRESH TRADING LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 8 Directors' remuneration

The directors' remuneration for the year\* was as follows:

	2017 £ 000	2016 £ 000
Aggregate remuneration in respect to qualifying services **	472	452
Aggregate contribution to pension scheme	7	13
Aggregate amounts receivable under new deferred bonus scheme***	526	818
	<u>1,005</u>	<u>1,283</u>

In respect of the highest paid director:

	2017 £ 000	2016 £ 000
Aggregate remuneration in respect to qualifying services **	269	260
Company contributions to money purchase pension schemes	3	7
Aggregate amounts receivable under new deferred bonus scheme***	358	565
	<u>630</u>	<u>832</u>

\* All remuneration costs shown here are incurred in Innocent Limited, a wholly owned subsidiary of Fresh Trading Limited.

\*\* £11,000 (2016: £8,000) of remuneration includes cash supplements in lieu of pension contributions. The total amount in respect of the highest paid director was £7,000 (2016: £5,000).

\*\*\* This is the total bonus value awarded for 2017 as well as a retrospective element from 2016 which had not been fully approved at the end of 2016. In accordance with the scheme-rules, a proportion of the bonus amount is deferred and paid out in future years. £427,000 (2016: £368,000) of this amount was paid out in January 2018, with the remaining to be paid out in January 2019 and January 2020. The total amount paid out in January 2018 in respect of the highest paid director was £292,000 (2016: £253,000).

## FRESH TRADING LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 9 Taxation

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

	2017 £ 000	2016 £ 000
<b>Current income tax</b>		
UK corporation tax on loss for the period	(5,841)	(1,822)
Surrendered as group relief	2,897	1,822
Tax losses carried forward to future periods	2,944	-
Total current tax	<u>-</u>	<u>-</u>

The tax on loss before tax for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit/(loss) before tax	<u>19,546</u>	<u>(9,138)</u>
Corporation tax at standard rate	3,763	(1,828)
Non taxable income/ Expenses not deductible for tax purposes	(9,602)	23
Deferred tax asset not recognised	3,534	(15)
Group relief surrendered to subsidiary	2,897	1,822
Adjustments in respect of previous periods	(936)	-
Impact of difference in rate between Corporation Tax and Deferred Tax	<u>344</u>	<u>(2)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

The corporation tax rate in the UK is 19%. This rate was reduced on 1 April 2017 to 19%, and then will be 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 aggregate unused tax losses for which no deferred tax asset is recognised amounts to £24,822,000 (2016: £4,022,000). There is no expiry date for utilising these losses.

## FRESH TRADING LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 9 Taxation (continued)

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

	31 December 2017 £ 000	31 December 2016 £ 000
<b>Deferred tax assets</b>		
Accelerated capital allowances	(4)	(13)
Tax losses	4,220	684
Other timing differences	185	196
Deferred tax asset not recognised	<u>(4,401)</u>	<u>(867)</u>
	<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.

#### 10 Tangible assets

	Leasehold Improvements £ 000	Total £ 000
<b>Cost or valuation</b>		
At 1 January 2017	<u>2,548</u>	<u>2,548</u>
At 31 December 2017	<u>2,548</u>	<u>2,548</u>
<b>Depreciation</b>		
At 1 January 2017	1,537	1,537
Charge for the year	<u>241</u>	<u>241</u>
At 31 December 2017	<u>1,778</u>	<u>1,778</u>
<b>Carrying amount</b>		
At 31 December 2017	<u>770</u>	<u>770</u>
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 2017 (continued)

#### 11 Investments

Subsidiaries	£ 000
<b>Cost or valuation</b>	
At 1 January 2016	39,568
Additions	<u>-</u>
At 31 December 2016	<u>39,568</u>
At 1 January 2017	39,568
Additions	<u>-</u>
At 31 December 2017	<u>39,568</u>
<b>Carrying amount</b>	
At 31 December 2017	<u>39,568</u>

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 2017 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2017	2016
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%
Innocent Italia S.r.l.*	Drinks sales and distribution	Italy	100%	0%

\* 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 2017 (continued)

#### 12 Trade and other debtors

	31 December 2017 £ 000	31 December 2016 £ 000
Amounts due from group undertakings	7,140	19
Prepayments	60	276
Other debtors	87	44
	<u>7,287</u>	<u>339</u>

#### 13 Cash and cash equivalents

	31 December 2017 £ 000	31 December 2016 £ 000
Cash at bank	<u>1,639</u>	<u>265</u>

#### 14 Trade and other creditors

	31 December 2017 £ 000	31 December 2016 £ 000
Trade creditors	126	-
Accrued expenses and deferral income	631	683
Amounts owed to undertakings in which the Company has participating interests	16,103	27,648
Other creditors	316	310
	<u>17,176</u>	<u>28,641</u>

Amounts falling due after more than one year includes other creditors of £228,000 (2016: £223,000), accruals and deferred income of £236,000 (2016: £377,000), and derivative financial liabilities of £Nil (2016: £Nil).

#### 15 Share capital

##### Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary A shares of £0.10 each	970	97	970	97
Ordinary B shares of £0.10 each	-	-	-	-
	<u>970</u>	<u>97</u>	<u>970</u>	<u>97</u>

## FRESH TRADING LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 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:

	31 December 2017 £ 000	31 December 2016 £ 000
Within one year	735	735
In two to five years	919	1,654
	<u>1,654</u>	<u>2,389</u>

#### 17 Commitments

##### Other financial commitments

The Company had no other financial commitments as at the balance sheet date (2016: None).

#### 18 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.

#### 19 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.

#### 20 Non adjusting events after the financial period

There have been no adjusting or non-adjusting events since the balance sheet date.