

Registration number: 04007092

Innocent Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2020



INNOCENT LIMITED

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INNOCENT LIMITED

Company Information

Directors	J L Davenport D Lamont S Roche (resigned 18 February 2021)
Company secretary	J L Davenport
Registered office	Fruit Towers 342 Ladbroke Grove London W10 5BU
Solicitors	Joelson 30 Portland Place London W1B 1LZ
Bankers	Bank of Scotland plc The Mound Edinburgh EH1 1YZ Citibank 1 Northwall Quay Dublin 1 Ireland
Auditors	Ernst & Young Harcourt Centre Harcourt Street Dublin 2 Ireland

INNOCENT LIMITED

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal Activities

The Company's principal activities during the year continued to be the distribution of natural healthy food and drinks.

Company performance

The immediate parent undertaking of the Company is Fresh Trading Limited, which is better known as "innocent" ('innocent' or 'the Group'). This Annual report and Financial Statements present information about Innocent Limited as an individual company and not about the innocent Group. To understand the performance of innocent, we would strongly encourage readers to refer to the strategic report in the financial statements of Fresh Trading Limited

Commencing 1 March 2019, the Company was party to an internal re-organisation of the Group's operations. This included, amongst other things, the decision to build and operate the Group's own factory in the Netherlands, through a newly created subsidiary of Fresh Trading Limited, and to move partially to internal production of drinks, rather than relying entirely on third parties for such services. Prior to this reorganisation, the Company bought from co-packers and sold product to other group entities, for onward sales in local markets. Following this reorganisation, the Company acts as a distributor of natural healthy food and drinks in the UK. The Company continues to perform and be reimbursed for the performance of some supply chain services on behalf of the innocent group of entities.

The Company's key financial and other performance indicators during the year were as follows:

	2020	2019	
	£ 000	£ 000	%
Turnover (continuing operations)	187,367	233,208	(20)
Operating profit	7,239	11,339	(36)
Profit for financial year	15,415	17,883	(14)
Shareholder's equity	99,929	84,514	18

The decrease in year-on-year performance is attributable in some part to the change in the nature of the business at outlined above. Underlying sales moved from £188m to £171m, a decrease of 9% due to the impacts of the Covid pandemic, primarily lockdowns affecting customer mobility and sales of on-the-go products.

Looking to the future

We remain extremely confident about the long-term prospects for the business. We believe that our ability to continue to innovate against a growing health and wellness trend provides us with lots of potential growth opportunities as we return to more normalised trading conditions. In addition, with increasing consumer focus on how companies operate, our long-term commitment to our purpose and our status as a B Corp means we are well placed. The Group has a number of long-term transformational projects in progress currently. Again, we would strongly encourage readers to refer to the Strategic Report in the Financial Statements of Fresh Trading Limited for more detail. These initiatives include construction of a manufacturing facility in Rotterdam and transformation of operational systems. As the Group completes these major building blocks of our transformation in 2021, we will have an operating platform that enables us to increase our resilience, capitalise on our scale and an ability to invest in future growth as well as continue to support our people, the planet and those less fortunate than ourselves.

INNOCENT LIMITED

Strategic Report for the Year Ended 31 December 2020 (continued)

Section 172(1) statement

A key element of the Board's strategy to comply with Section 172 (1) is the Company's B Corp certification. The way we do business is also a fundamental part of our operation. As a B Corp we are fully committed to continually improving the way we run the business to balance profit delivery with purpose, people and the planet. In 2020 we published our first "Good all round" report setting out in detail our approach to this leadership model. This report and all future ones can be reviewed on our website here: <https://www.innocentdrinks.co.uk/static/innocent-good-all-round-report-2019.pdf>. This report does not form part of the Annual Report. Our aim was not only to share our successes but also our failures and our learnings. As more and more businesses look to transition to a more progressive leadership model it is vital we all learn from each other in a spirit of open collaboration, this is the only way we will be able to steer the world to a fairer and more sustainable future.

The policies and practices that are adopted across the innocent Group are of course fully applied to our UK subsidiary Innocent Limited, these include:

- Creating a welcoming environment for the many talented people who work for innocent. Over 50% of our current B Corp score comes from 'people' focused measures alone. These measures involve our employee review processes, flexible working environment, policies around career development and a volunteering programme where each employee has a "volunteering day" to use to support charities and local communities.
- The Company follows the innocent Group's human rights policy based on international standards, which prohibits any form of forced labour and includes guidelines on factors such as workplace health and working hours. The Group has put programmes in place to ensure recognition of where we can improve and have put human rights standards into our supplier contracts. We do our due-diligence and visit our suppliers to check for any risks of modern slavery, and we make sure that all our employees are trained on human rights.
- The innocent Group gives 10% of its profits to charity, and the profits from Innocent Limited contribute to that. The money goes to support the innocent foundation, whose mission is to "helps the worlds hungry" as well as support regional causes through campaigns like our Big Knit, which gets our drinkers involved too. In 2020, the innocent group donated £1.6m to charity in total.
- A Company code of business conduct which sets out our commitment to doing business in a fair way. Every employee must sign it to agree to compliance with it. This means treating everyone including customers and suppliers with honesty, integrity, and respect. It's available on our intranet for all our employees to access at any time.

Please see the SECR section of the Directors' Report for our disclosures relating to carbon emissions and our approach to combatting climate change.

Principal risks and uncertainties

Financial risks

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

Credit risk

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

Liquidity risk

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

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Strategic Report for the Year Ended 31 December 2020 (continued)

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 Company aims to manage cash flow risk by monitoring and reviewing working capital.

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.

Currency risk

Innocent Limited 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. The Company aims to mitigate competitive risks by launching new products to markets to meet drinkers changing needs.

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

Innocent has reviewed the EU-UK Trade and Cooperation Agreement in detail. Unfortunately, innocent will be impacted by additional tariffs on some of our product lines and increased administration costs associated with executing the parameters of the deal, though with mitigations being implemented, Brexit should not have a material impact on profitability.

Coronavirus impact

During 2020, the Company was impacted by the spread of COVID-19. The Company saw a significant change in consumer purchase patterns, seeing declines in our on-the-go products, but with juice sales remaining strong as consumers continued to purchase at-home products. At various times in the year lockdowns impacted a combination of the markets the Company operate in. As the Company operates in one of the more resilient sectors it has seen improvement during the course of the year and into 2021. The Company continues to adapt quickly to the current environment and is well positioned coming out of the crisis.

Approved by the Board on 18 May 2021 and signed on its behalf by:



J.L. Davenport

Company secretary and director

INNOCENT LIMITED

Directors' Report for the Year Ended 31 December 2020

Registered No. 04007092

The directors present their report and audited financial statements for the year ended 31 December 2020.

Results for the year and state of affairs at 31 December 2020

The Profit and Loss Account and Balance Sheet for the year ended 31 December 2020 are set out on pages 14 and 15 respectively.

During the year, the Company made a profit of £15,415,000 (2019: £17,883,000).

Shareholders' funds at 31 December 2020 amounted to £99,929,000 (2019: £84,514,000).

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 Roche (resigned 18 February 2021)

Principal activity

The Company's principal activities during the year continued to be distribution of natural healthy drinks.

Dividends

The directors do not propose any dividend in respect of the financial year ended 31 December 2020 (2019: £Nil).

Charitable donations

During the year the Company made donations of £228,000 (2019: £379,000).

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.

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.

INNOCENT LIMITED

Directors' Report for the Year Ended 31 December 2020 (continued)

Research and development

The Company carries out research and development necessary to support its principal activity of developing, manufacturing, and distributing natural healthy drinks.

STREAMLINED ENERGY AND CARBON REPORTING

This statement is made in compliance with UK Streamlined Energy and Carbon Reporting policies under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 201.

Energy use:

Fuel/energy type	kWh
Natural Gas	213,345
Purchased electricity	994,512
Transport fuel	50,808
Total energy consumption used	1,258,665
Energy KPI (per UK FTE)	3,690

Emissions:

Fuel/energy type	tCO ₂ e
Natural gas (Scope 1)	43
Purchased electricity (Scope 2, Location based)	232
Transport miles - Employee-owned cars (Scope 3)	2
Transport fuel - innocent owned/leased (Scope 1)	10.6
Total Scope 1, Scope 2 and Scope 3 emissions	288
Intensity ratio (tCO₂e per UK FTE)	0.85

Creating a fairer and more sustainable world is a challenge. Not only do we all need to play a part individually, but businesses need to make brave and bold commitments to lead the agenda. Climate change is one of the biggest challenges facing humankind right now and we are keen to be bold and demonstrate leadership in this area. That is why in 2019 we joined a community of more than 500 B Corps to announce our commitment to being carbon neutral by 2030. Alongside that we want to make sure that we keep the carbon footprint of our drinks as low as possible. To do that, we are committed to reducing our carbon footprint per bottle by 20% between now and 2023. In 2021, we are looking to take part in COP26 in November to showcase our work on climate change and inspire wider change alongside other B Corps.

Methodology

The emissions and energy data noted above has been collated, calculated and presented using the methodology set out in the UK Government Environmental Reporting Guidelines (March 2019).

Renewable energy

When reporting emissions related to electricity consumption, the appropriate years' UK government grid average emissions conversion factors have been applied to all electricity purchased, including those from renewable sources, non-renewable sources and those where the source is unknown e.g. landlord supplied electricity. The firm purchases 100% renewable electricity and green gas for all UK offices where it can control the energy supply and appropriate tariffs are available. This is procured backed by recognised certification schemes (i.e. REGOs, GGCS), which provide evidence that the energy is from appropriately accredited renewable sources.

INNOCENT LIMITED

Directors' Report for the Year Ended 31 December 2020 (continued)

Energy efficiency actions taken

We have not taken any measures to increase the business energy efficiency in 2020, however in 2021 we plan to move fleet from fuels to electric vehicles when people start being on the road more again.

Additional voluntary reporting activities

The majority of our business emissions are scope 3 emissions associated with the growing, transportation and packaging of our drinkers. As this is the biggest area of our emissions it is where we have been focussing a lot of our attention. However this data is outside the scope of 'Energy and Carbon Report' but we do talk about all that we've been up to in our Good all round report. The 2019 version can be found at <https://www.innocentdrinks.co.uk/static/innocent-good-all-round-report-2019.pdf> (carbon numbers from page 13 onwards) and the 2020 version is due for publication later in the year. This report does not form part of the Annual Report.

Branches outside the United Kingdom

The Company holds a branch in Ireland. The results of the branch are included within the Company results presented herein.

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.

Having reviewed the Company's current position and cash flow projections, the directors have a reasonable expectation that the Company has 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 accounts.

The response to the impact of COVID-19 is set out in the Strategic Report section above. It is our view, to the best of our current knowledge, that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern. Further details regarding the adoption of the going concern basis, in preparing the financial statements, can be found in the Accounting Policies (Note 3).

Events after the balance sheet date

There have been no significant adjusting or non-adjusting events between the Balance Sheet date and the date of signing of the financial statements.

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.

INNOCENT LIMITED

Directors' Report for the Year Ended 31 December 2020 (continued)

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 18 May 2021 and signed on its behalf by:



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J L Davenport

Company secretary and director

INNOCENT LIMITED

Statement of Directors' Responsibilities

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

UK 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 UK 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.

Approved by the Board on 18 May 2021 and signed on its behalf by:


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J L Davenport
Company secretary and director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOCENT LIMITED

Opinion

We have audited the financial statements of Innocent Limited for the year ended 31 December 2020 which comprise Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24, 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 applicable in the UK and Republic of Ireland" (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 2020 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOCENT LIMITED (Continued)

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 contained within the annual report.

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.

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 course of 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 themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOCENT LIMITED (Continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax legislation in the United Kingdom. In addition, the Company should comply with laws and regulations relating to its operations, including health and safety, employees, data protection, and anti-bribery and corruption.
- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the company determines and implements its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We reviewed correspondence with relevant authorities. We reviewed board minutes to identify non-compliance with laws and regulations, and we reviewed significant contracts and agreements impacting the company in the financial year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOCENT LIMITED (Continued)

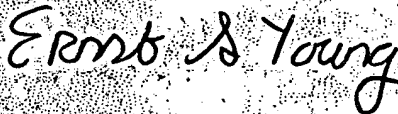
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (Continued)

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involve auditing journals identified by specific risk criteria.

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.



Dermot Daly (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor

Dublin

Date: 18 May 2021

INNOCENT LIMITED**Profit and Loss Account**
for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Turnover	5	187,367	233,208
Cost of sales		<u>(132,749)</u>	<u>(170,285)</u>
Gross profit		54,618	62,923
Distribution costs		(27,216)	(34,664)
Administrative expenses		<u>(20,163)</u>	<u>(16,920)</u>
Operating profit	6	7,239	11,339
Interest receivable and similar income	9	2,952	2,300
Interest payable and similar charges	10	(1,345)	(1,029)
Income from shares in participating interests		<u>6,618</u>	<u>5,092</u>
Profit before tax		15,464	17,702
Tax (charge)/credit on profit on ordinary activities	11	<u>(49)</u>	<u>181</u>
Profit for the year		15,415	17,883
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>15,415</u>	<u>17,883</u>

The above results were derived from continuing operations.

INNOCENT LIMITED**Balance Sheet**

as at 31 December 2020

	Note	31 December 2020 £ 000	31 December 2019 £ 000
Fixed assets			
Intangible assets	12	17,460	3,736
Tangible assets	13	473	2,332
Right-of-use assets		-	137
Investments	14	5,785	5,785
		<u>23,718</u>	<u>11,990</u>
Current assets			
Stocks	15	6,615	6,142
Trade and other debtors	16	144,358	130,773
Cash at bank and in hand		29,917	860
		<u>180,890</u>	<u>137,775</u>
Creditors: Amounts falling due within one year	17	<u>(104,123)</u>	<u>(64,746)</u>
Net current assets		<u>76,767</u>	<u>73,029</u>
Total assets less current liabilities		100,485	85,019
Creditors: Amounts falling due after more than one year	17	<u>(556)</u>	<u>(505)</u>
Net assets		<u>99,929</u>	<u>84,514</u>
Capital and reserves			
Capital contribution reserve		51,746	51,746
Retained earnings		48,183	32,768
Shareholders' funds		<u>99,929</u>	<u>84,514</u>

Approved by the Board on 18 May 2021 and signed on its behalf by:



J L Davenport

Company secretary and director

The notes on pages 17 to 45 form an integral part of these financial statements.

INNOCENT LIMITED**Statement of Changes in Equity for the Year Ended 31 December 2020**

	Called-up share capital £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	-	51,746	14,885	66,631
Profit for the year	-	-	17,883	17,883
Total comprehensive income	-	-	17,883	17,883
At 31 December 2019	-	51,746	32,768	84,514

	Called-up share capital £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	-	51,746	32,768	84,514
Profit for the year	-	-	15,415	15,415
Total comprehensive income	-	-	15,415	15,415
At 31 December 2020	-	51,746	48,183	99,929

The capital contribution reserve relates to an intercompany payable to the Company's parent, Fresh Trading Limited, that was forgiven.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020

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

The financial statements of Innocent Limited (the "Company") for the year ended 31 December 2020 were authorised for issue by the board on 18 May 2021. Innocent 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) issued by the Financial Reporting Council ('FRC') and UK statute comprising the Companies Act 2006.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020. The financial statements are prepared in Pound Sterling, which is the Company's functional currency, 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

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.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Basis of preparation

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB) and with International Accounting Standards (IAS) and International Financial Reporting Interpretations Committees (IFRIC) Interpretations, but make amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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.

The financial statements are prepared under the historical cost convention, except that as disclosed in the accompanying notes, derivative financial instruments are shown at fair value.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Summary of disclosure exemptions

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

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (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 paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (g) 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;
- (h) the requirements of IAS 7 Statement of Cash Flows;
- (i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts and Customers.
- (j) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- (k) the requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total;

The exemptions which the Company has availed of are disclosed in the consolidated financial statements of the ultimate parent company, The Coca-Cola Company.

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 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 response to the impact of COVID-19 is set out in the Strategic Report section. It is our view, to the best of our current knowledge, that COVID-19 will not have a material adverse impact on the company's ability to continue as a going concern.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2020 have had a material effect on the financial statements.

Debtors

Trade debtors, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors. To measure the expected credit losses, trade debtors have been grouped based on shared credit risk characteristics and the days past due, leveraging inflation rates for the purposes of determining expected future losses. The carrying amount of the assets is reduced through the use of an allowance account and the amount of the tax loss is recognised in the Profit and Loss Account within "Administration Expenses".

When a trade debtor is uncollectible it is written off against the allowance account for trade debtors. Subsequent recoveries of amounts previously written off are credited against the same account in the Profit and Loss Account.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Revenue recognition

Recognition

The company earns revenue from manufacturing and distributing natural healthy drinks and the provision of marketing, promotional and technical services to Fresh Trading Limited. In March 2019, the company commenced a new business model whereby it provides supply chain management services to Fresh Trading Supply B.V. a fellow subsidiary undertaking of Fresh Trading Limited. This revenue is recognised in the accounting period when the performance obligations have been satisfied, at an amount that reflects the consideration to which the company expects to be entitled for fulfilling its performance obligations.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Fee arrangements

Below are details of fee arrangements and how these are measured and recognised, for revenue from sale of goods:

Revenue from the sale of goods is recognised in line with the contract when the significant risks and rewards of the ownership of the goods have been passed onto the buyer, usually on receipt by the buyer of the goods.

Transaction price

The transaction price is the retail price of the product less discounts, rebates, value added taxes and other sales taxes and duties.

The transaction price for variable payments is based on management's assessment of the most likely amount of consideration.

Rendering of services

Rendering of services revenue is recognised, based on the stage of completion of the contract and control of a right to be compensated for the services has been attained.

Principal versus agent

The company has arrangements whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods to the customer. The company acts as a principal if it controls a promised good before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the company has in establishing the price for the specified good, whether the company has inventory risk and whether the company is primarily responsible for fulfilling the promise to deliver the service or good.

Where the company is acting as a principal, revenue is recorded on a gross basis. Where the company is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Revenue recognition (continued)

Payments to customer

On certain contracts payments to customers are made. These mainly comprise of listing fees, slotting fees and customer investments. Payments for the Company's product to be listed on-shelf are deducted from net revenue. Where the payments relate to a distinct good or service and its fair value is measurable, these are treated as separate costs.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less. Cash and cash equivalents and bank overdrafts in notional cash pooling arrangements are presented gross. Bank overdrafts are included within creditors amounts falling due within one year in the balance sheet.

Tax

The tax expense for the year comprises current and deferred 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.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Tangible Assets

Tangible assets are 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 tangible assets 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.

A tangible asset 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
Office equipment	4-12 years straight line
Motor vehicles	4 years straight line

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Costs associated with the development phase of an internally generated intangible asset are capitalised. IAS 38 prescribes that such assets only be recognised where the costs meet the definition of an identifiable non-monetary asset without physical substance, that is controlled by the entity as a result of past events, and from which future economic benefits are expected. Software assets considered integral to the related hardware assets are included within property, plant and equipment.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software	3-5 years straight line

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Stock

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.

Provisions

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.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Defined contribution pension obligation

The Company makes contributions to a defined contribution scheme on behalf of its employees. A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

Contributions are charged to the Profit and Loss Account as they become due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Deferred bonus accounting

The senior management team have a rolling 3 year bonus incentive plan, which commenced on 1st January 2016. The incentive plan at the grant date is comprised of four distinct awards, each with separate service periods of one, two and three years. The cost of each distinct award is recognised on a straight line basis over the relevant service period. One distinct award is comprised of a variable element, which is determined in the third year of the plan based on performance against Company metrics.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Leases

Definition

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date a lessee recognises a right-of-use asset and a lease liability, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Initial recognition and measurement

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the lease term of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are separately identifiable on the balance sheet, the detail of which is in note 14.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Leases (continued)

Subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses.

Short term and low value leases

The Company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e. short-term leases).

The Company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the Balance Sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the Balance Sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:-

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

Derecognition

Financial assets

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the Company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The Company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Company recognises the lifetime ECL.

The Company measures loss allowances at an amount equal to the lifetime ECL.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Company or economic conditions that correlate with defaults in the Company

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Accounting policies (continued)

Financial instruments (continued)

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Derivative financial instruments

Derivative financial instruments are contracts, the value of which is derived from one or more underlying financial instruments or indices, and include futures, forwards, swaps and options in the interest rate, foreign exchange, equity and credit markets.

Derivative financial instruments are recognised in the statement of financial position at fair value. Fair values are derived from prevailing market prices, discounted cash flow models or option pricing models as appropriate.

In balance sheet, derivative financial instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The changes in the fair values of derivative financial instruments entered into for trading purposes are included in trading income.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements 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.

Judgements or key sources of estimation uncertainty that have a material impact on these financial statements include:

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its intangible and tangible fixed assets respectively. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charges will increase where the useful lives are less than previously estimated, or have been written down in value.

Recognition of commercial accruals

Management review the detailed quantification of the Company's commercial accruals on an ongoing basis, using judgement based on specific customer arrangements and policies, historical experience and other factors that are considered to be relevant. As a result, the directors are satisfied that these costs have been appropriately accounted for.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Allowance for expected credit losses of trade debtors

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are also adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**5 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, and recharges to other group entities. Turnover is attributable to the Company's continuing principal activity.

The analysis of the Company's turnover for the year from continuing operations is as follows:

	2020	2019
	£ 000	£ 000
Sales of goods	171,341	217,057
Supply chain income	8,828	7,967
Group marketing recharges	7,198	8,184
	<u>187,367</u>	<u>233,208</u>

The analysis of the Company's turnover for the year by destination is as follows:

	2020	2019
	£ 000	£ 000
Europe	30,885	50,087
UK	156,482	183,121
	<u>187,367</u>	<u>233,208</u>

Turnover by origin and destination are not materially different.

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**6 Operating profit**

Operating profit is arrived at after charging/(crediting)

	2020 £ 000	2019 £ 000
<i>Included in administrative expenses:</i>		
Depreciation of tangible fixed assets	776	986
Amortisation expense	366	379
Right-of-use amortisation	-	62
Loss on disposal of fixed assets	749	72
<i>Included in cost of sales:</i>		
Raw materials and consumables used	113,980	146,177
Derivative (gains)/losses	(2,906)	9,242
Foreign exchange losses	2,628	1,870
<i>Auditors' remuneration</i>		
Audit services	96	96
Taxation services	125	8

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £ 000	2019 £ 000
Wages and salaries	19,750	20,967
Social welfare costs	1,797	1,810
Other pension costs	769	696
	<u>22,316</u>	<u>23,473</u>

The average number of employees (including directors) during the year was made up as follows:

	2020 No.	2019 No.
Administration and support	215	223
Sales, marketing and distribution	96	92
	<u>311</u>	<u>315</u>

£1,787,087 (2019: £710,248) of staff costs, which are not included in the above costs, have been capitalised within intangible assets in the year. Other pension costs relate to contributions under a defined contribution scheme.

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**8 Directors' remuneration**

The directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Aggregate remuneration in respect to qualifying services *	560	540
Aggregate contribution to pension scheme	28	11
Aggregate amounts receivable under deferred bonus scheme **	454	633
	<u>1,042</u>	<u>1,184</u>

In respect of the highest paid director:

	2020 £ 000	2019 £ 000
Aggregate remuneration in respect to qualifying services *	330	310
Aggregate contribution to pension scheme	25	7
Aggregate amounts receivable under deferred bonus scheme **	300	416
	<u>655</u>	<u>733</u>

The directors of the company are also directors of Fresh Trading Limited and fellow subsidiaries. The directors received total remuneration as disclosed in this note. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

All remuneration costs shown here are incurred in Fresh Trading Limited, the parent entity of Innocent Limited.

* £28,000 (2019: £11,000) of remuneration includes cash supplements in lieu of pension contributions. The total amount in respect of the highest paid director was £24,000 (2019: £7,000)

**This is the current year portion of the bonus awarded for 2020 as well as a retrospective element from 2019 and 2018 which had not been fully approved at the end of 2019. In accordance with the scheme rules, a proportion of the bonus amount is deferred and paid out in future years. £343,000 (2019: £453,000) of additional bonus was deferred to be paid out in January 2022 and January 2023. The total amount paid out in January 2021 in respect of the highest paid director was £202,000 (2019: £300,000).

9 Interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest income on bank deposits	356	257
Interest income on loans to fellow group subsidiaries	2,596	2,043
	<u>2,952</u>	<u>2,300</u>

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**10 Interest payable and similar charges**

	2020	2019
	£ 000	£ 000
Bank interest payable	970	120
Interest paid to group undertakings	366	909
Other finance costs	9	-
	<u>1,345</u>	<u>1,029</u>

11 Taxation

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

	2020	2019
	£ 000	£ 000
Current income tax		
UK corporation tax on profits for the period	1,809	2,357
Group relief recoverable for no payment	(1,714)	(2,182)
UK corporation tax adjustment to prior periods	(3)	(368)
Double taxation relief	-	(45)
R&D tax credits	(95)	-
Total current tax	<u>(3)</u>	<u>(238)</u>
Foreign tax	47	45
Foreign tax adjustment to prior periods	5	12
	<u>52</u>	<u>57</u>
Total current income tax	<u>49</u>	<u>(181)</u>
Deferred tax		
Arising from origination and reversal of temporary differences	181	174
Arising from changes in tax rates and laws	54	-
Adjustments in respect of previous periods	112	(22)
Deferred tax asset not recognised	(347)	(152)
Total deferred tax	<u>-</u>	<u>-</u>
Tax expense/(receipt) in the profit and loss account	<u>49</u>	<u>(181)</u>

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**11 Taxation (continued)**

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Profit before tax	15,464	17,702
Corporation tax at standard rate	2,940	3,363
Increase (decrease) from other timing differences	(26)	-
Increase (decrease) in current tax adjustments from prior periods	(3)	-
Increase (decrease) from effect of adjustments in respect of prior periods overseas tax	5	-
Increase (decrease) arising from overseas tax suffered (expensed)	47	(23)
Increase (decrease) from effect of expenses not deductible in determining taxable profit (tax loss)	(1,105)	(852)
Increase (decrease) in deferred tax from adjustment for prior periods	85	(356)
Decrease (increase) from tax losses for which no deferred tax asset was recognised	(139)	(117)
Deferred tax expense (credit) relating to changes in tax rates or laws	54	(16)
Increase (decrease) arising from group relief tax reconciliation	(1,714)	(2,182)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(95)	2
Total tax charge/(credit)	49	(181)

Upon review of forecast financial performance for the overall group, no deferred tax asset has been recognised.

Reductions in the UK corporation tax rate to 17% with effect from April 2020 was substantively enacted at the 31 December 2019 and as such, the deferred tax liability at 31 December 2019 was calculated based on this rate.

On 17th March 2020 HM Treasury substantively enacted a budget resolution to retain the corporation tax rate at 19% from 1 April 2020. Deferred taxes as of 31 December 2020 were calculated based on this 19% rate.

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**11 Taxation (continued)**

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

	31 December 2020 £ 000	31 December 2019 £ 000
Deferred tax assets		
Accelerated capital allowances	796	569
Deferred tax asset not recognised	(700)	(343)
Other timing differences	(96)	(226)
	<u>-</u>	<u>-</u>
Net asset disclosed in the balance sheet	<u>-</u>	<u>-</u>

12 Intangible assets

	Software £ 000	Total £ 000
Cost or valuation		
At 1 January 2020	4,994	4,994
Additions	14,264	14,264
Disposals	(1,589)	(1,589)
At 31 December 2020	<u>17,669</u>	<u>17,669</u>
Amortisation		
At 1 January 2020	1,258	1,258
Provided during the year	365	365
Amortisation eliminated on disposals	(1,414)	(1,414)
At 31 December 2020	<u>209</u>	<u>209</u>
Carrying amount		
At 31 December 2020	<u>17,460</u>	<u>17,460</u>
At 31 December 2019	<u>3,736</u>	<u>3,736</u>

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**13 Tangible assets**

	Buildings & office equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation			
At 1 January 2020	5,091	195	5,286
Additions	954	3	957
Disposals	<u>(4,733)</u>	<u>-</u>	<u>(4,733)</u>
At 31 December 2020	<u>1,312</u>	<u>198</u>	<u>1,510</u>
Depreciation			
At 1 January 2020	2,765	189	2,954
Charge for the year	726	9	735
Eliminated on disposal	<u>(2,652)</u>	<u>-</u>	<u>(2,652)</u>
At 31 December 2020	<u>839</u>	<u>198</u>	<u>1,037</u>
Carrying amount			
At 31 December 2020	<u>473</u>	<u>-</u>	<u>473</u>
At 31 December 2019	<u>2,326</u>	<u>6</u>	<u>2,332</u>

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**14 Investments**

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2019	4,023
Additions	<u>1,762</u>
At 31 December 2019	<u>5,785</u>
At 1 January 2020	5,785
Additions	<u>-</u>
At 31 December 2020	<u>5,785</u>
Carrying amount	
At 31 December 2020	<u>5,785</u>

Details of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2020	2019
Innocent ApS	Drinks sales and distribution	Denmark	100%	100%
Innocent AB	Drinks sales and distribution	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%	100%
Innocent Iberia S.L.U.	Drinks, Sales and distribution	Spain	100%	100%
Innocent AS	Drinks, Sales and distribution	Norway	100%	100%

INNOCENT LIMITED**Notes to the Financial Statements
for the Year Ended 31 December 2020 (continued)****14 Investments (continued)**

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

15 Stock

	31 December 2020 £ 000	31 December 2019 £ 000
Finished goods and goods for resale	<u>6,615</u>	<u>6,142</u>

The replacement cost of stocks is not significantly different to the Balance Sheet amount.

16 Trade and other debtors

	31 December 2020 £ 000	31 December 2019 £ 000
Trade debtors	33,836	39,362
Amounts due from parent undertaking	106,884	83,269
Amounts due from group undertakings	1,589	2,905
Prepayments	1,720	1,405
Other debtors	259	863
Other taxes	-	2,455
Corporation tax asset	<u>70</u>	<u>514</u>
Total current trade and other debtors	<u>144,358</u>	<u>130,773</u>

Amounts due from group undertakings are interest bearing and repayable on demand. The Company have confirmed in writing that it will not call for payment of the amounts due unless the parent undertaking has sufficient funds available.

INNOCENT LIMITED**Notes to the Financial Statements**
for the Year Ended 31 December 2020 (continued)**17 Trade and other creditors**

	31 December 2020 £ 000	31 December 2019 £ 000
Trade creditors	8,098	6,812
Accrued expenses	12,389	13,922
Amounts payable to group undertakings	41,500	15,459
Social security and other taxes	844	4,582
Other taxes	7,818	-
Other creditors	837	1,005
Derivative liability	-	2,905
Bank overdrafts	33,193	20,566
	<u>104,679</u>	<u>65,251</u>
Less non-current portion	<u>(556)</u>	<u>(505)</u>
Total current liabilities	<u>104,123</u>	<u>64,746</u>

Amounts falling due after more than one year included in the above are derivative assets due to settle in 2022 of £Nil (2019: £86,582) and accruals for the employee bonus scheme of £555,798 (2019: £591,853).

18 Share capital**Allotted, called up and fully paid shares**

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

19 Loans and borrowings

	31 December 2020 £ 000	31 December 2019 £ 000
Current loans and borrowings		
Bank overdrafts	<u>33,193</u>	<u>20,566</u>

20 Pension and other schemes**Defined contribution pension scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £769,195 (2019 - £696,177).

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

21 Financial instruments

Financial assets

Financial assets/(liabilities) at fair value through profit or loss

Derivative held for trade

The Company uses derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates. Derivative financial instruments are initially recognised at fair value on the date they are entered into and are subsequently re-measured at their fair value. The resulting gain or loss on re-measurement is taken to the profit and loss account.

	Carrying value	
	31 December 2020 £ 000	31 December 2019 £ 000
USD forward exchange contracts – unhedged	-	(2,905)

Valuation methods and assumptions

USD forward exchange contracts – unhedged:

The Company's derivatives are classified as being within level 2 of the fair value hierarchy. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

As at 31 December 2020, the Company had no outstanding derivative contracts.

22 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.

23 Parent and ultimate parent undertaking

The immediate parent company and immediate controlling company is Fresh Trading Limited, a company incorporated in the UK. 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 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.

INNOCENT LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

24 Events after the financial period

There have been no significant adjusting or non-adjusting events between the Balance Sheet date and the date of signing of the financial statements.