



**Fletcher Bay Investment Company  
Limited**

Annual report and financial statements

Registered number: 07081161

31 December 2015

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## **Group information**

### **Directors**

- \* M R Mountford (Chairman) <sup>1 2</sup>  
A J Barnes <sup>4</sup>
- \* B L Gooding <sup>1 2</sup>  
D J Gray <sup>3</sup>  
A S King <sup>1 2</sup>  
A L Olins  
L S Olins <sup>1</sup>  
P J Tomlinson

### **Registered number**

07081161

### **Registered office**

Level 5  
9 Hatton Street  
London  
NW8 8PL

### **Independent auditors**

PricewaterhouseCoopers LLP  
The Atrium  
1 Harefield Road  
Uxbridge  
Middlesex  
UB8 1EX

### **Bankers**

Lloyds Banking Group plc  
25 Gresham Street  
London  
EC2V 7HN

Barclays Bank plc  
Level 27  
One Churchill Place  
Canary Wharf  
London  
E14 5HP

- \* Independent non-executive director
- 1 Member of Audit Committee
- 2 Member of Remuneration Committee
- 3 Chief Executive Officer
- 4 Chief Financial Officer



## Strategic Report

The directors present their Strategic Report for the year ended 31 December 2015

These financial statements are the first that comply with FRS 102. The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously.

### Principal activities

Fletcher Bay Investment Company Limited is the holding company for the Fletcher Bay Investment Company Limited group ("the Group"). The Group's activities during the year were focused on the food sector and principally concern the processing, manufacture, supply and marketing of fresh fruit and produce, meat, poultry, and animal by-products.

### Business review

The Group operates largely in the UK with operations in Western Europe, Australasia and South Africa. The markets in which the Group operates are competitive in terms of pricing from fellow suppliers and the consumer environment in general. The Group's strategy is to create value through building sustainable businesses by accelerating growth and investing for operational improvements.

Group turnover increased to £631.7 million (2014: £579.5 million) and profit before tax increased to £10.7 million (2014: £8.7 million). Growth in turnover was primarily driven by our soft fruit division. The other businesses within the Group experienced steady growth in turnover in line with expectations with the exception of our leather operation, which was affected by a downturn in the luxury goods market and the Chinese economy in general.

Growth in the fruit division reflected the benefit of past investments in varietal developments and infrastructure together with a lengthy UK season leading to an increase in the availability of fruit. We increased our share of our South African fruit operation on 1 July 2015 as part of our planned step acquisition. Its results have been fully consolidated for the first time from this date. The final stage of the step acquisition will be completed during 2016. We continue to invest in a number of product developments and geographical areas to extend further the supply of fruit. Our catering meat business continues to be the market leader, benefitting from capital investment which enables it to offer value added products to its customers.

There were a number of favourable economic trends in 2015, from which the Group benefitted. The eating out and casual dining sector grew by 4%, driven by an overall increase in consumer spending. We benefitted from declining commodity and oil prices, which has enabled our businesses to price competitively and facilitate our customers' growth. The strength of Sterling relative to Euro assisted importers of food commodities, with the UK becoming a more attractive destination relative to other countries, affording our customers greater certainty of supply.

The decline in demand from the Chinese domestic economy has had a significant impact on our leather division. We undertook restructuring activity during the year and we are reviewing our strategic options.

There was a net cash inflow of £5.2 million (2014: £10.3 million outflow). Net debt was £19.2 million (2014: £29.8 million) at 31 December 2015. The improvement in annual cash flow reflects a normalisation of working capital following timing differences over the previous year end plus the benefit of reductions in stock in our meat and leather operations. We continue to invest in a number of projects to support growth, the benefits of which may take several years to mature.

Our employees play a key part in delivering our strategy. We are investing in leadership and development programmes that are designed to drive and support future growth across the Group.

### Future Outlook

We expect the economic environment in the UK and Europe to continue to support growth in consumer spending in our core markets. We anticipate that the benefits of investment in our supply infrastructure will continue to contribute to growth in revenue through increases in the availability of fruit. The eating out market is predicted to continue to grow at its current rate for the foreseeable future. However, our businesses are susceptible to downside economic risk, there is uncertainty regarding the outcome of the UK's referendum on membership of the European Union and any downside impact on consumption could impact the Group's profitability. We have the financial resources available to support continued investment in our businesses.

### Governance

The Board of Directors recognises that an effective system of governance is essential to the fulfilment of corporate responsibilities and the achievement of strategic objectives. In recognition of this, the Board strives to



## **Strategic Report (continued)**

### **Governance (continued)**

observe high standards in governance. As an unlisted company, the company does not have to comply with the revised Combined Code. However, the Board believes in providing a framework that establishes good governance and accountability. We have set out how the Board applies the principles of good governance and best practice below.

#### ***The Board***

The aim of the Board is to develop sustainable businesses with the principal objective of enhancing shareholder value. The Board maintains full and effective control over the company's business affairs and assesses the performance of the company and its subsidiaries. It met eight times during the year. Additionally, the Board receives updates as necessary between meetings.

The Board includes two independent non-executive directors, one of whom acts as Chairman separate from the Chief Executive. Additionally, there is a non-executive director appointed by shareholders. The role of the non-executive directors is to bring independent judgement to the Board's deliberations and decisions. The non-executive directors do not have responsibilities for the day-to-day management of the company, this is the responsibility of the executive directors and other members of the senior management teams.

The composition and effectiveness of the Board is reviewed regularly to ensure that the experience of its executive and non-executive directors meets the requirements of the company and its business operations. In doing so, the Board also takes into consideration the balance of executive to non-executive directors and their terms of service. All directors are entitled to receive independent professional advice at the company's expense.

#### ***Board Committees***

The Board has established a Remuneration Committee and an Audit Committee each with defined terms of reference.

#### ***Remuneration Committee***

The main responsibilities of the Remuneration Committee are to

- Determine and agree with the Board the strategy for remuneration
- Have delegated authority to set individual remuneration arrangements for the CEO and other executive directors
- Recommend and monitor the level and structure of remuneration for senior management across the Group

In determining such policies, the Committee reviews and agrees the overall market positioning of the remuneration package, individual base salaries and annual increases, annual and long-term incentive/bonus arrangements and sets the relevant targets for performance related schemes and pension arrangements.

The Committee met twice last year. No director votes on his or her own remuneration.

The Group's policy on remuneration is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality employees capable of achieving the group's strategic objectives.

The fees and other payment arrangements for non-executive directors are matters for consideration by a sub-committee of the Board, consisting of D J Gray and A J Barnes, which makes recommendations to the Board as a whole. The Board believes the level of remuneration of its non-executive directors is fair in relation to the responsibilities and time commitments involved and that the level of remuneration does not preclude them from acting independently.

#### ***Audit Committee***

The main responsibilities of the Audit Committee cover

- The appropriateness of accounting policies, compliance with accounting standards and material matters such as critical accounting judgements and estimation uncertainty
- The adequacy and effectiveness of internal systems of reporting and controls
- The scope of the audit, action required as a result of auditors' findings and conclusions and the auditors' remuneration
- Compliance with company policies and with the external codes of conduct or regulations
- Risk management



## Strategic report (continued)

### Governance (continued)

#### Audit Committee (continued)

The Audit Committee meetings are attended by the external auditors, PriceWaterhouse Coopers LLP, at least once a year, giving them an opportunity to talk with the Committee without any executive directors being present

The Audit Committee considers the re-appointment of the external auditors on the basis of performance, cost and independence and reports its findings to the Board

The audit firm provides non-audit work to the Group. The level of such work is reviewed annually to ensure there is no impediment to the firm's independence and the Group benchmarks the fees and level of work against other financial service companies

#### Internal control

The Board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues, and has put in place an organisational structure with formally defined lines of responsibility and delegation of authority. The Committee reviews the need for a Group internal audit function annually. Given the manageable level of risk and historic issues, the Committee continues to delegate to the senior management team the implementation of the systems of internal financial control. An internal control framework can only provide reasonable not absolute assurance against material misstatement or loss. The directors are not aware of any significant weaknesses or deficiencies in the company's system of internal control.

#### Going concern

The directors have reviewed the company's budgets and forecasts to 31 December 2016. After taking into consideration the cash flow implication of these plans, the directors are satisfied that it is appropriate to produce the financial statements on a going concern basis.

#### Performance management

Annual budgets and longer-term financial plans are developed by the directors to target improved business performance. The directors review the performance of all business units through comprehensive monthly business reviews, comparing actual results against budgeted expectations and prior year achievements. Particular emphasis is placed on monitoring turnover, operating costs, cash flows and working capital levels. In addition, other key performance indicators monitored by the directors are as follows:

Measure	2015	2014	Performance
<b>EBITDA growth</b> , this measure shows the underlying trend and performance of the business	19.2%	(6.6)%	EBITDA growth increased reflecting the benefit of past investments in increasing the supply of fruit together with investment in our catering meat business
<b>Return on capital employed</b> , this ratio is a relative profit measurement that demonstrates the return the business is generating from its gross assets	20.7%	17.8%	ROCE increased in the year reflecting higher profitability and a more efficient deployment of assets through reductions in inventories
<b>Free cash flow</b> , this measures the cash generated by the Group's operations after investments and taxation (million)	£16.4	£(13.0)	The Group's free cash flow reflects lower inventory holdings together with the normalisation of working capital flows following timing issues last year
<b>Net indebtedness</b> , this ratio shows net debt in relation to EBITDA	1.2x	2.1x	Net indebtedness decreased in the year reflecting improved annual cash flow
<b>Gearing</b> , this ratio shows the proportion of total assets financed through debt rather than equity and is calculated as net debt divided by net debt plus equity	35.8%	48.8%	The Group's gearing has decreased reflecting an improved annual cash flow and a normalisation of working capital
<b>Interest coverage</b> , this ratio shows the ease with which interest payments can be met and is calculated as EBIT divided by net interest payable (adjusted for FRS 102 pension adjustment)	7.4x	6.2x	The Group's ability to meet its interest obligations has improved reflecting higher earnings and lower borrowings. The Group's target is a level of cover above 4 times



## Strategic report (continued)

### Principal risks and uncertainties

There are a number of potential risks and uncertainties that could have a material impact on the Group's long-term performance and cause actual results to differ materially from expected and historical results. The risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the businesses at an operational level and to operate internal controls that adequately mitigate these risks. The directors have identified the following principal risks and uncertainties that could have the most significant impact on the Group's value generation.

Risk area	Nature of risk and possible repercussion	Mitigation
<b>Operational risk:</b>		
<b>State of the economy</b>	The fragility of growth in the economies in which the Group operates may adversely impact sales or sales mix and ultimately, lower profitability and cash flow.	Although the Group cannot directly influence the general economic conditions or consumer spending, the range of products across the Group offers affordable choice to most socio-economic groups thus covering any changes to consumer and market trends. The Group's operational capability enables us to adapt quickly to changing consumer trends.
<b>Competitive environment and customer risk</b>	There is strong competition within all segments in which the Group operates. The loss of all or part of the Group's business with one or more of its major customers would adversely impact the Group's results.	The Group manages the risk of operating in a competitive sector by maintaining strong customer relationships. Delivering high levels of service and quality supports this process. The monitoring of key performance indicators at a customer level such as service levels and customer complaints enables the business to ensure it offers strong customer service, quality products, low costs and innovative product development.
<b>Food safety</b>	A breach of food safety legislation may lead to reputational damage and regulatory penalties, including restrictions on operations, damages or fines.	All sites operate food safety systems that are regularly reviewed to ensure they remain effective, including continuing compliance with all regulatory requirements for food hygiene and safety. All food products are made to the highest standards regardless of where they are manufactured and food safety is always prioritised over economic considerations.
<b>Price and supply of raw materials</b>	The price and supply of raw materials is largely influenced by the environment in which the product originates. Changes in price would impact the core profitability of the Group's business and any related shortage in supply will impact the business' ability to maintain its service levels to customers.	The Group maintains tight control of overhead costs to help mitigate the need to pass on increased raw material costs to its customers. The Group maintains a high level of expertise in its buying teams, enabling it to monitor raw material sources on a global basis and to negotiate forward purchase contracts where appropriate with key suppliers. The teams also cultivate strong relationships with major suppliers to ensure continuity of supply at competitive prices.
<b>Quality of raw materials</b>	The Group could be negatively impacted should it be supplied with raw materials which do not meet the Group's high standards.	The Group continues to work closely with its suppliers to certify that the raw materials sourced are of the highest quality. The Group ensures traceability of its produce in order to monitor the quality and derivation of its raw materials.
<b>Business continuity</b>	The Group operates from several sites, the loss of which, for example as a result of fire, would present significant operational difficulties.	The Group's operations have business continuity plans in place to manage the impact of such an event should it occur and insurance programmes to mitigate the financial consequences.

**Strategic report (continued)****Principal risks and uncertainties (continued)****Financial risk:**

<b>Interest rates and currency</b>	The Group borrows funds to finance working capital and capital investment. Such borrowings are in the form of bank loans and vary considerably throughout the year. Such borrowings have variable interest rates based upon banks' base rates and interest risks are therefore subject to fluctuations in such rates. The Group is exposed to foreign currency risk on purchases for imported materials.	Interest rate and foreign currency risks are managed using effective hedging policies. The Group hedges interest rate exposures on fixed term debt by the use of interest rate swaps on a proportion of fixed term borrowings.
<b>Credit</b>	A large proportion of sales are made on credit terms. The Group is exposed to counterparty credit risk when dealing with customers and from certain financing activities. Granting of credit to inappropriate parties or failure to collect debts on a timely basis could leave the Group exposed to losses.	The Group maintains strong relationships with each of its key customers and has established credit control parameters. Credit evaluations are performed on all customers requiring significant credit and outstanding debts are continuously monitored by each business. Aggregate exposures are monitored at board level and where appropriate limits are set for higher risk counterparties. In addition, the Group maintains credit insurance where appropriate.
<b>Liquidity</b>	The Group needs access to funding for current business and future growth.	The Group has committed bank facilities available to meet its long-term capital and funding obligations and to meet any unforeseen obligations and opportunities. Banks are selected for their credit status, global reach and ability to meet the businesses' day-to-day banking requirements. Debt is managed centrally and appropriate headroom is maintained.

**Human Resources:**

<b>People</b>	The Group is dependent on continuing to attract, retain, develop and motivate the best people with the right capabilities at all levels in the organisation.	The Group mitigates the risk associated with loss of key personnel through succession planning, strong recruitment processes, effective incentives and retention initiatives and ongoing training and development.
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**Employees**

*Equal opportunities* – the Group is committed to offering equal opportunities to all individuals within its businesses through recruitment, training and career development. Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled while employed by the Group an opportunity for retraining.

*Harassment* – a zero tolerance policy exists towards sexual, physical or mental harassment in the workplace. It is expected that incidents of harassment be reported to the appropriate human resources manager.

*Communication* – the Group places considerable value on the involvement of its staff and has continued its policy of communication, consultation and involvement. Information is provided to staff on matters which concern them and staff are consulted to obtain their views on matters which affect their interests.

On behalf of the board

D J Gray  
Director  
26 May 2016

Level 5  
9 Hatton Street  
London  
NW8 8PL





## **Directors' Report**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2015

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were

M R Mountford (Chairman)  
A J Barnes  
B L Gooding  
D J Gray  
A S King  
A L Olins  
L S Olins  
P J Tomlinson  
G F Wensley (retired 31 March 2016)

Mr L S Olins has announced that he will retire from the Board on 30 June 2016

The Board would like to thank Mr G F Wensley and Mr L S Olins for the roles they have played in the establishment of Group and their contribution to its ongoing success. Their advice and experience will continue to be made available to the Group.

### **Future developments**

Future developments are detailed in the strategic report

### **Dividends**

Interim dividends of £3,323,000 were paid on ordinary shares (2014 £3,156,000). No final dividend is recommended (2014 £nil).

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the consolidated 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Directors' Report (continued)**

### **Statement of directors' responsibilities (continued)**

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information. For these purposes, relevant audit information means information needed by the Group's auditors in connection with preparing their report.

### **Going concern**

The Group has considerable financial resources together with strong trading relationships with its key customers and suppliers. As a consequence, the directors believe that the Group is well placed to manage its business risk successfully. After reviewing the available information, including business plans and making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### **Independent auditors**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office for the coming year.

On behalf of the board

D J Gray  
Director  
26 May 2016

Level 5  
9 Hatton Street  
London  
NW8 8PL

# ***Independent auditors' report to the members of Fletcher Bay Investment Company Limited***

## **Report on the financial statements**

In our opinion, Fletcher Bay Investment Company Limited's group financial statements and company financial statements (the "financial statements")

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's profit and cash flows 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

The financial statements, included within the Annual Report, comprise

- the Consolidated and Company Statements of Financial Position as at 31 December 2015,
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended,
- the Consolidated and Company Statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

## **Other matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility.

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

As explained more fully in the Statement of Directors' Responsibilities set out on page [], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

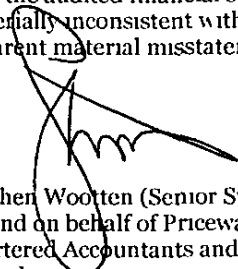
We conducted our audit in accordance with ISAs (UK & Ireland) An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report



Stephen Wootten (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

26 May 2016



**Consolidated Income Statement**  
for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	4	631,736	579,492
Cost of sales		(581,631)	(534,261)
<b>Gross profit</b>		<b>50,105</b>	<b>45,231</b>
Distribution costs		(7,307)	(7,870)
Administrative expenses		(30,773)	(27,131)
Other operating income		224	21
<b>Operating profit</b>		<b>12,249</b>	<b>10,251</b>
Share of associates' operating profit		87	145
<b>Profit on ordinary activities before interest and taxation</b>		<b>12,336</b>	<b>10,396</b>
Interest receivable and similar income	8	673	449
Interest payable and similar expenses	9	(2,331)	(2,164)
<b>Profit on ordinary activities before taxation</b>		<b>10,678</b>	<b>8,681</b>
Tax on profit on ordinary activities	10	(3,646)	(2,966)
<b>Profit for the financial year</b>		<b>7,032</b>	<b>5,715</b>
Attributable to			
Equity shareholders of the parent		4,137	4,068
Non-controlling interest		2,895	1,647
<b>Profit for the financial year</b>		<b>7,032</b>	<b>5,715</b>

The results for the year are derived wholly from continuing operations

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company Income Statement. The profit for the Company for the year was £6,620,000 (2014 £7,128,000)

The notes on pages 19 to 44 form part of these financial statements



## Consolidated statement of Comprehensive Income

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Profit for the financial year</b>		<b>7,032</b>	<b>5,715</b>
<b>Other comprehensive income</b>			
Currency translation difference on foreign currency net investments		(242)	(183)
Actuarial loss relating to the pension schemes	25	(667)	(1,055)
Deferred tax attributable to actuarial loss	23	90	143
Unrealised gain on property revaluation		3,770	3,487
Deferred tax on unrealised gain on property revaluation	23	(698)	(633)
<b>Total other comprehensive income, net of tax</b>		<b>2,253</b>	<b>1,759</b>
<b>Total comprehensive income</b>		<b>9,285</b>	<b>7,474</b>
Attributable to			
Equity shareholders of the parent		6,390	5,827
Non-controlling interests		2,895	1,647
<b>Total comprehensive income</b>		<b>9,285</b>	<b>7,474</b>

The notes on pages 19 to 44 form part of these financial statements



## Consolidated statement of Financial Position

as at 31 December 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Fixed assets</b>					
Intangible assets	13	7,725		5,816	
Property, plant and equipment	14	30,376		26,440	
Investment properties	15	482		472	
Investments	16	2,114		3,493	
			40,697		36,221
<b>Current assets</b>					
Inventories	17	16,919		21,216	
Debtors	18	75,019		69,329	
Cash at bank and in hand		6,574		1,360	
		98,512		91,905	
<b>Creditors</b> amounts falling due within one year	19	(77,330)		(66,922)	
<b>Net current assets</b>			21,182		24,983
<b>Total assets less current liabilities</b>			61,879		61,204
<b>Creditors</b> amounts falling due after more than one year	20		(23,227)		(26,835)
Provisions for liabilities	24		(3,455)		(2,461)
<b>Net assets excluding pension liability</b>			35,197		31,908
Pension liability	25		(695)		(617)
<b>Net assets including pension liability</b>			34,502		31,291
<b>Capital and reserves</b>					
Called up share capital	26		1,006		1,006
Share premium account			360		383
Retained earnings			20,486		20,259
Revaluation reserve			8,835		5,995
<b>Total shareholders' funds</b>					
Equity attributable to equity shareholders			30,687		27,643
Non-controlling interests			3,815		3,648
<b>Total equity</b>			34,502		31,291

The financial statements on pages 12 to 44 were approved by the board of directors on 26 May 2016 and were signed on its behalf by

A J Barnes  
Director



## Company statement of Financial Position

as at 31 December 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Fixed assets</b>					
Investments	16		32,211		32,211
<b>Current assets</b>					
Debtors	18	6,553		1,616	
Cash at bank and in hand		<u>809</u>		<u>915</u>	
		7,362		2,531	
<b>Creditors: amounts falling due within one year</b>	19	<u>(1,185)</u>		<u>(3,551)</u>	
<b>Net current assets/(liabilities)</b>			<u>6,177</u>		<u>(1,020)</u>
<b>Total assets less current liabilities</b>			<b>38,388</b>		<b>31,191</b>
<b>Creditors, amounts falling due after more than one year</b>	20		<u>(17,678)</u>		<u>(13,755)</u>
<b>Net assets</b>			<u><b>20,710</b></u>		<u><b>17,436</b></u>
<b>Capital and reserves</b>					
Called up share capital	26		1,006		1,006
Share premium account			360		383
Retained earnings			<u>19,344</u>		<u>16,047</u>
<b>Total equity</b>			<u><b>20,710</b></u>		<u><b>17,436</b></u>

The financial statements on pages 12 to 44 were approved by the board of directors on 26 May 2016 and were signed on its behalf by

A J Barnes  
Director





**Consolidated statement of Changes in Equity**  
for the year ended 31 December 2015

	Note	<b>Called up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Retained earnings £'000</b>	<b>Revaluation reserve £'000</b>	<b>Non- controlling interests £'000</b>	<b>Total shareholders' funds £'000</b>
Balance at 1 January 2014		1,006	226	20,306	3,277	3,661	28,476
Profit for the financial year		-	-	5,715	-	-	5,715
Other comprehensive income for the year		-	-	1,759	-	-	1,759
Revaluation in year		-	-	(2,854)	2,854	-	-
Shares issued		-	157	-	-	-	157
Non-controlling interests		-	-	(1,647)	-	1,647	-
Dividends paid	11	-	-	(3,156)	-	(696)	(3,852)
Non-controlling interest disposed		-	-	-	-	(964)	(964)
Transfer to retained earnings		-	-	136	(136)	-	-
Balance at 31 December 2014 and 1 January 2015		1,006	383	20,259	5,995	3,648	31,291
Profit for the financial year		-	-	7,032	-	-	7,032
Other comprehensive income for the year		-	-	2,253	-	-	2,253
Revaluation in year		-	-	(3,072)	3,072	-	-
Reduction in share premium		-	(23)	-	-	-	(23)
Non-controlling interests		-	-	(2,895)	-	2,895	-
Dividends paid	11	-	-	(3,323)	-	(2,833)	(6,156)
Non-controlling interest additions		-	-	-	-	105	105
Transfer to retained earnings		-	-	232	(232)	-	-
Balance at 31 December 2015		1,006	360	20,486	8,835	3,815	34,502



## Company statement of Changes in Equity

as at 31 December 2015

	Note	<b>Called up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Retained earnings £'000</b>	<b>Total shareholders' funds £'000</b>
Balance at 1 January 2014		1,006	226	12,075	13,307
Profit for the financial year		-	-	7,128	7,128
Shares issued		-	157	-	157
Dividends paid	11	-	-	(3,156)	(3,156)
Balance at 31 December 2014 and 1 January 2015		1,006	383	16,047	17,436
Profit for the financial year		-	-	6,620	6,620
Dividends paid	11	-	-	(3,323)	(3,323)
Reduction in share premium		-	(23)	-	(23)
Balance at 31 December 2015		<b>1,006</b>	<b>360</b>	<b>19,344</b>	<b>20,710</b>



## Consolidated statement of Cash Flows

for the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Net cash from operating activities	27	23,945	(303)
Taxation paid		(2,330)	(2,388)
<b>Net cash generated from/(used in) operating activities</b>		<b>21,615</b>	<b>(2,691)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(2,936)	(5,590)
Purchase of fixed asset investments		(2,323)	(4,686)
Interest received		651	449
Dividends received		21	-
<b>Net cash used in investing activities</b>		<b>(4,587)</b>	<b>(9,827)</b>
<b>Cash flow from financing activities</b>			
Issue of B shares		-	72
Short term liquidity financing		(818)	6,447
New/(repayment) unsecured loan		(3,932)	4,323
Repayment of secured loan		(500)	(2,000)
Repayment of obligations under finance leases		(52)	(625)
Preference dividends paid		(23)	(7)
Ordinary dividends paid	11	(3,323)	(3,156)
Ordinary dividends paid to minority interests		(833)	(696)
Interest paid		(2,309)	(2,155)
<b>Net cash used in/(from) financing activities</b>		<b>(11,790)</b>	<b>2,203</b>
Net increase/(decrease) in cash and cash equivalents		5,238	(10,315)
Cash flow from increase/(decrease) in debt and lease financing		5,303	(8,217)
Change in net debt resulting from cash flows		10,541	(18,532)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(29,779)</b>	<b>(11,247)</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>(19,238)</b>	<b>(29,779)</b>

The notes on pages 19 to 44 form part of these financial statements



## Notes to the financial statements

for the year ended 31 December 2015

### 1. General information

Fletcher Bay Investment Company Limited is the holding company for the Fletcher Bay Investment Company Limited group ("the Group"). The Group's activities during the year were focused on the food sector and principally concern the processing, manufacture, supply and marketing of fresh fruit and produce, meat, poultry, and animal by-products.

The company is incorporated and domiciled in the UK. The address of its registered office is Level 5, 9 Hatton Street, London NW8 8PL.

### 2 Statement of compliance

The individual financial statements of Fletcher Bay Investment Company Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 (SI 2008/410).

### 3. Summary of significant accounting policies

The principal accounting policies are summarised below. They have been applied consistently in dealing with items which are considered material in relation to the financial statements throughout the year and preceding year.

#### Basis of preparation

The financial statements are presented in Sterling and rounded to the nearest thousand. They are prepared, on a going concern basis under the historical cost convention, modified by the revaluation of certain fixed assets and in accordance with FRS 102 and the Companies Act 2006.

The financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The date of transition is 1 January 2014. The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously. The nature of these changes and their impact on opening equity and profit are explained in note 30.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own income statement. As permitted by FRS 102, no cash flow statement for the Company has been included on the grounds that the Group includes the Company in its own published consolidated financial statements. As permitted by FRS 102, no related party disclosures for the Company have been included.

#### Basis of consolidation

Fletcher Bay Investment Company Limited is a company incorporated in England and Wales. The Group's financial statements include the financial statements of the Company and its subsidiaries controlled by the Company and are drawn up to 31 December each year. Control exists where the Company has the right to exercise dominant influence over the undertaking, by virtue of the power to exercise, or actually exercising, dominant influence or control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Eurafruit S.A. has a financial year end of 30 June which complements its normal trading cycle. Interim accounts made up to 31 December have been used for the Group's financial statements.

Associates are those entities in which the Group has the power to exercise significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method. The consolidated income statement includes the Group's share of associate's profits less losses while the Group's share of net assets of the associates is shown in the consolidated statement of financial position.

Uniform accounting policies have been consistently applied across the Group. Any profits or losses on intra-group transactions and investors' share of profits or losses on transactions with associates have been eliminated.

#### Declaration of guarantee

Under Section 479a of the Companies Act 2006, exemptions from an audit of the financial statements for the financial year ending 31 December 2015 have been taken by Argent Europe Limited (03270572), Argent Group



## Notes to the financial statements (continued)

for the year ended 31 December 2015

### 3 Summary of significant accounting policies (continued)

#### Declaration of guarantee (continued)

Europe Limited (05823362), OrchardWorld Holdings Limited (05652227), Norton Folgate Holdings Limited (06414731) and Poupart Produce Limited (09381898) As required, the Company guarantees all outstanding liabilities to which the subsidiary companies listed above are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above is liable in respect of those liabilities

#### Business combinations

On the acquisition of a business or an interest in a joint venture or associate, fair values are attributed to the identifiable assets and liabilities acquired, reflecting conditions at the date of acquisition Adjustments to fair values include those made to bring accounting policies into line with those of the Group The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed Acquisitions are accounted for under the acquisition method

#### Goodwill

Goodwill represents the excess or deficit of the cost of businesses or shares in subsidiaries over the fair value of the separable net assets acquired The accounting treatment of goodwill is appraised for each individual acquisition and is charged or credited to the income statement by equal instalments over its estimated useful economic life, not exceeding twenty years

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in an inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the income statement

#### Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably Turnover represents the invoiced value of goods and services supplied, net of value added tax and trade discounts

#### Property, plant and equipment

Plant, machinery, fixtures and fittings and leasehold property are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised

Freehold properties are held under the revaluation model The Group previously held freehold properties under the cost model

The charge for depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment other than freehold land by equal annual instalments over their expected useful lives as follows

Freehold properties	-	over 7 to 50 years
Leasehold buildings	-	over the lease term
Plant, machinery, fixtures and fittings	-	over 1 to 10 years

#### Investment properties

Investment properties are revalued annually with the aggregate surplus or deficit being recognised in the income statement No depreciation is provided in respect of investment properties

#### Research and development

Research and development expenditure is charged to the income statement in full in the period in which it is incurred



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**3. Summary of significant accounting policies (continued)**

**Income from investments**

Investment income comprises dividends declared during the accounting period and interest receivable on unlisted investments

**Fixed asset investments**

Investments held as fixed assets are stated at cost less any provision for impairment in value

**Inventories and work in progress**

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of overheads incurred in the normal course of business in bringing the product to its present location and condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

**Taxation**

Current tax, including UK corporation tax and overseas tax, is included at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred taxation is provided in respect of the tax effect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at the statement of financial position date that result in an obligation to pay more tax or a right to pay less tax in the future. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future. Deferred tax is measured, on an undiscounted basis, at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets and liabilities have been recognised in these financial statements using the future corporation tax rates.

**Foreign currencies**

The financial statements are presented in Sterling. Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction or at forward contract rates where appropriate. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the statement of financial position date or forward contract rates where appropriate. Other gains and losses arising from foreign currency transactions are included in the income statement.

**Pension costs and other post-retirement benefits**

The Group's principal pension funds are defined benefit plans. In addition, the Group has defined contribution plans.

*Defined benefit schemes*

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

*Defined contribution schemes*

Defined contribution pension costs charged to the income statement represent contributions payable in respect of the accounting period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**3. Summary of significant accounting policies (continued)**

**Leases**

Property, plant and equipment acquired under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the Group, are capitalised in the statement of financial position and depreciated over the shorter of their useful lives and the lease terms. The present value of future rentals is shown as a liability. The interest element of the rental obligations is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight-line basis over the lease term. Incentives received to enter into an operating lease are credited to the income statement, to reduce the lease expense, on a straight line basis over the period of the lease.

**Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

**Financial instruments**

The Group enters into transactions in the normal course of business using a variety of financial instruments, including spot and forward exchange contracts, in order to reduce exposure to foreign exchange risk and interest rate fluctuations. The Group does not hold or issue derivative financial instruments for speculative purposes. Financial assets and liabilities are recognised in the statement of financial position at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Interest payable or receivable is accrued, and recognised in the income statement in the period to which it relates.

**Borrowings**

Borrowings are initially stated at the fair value of the consideration received. Finance costs are charged to the income statement over the term of the borrowings so as to represent a constant proportion of the balance of capital repayments outstanding. Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than twelve months are included in accrued charges within current liabilities. For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings.

**Dividends**

Dividends unpaid at the statement of financial position date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Group. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

**a) Fair value of property**

Historically freehold property has been held under the historical cost model. On transition to FRS 102, the revaluation model has been adopted. This requires the fair value of each property to be established, and the gain or loss each period to be taken through the income statement if designated an investment property, or through other comprehensive income if designated property, plant and equipment. The fair value has been established by management through use of property experts, where necessary.



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**3. Summary of significant accounting policies (continued)**

**Critical accounting judgements and estimation uncertainty (continued)**

b) Provisions

Provision has been made for the requirement to make repairs on dilapidations under the terms of certain property leases. This requires management's best estimate of costs that will be incurred based on legislative and contractual requirements.

c) Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including, life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management reviews these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

**4 Turnover**

Segmental reporting is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure and combines businesses with common characteristics. Segmental turnover includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**Business segments**

The Group comprises two reporting segments: Fruit & produce and Meat, poultry & by-products. An analysis of turnover has been provided by reportable segment.

	Fruit & produce		Meat, poultry & by-products	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Turnover	439,570	389,307	192,166	190,185

**Geographical segments**

The second format, which is on a geographical basis, presents turnover for the following geographical segments, United Kingdom, Continental Europe and Rest of the World.

	United Kingdom		Continental Europe		Rest of the World	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Turnover by destination	574,906	523,704	48,726	49,226	8,104	6,562





**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**5. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging

	2015 £'000	2014 £'000
Auditors' remuneration		
- fees payable to the Company's auditors for the audit of the Group's annual financial statements	13	11
- the audit of the Company's subsidiaries pursuant to legislation	221	217
- other services relating to taxation	66	42
- other services	50	-
Amortisation (note 13)	1,613	1 014
Amortisation of goodwill in associate (note 16)	-	69
Impairments of investments	146	77
Depreciation of property, plant and equipment (note 14)		
- owned	2,210	2,004
- assets held under finance leases and hire purchase contracts	427	498
Operating lease rentals		
- plant and machinery	1,539	1,535
- land and buildings	1,191	1,143
Loss on disposal of fixed assets	82	36

**6. Directors' remuneration**

	2015 £'000	2014 £'000
Emoluments	1,820	1,798
Company contributions to money purchase pension schemes	51	47
Company contributions to defined benefit pension schemes	14	14
	<u>1,885</u>	<u>1,859</u>

The number of directors who

	2015	2014
Are accruing benefits under money purchase pension schemes	3	3
Are accruing benefits under defined benefit pension schemes	1	1

Remuneration of the highest paid director

	2015 £'000	2014 £'000
Emoluments	745	1,041
Company contributions to defined benefit pension schemes	14	14
	<u>759</u>	<u>1,055</u>
<i>Defined benefit scheme</i>		
Accrued pension at end of year	56	54



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**7. Employment**

The average monthly number of persons (including executive directors) employed by the Group during the year was

	2015 Number	2014 Number
Administration	290	264
Selling and distribution	142	144
Production and manufacturing	548	578
	<u>980</u>	<u>986</u>

Their aggregate remuneration comprised

	2015 £'000	2014 £'000
Wages and salaries	36,561	33,405
Social security costs	2,749	2,548
Other pension costs	610	511
	<u>39,920</u>	<u>36,464</u>

**8 Interest receivable and similar income**

	2015 £'000	2014 £'000
Other interest receivable	652	449
Dividends received	21	-
	<u>673</u>	<u>449</u>

**9 Interest payable and similar expenses**

	2015 £'000	2014 £'000
Interest payable on overdrafts and bank loans	1,083	907
Other interest payable	1,200	1,205
Cumulative preference dividends	23	7
Finance lease interest	25	45
	<u>2,331</u>	<u>2,164</u>



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**10. Tax on profit on ordinary activities**

The tax charge represents

	2015 £'000	2014 £'000
<b>Current tax</b>		
UK corporation tax at 20.25% (2014: 21.5%)	2,559	2,140
Share of associate's current tax	43	38
Foreign tax	731	413
Adjustments in respect of prior years	(103)	275
Total current tax	<u>3,230</u>	<u>2,866</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	338	28
Adjustment in respect of post-retirement benefits	78	72
Total deferred tax	<u>416</u>	<u>100</u>
Tax on profit on ordinary activities	<u>3,646</u>	<u>2,966</u>

The tax assessed for the year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	10,678	8,681
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK at 20.25% (2014: 21.5%)	2,162	1,866
Effects of:		
Expenses not deductible for tax purposes	611	295
Non-taxable income	66	(217)
Accelerated capital allowances and other timing differences	3	(81)
Tax rate differences and losses not provided for on overseas results	829	756
Adjustments in respect of prior years	(103)	275
Adjustment in respect of post-retirement benefits	78	72
Tax on profit on ordinary activities	<u>3,646</u>	<u>2,966</u>

*Factors that may affect future tax charges*

During the year, as a result of the change in the UK main corporation tax rate from 21% to 20% that was effective from 1 April 2015, the relevant deferred tax balances have been re-measured.

In the November 2015 UK budget statement, it was announced that there will be a reduction to the main corporation tax rate to 19% from 1 April 2017.

In the March 2016 UK budget statement, it was announced that there will be a further reduction to the main corporation tax rate to 17% from 1 April 2020.



## Notes to the financial statements (continued)

for the year ended 31 December 2015

### 11. Dividends

	2015 £'000	2014 £'000
Ordinary share dividends paid (£3 30 per share)	3,323	3,156

### 12. Profit attributable to the Company

As permitted by Section 408 of the Companies Act 2006 no separate income statement is presented in respect of the parent company. The loss for the financial year dealt with in the financial statements of the Company was £1,496,000 (2014 £799,000) excluding inter-company interest expense of £52,000 (2014 £73,000), intercompany interest receivable of £169,000 (2014 £nil) and intercompany dividends received of £8,000,000 (2014 £8,000,000).

### 13. Intangible assets

Group	Goodwill £'000	Other intangibles £'000	Total £'000
<b>Cost</b>			
At 1 January 2015	10,978	587	11,565
Addition	2,844	678	3,522
At 31 December 2015	13,822	1,265	15,087
<b>Accumulated amortisation</b>			
At 1 January 2015	5,732	17	5,749
Charge for the year	1,549	64	1,613
At 31 December 2015	7,281	81	7,362
<b>Net book value</b>			
At 31 December 2015	6,541	1,184	7,725
At 31 December 2014	5,246	570	5,816

Goodwill arising on consolidation is being amortised on a straight line basis over periods ranging from five to ten years. This reflects the periods over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

Other intangibles relates to a license fee paid for an exclusive growing and marketing licence. The license fee is being amortised over 14 years, in accordance with the terms of the license fee contract.

The Company has no intangible assets.



## Notes to the financial statements (continued)

for the year ended 31 December 2015

### 14. Property, plant and equipment

Group	Freehold property	Leasehold property	Plant, machinery, fixtures and fittings	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2015	17,277	2,357	27,099	46,733
Additions	30	275	2,629	2,934
Disposals	-	(12)	(486)	(498)
Revaluation	3,770	-	-	3,770
At 31 December 2015	<u>21,077</u>	<u>2,620</u>	<u>29,242</u>	<u>52,939</u>
<b>Accumulated depreciation</b>				
At 1 January 2015	276	1,123	18,894	20,293
Charge for the year	572	68	1,997	2,637
Depreciation on disposals	-	(12)	(355)	(367)
At 31 December 2015	<u>848</u>	<u>1,179</u>	<u>20,536</u>	<u>22,563</u>
<b>Net book value</b>				
At 31 December 2015	<u>20,229</u>	<u>1,441</u>	<u>8,706</u>	<u>30,376</u>
At 31 December 2014	<u>17,001</u>	<u>1,234</u>	<u>8,205</u>	<u>26,440</u>

Included in the total net book value of plant, machinery and fixtures is £1,488,000 (2014 £1,480,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these leases was £427,000 (2014 £498,000).

Freehold properties were revalued as at 31 December 2015 by an external valuation expert.

Under the cost model, the carrying amount of freehold property at 31 December 2015 would have been £7,700,000.

The Company holds no property, plant and equipment.

### 15. Investment properties

Group	£'000
<b>Cost</b>	
At 1 January 2015	472
Revaluation	10
At 31 December 2015	<u>482</u>

Investment properties were revalued as at 31 December 2015 by an external valuation expert.



## Notes to the financial statements (continued)

for the year ended 31 December 2015

### 16 Investments

Group	Associates	Other investments	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2015	1,511	2,050	3,561
Additions	-	68	68
Step acquisition	(1,442)	-	(1,442)
Share of retained profit for the year	73	-	73
Impairments	-	(146)	(146)
<b>At 31 December 2015</b>	<b>142</b>	<b>1,972</b>	<b>2,114</b>
<b>Accumulated amortisation</b>			
At 1 January 2015	69	-	69
Amortisation on disposals	(69)	-	(69)
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
At 31 December 2015	142	1,972	2,114
At 31 December 2014	1,442	2,051	3,493

A further 25% of the share capital of Eurafruit S A was purchased by BerryWorld Limited, a subsidiary of Fletcher Bay Investment Company Limited, on 1 July 2015, through a step acquisition. At 31 December 2015, BerryWorld Limited's total shareholding in Eurafruit S A was 50%. Eurafruit S A's results have been fully consolidated from this point onwards. The fair value of net assets at acquisition was equal to the book value of net assets. The final stage of the step acquisition will be completed in 2016 where 25% of the share capital in Eurafruit S A will be purchased by BerryWorld Limited for ZAR 23,500,000, taking its total shareholding to 75%.

The information below is given in respect of the Group's share of associates. Turnover for Eurafruit S A has been included up to 30 June 2015.

	2015 £'000	2014 £'000
Turnover	943	186
Fixed assets	2	31
Current assets	1,038	310
Liabilities due within one year	(687)	(219)
Net assets	353	122
<b>Company</b>		
	2015 £'000	2014 £'000
<b>Cost and net book value</b>		
At beginning and end of year	32,211	32,211



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**16. Investments (continued)**

**Shares in group undertakings**

The subsidiary companies which principally affect the Group figures are

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held by Fletcher Bay Investment Company Limited</b>
Belwood Foods Limited	England and Wales	Animal by-products	Ordinary – 100%
Fairfax Meadow Europe Limited	England and Wales	Catering butcher	Ordinary – 100%
New Zealand Light Leathers Limited	New Zealand	Leather tanning	Ordinary – 100%
Poupart Limited	England and Wales	Fruit and produce	Ordinary – 80%
Tendercut Meats Limited	England and Wales	Meat processing	Ordinary – 100%

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held by Poupart Limited</b>
BerryWorld Limited	England and Wales	Soft fruit and produce	Ordinary – 100%
BerryWorld Europe BV	Netherlands	Soft fruit and produce	Ordinary – 50%
Citrus First SL	Spain	Citrus fruit and produce	Ordinary – 50%
Eurafruit S A	South Africa	Soft fruit and produce	Ordinary – 50%
Norton Folgate Marketing Limited	England and Wales	Stone fruit and produce	Ordinary – 100%
OrchardWorld Limited	England and Wales	Top fruit and produce	Ordinary – 100%

The directors believe that the carrying value of the investments is supported by their underlying net assets and continued trade. As per the Group's accounting policies (note 3), the Group accounts for companies over which it has the right to exercise dominant influence as subsidiaries regardless of ownership percentage.

A complete list of subsidiary undertakings can be found in note 35.

**17. Inventories**

<b>Group</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Raw materials and consumables	12,272	15,695
Work in progress	167	332
Finished goods and goods for resale	4,480	5,189
	<b>16,919</b>	<b>21,216</b>

The Company holds no inventories.



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**18. Debtors**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	54,176	51,268	-	5
Amounts owed by group undertakings	-	-	6,000	1,120
Other debtors	15,777	14,222	170	254
Corporation tax recoverable	-	-	359	237
Deferred tax asset (note 23)	1,290	1,279	-	-
Prepayments and accrued income	3,776	2,560	24	-
	<u>75,019</u>	<u>69,329</u>	<u>6,553</u>	<u>1,616</u>

Included within the above are amounts falling due after more than one year of

Other debtors	3,265	4,233	-	-
Deferred tax asset	840	833	-	-
	<u>4,105</u>	<u>5,066</u>	<u>-</u>	<u>-</u>

Amounts owed by group undertakings are unsecured with interest fixed at the time of borrowing and are repayable on demand

**19. Creditors: amounts falling due within one year**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	4,821	4,083	-	500
Obligations under finance leases and hire purchase contracts	387	434	-	-
Other loans	253	2,618	-	-
Trade creditors	48,100	41,832	-	-
Corporation tax payable	1,816	914	-	-
Taxation and social security	1,943	1,963	8	15
Other creditors	9,903	5,870	1,168	2,546
Accruals and deferred income	10,107	9,208	9	490
	<u>77,330</u>	<u>66,922</u>	<u>1,185</u>	<u>3,551</u>

Obligations under finance leases and hire purchases contracts are secured on the assets to which they relate





**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**20 Creditors: amounts falling due after more than one year**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	9,496	11,553	-	-
Obligations under finance leases and hire purchase contracts	249	279	-	-
Other loans greater than one year	10,606	12,172	9,078	10,255
Amounts owed to group undertakings	-	-	8,600	3,500
Other creditors	2,876	2,831	-	-
	<b>23,227</b>	<b>26,835</b>	<b>17,678</b>	<b>13,755</b>

Amounts owed to group undertakings are unsecured with interest fixed at the time of borrowing. Amounts owed to group undertakings that are disclosed as due after more than one year are repayable after more than five years.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

**21. Borrowings**

Loans, finance leases and hire purchase contracts are repayable as follows:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>In the first year or on demand</b>				
Bank loans and overdrafts	4,821	4,083	-	500
Finance leases and hire purchase contracts	387	434	-	-
Other loans	253	2,618	-	2,546
<b>In more than one year but not more than five years</b>				
Bank loans and overdrafts	9,496	11,553	-	-
Finance leases and hire purchase contracts	249	279	-	-
Other loans	10,356	11,922	9,076	10,255
<b>After five years</b>				
Preference shares	250	250	-	-
	<b>25,812</b>	<b>31,139</b>	<b>9,076</b>	<b>13,301</b>



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**21 Borrowings (continued)**

The Group had the following undrawn committed borrowing facilities available at 31 December

	2015 £'000	2014 £'000
Expiry date		
In one year or less	-	500
In more than one year but not more than two years	50,969	48,591
	<u>50,969</u>	<u>49,091</u>

There were £3,500,000 borrowings under the Group's £18,000,000 revolving credit facility at 31 December 2015 (2014 £5,500,000), which is utilised for the day-to-day management of cash. Any borrowings under this facility are repayable at the Group's option while retaining the flexibility to borrow again under the facility. Interest is payable linked to LIBOR with a margin of 2%.

The Group maintains several discrete invoice discounting facilities which amounted to £43,500,000 as at 31 December 2015. These facilities are evergreen facilities with three months' notice period and are dependent upon the level of trade debtors in several of the Group's subsidiaries. The amount outstanding at 31 December 2015 was £8,769,000 (2014 £9,553,000). Interest is linked to bank base rate with a margin of 1.5%.

The Group maintains an overdraft facility totalling NZ\$200,000 (£90,000). Borrowings under these facilities at 31 December 2015 were NZ\$nil (2014 NZ\$166,000 (£83,000)). Interest on the overdraft was charged at the Commercial Overdraft Interest Rate plus a margin of 4.0%.

The Group has entered into interest rate swaps to manage its exposure to floating interest rate debt. The Group operates a policy that no less than two-thirds of the overall interest rate exposure on fixed term senior bank debt should be hedged.

Other loans represent unsecured loans provided by shareholders of the FBIC Group. Interest on these loans is charged at 10%.

**22. Financial commitments**

**a) Operating lease commitments**

Group	Land and buildings	Other	Land and buildings	Other
	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Within one year	1,265	1,299	1,002	865
Between one and five years	2,522	1,874	2,754	1,187
After five years	965	-	360	-
	<u>4,752</u>	<u>3,173</u>	<u>4,116</u>	<u>2,052</u>

The Company has no operating lease commitments.



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**22 Financial commitments (continued)**

**b) Finance lease commitments**

Finance leases are payable as follows

<b>Group</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Within one year	401	449
Between one and five years	206	289
	<u>607</u>	<u>738</u>
Less future finance charges	(19)	(25)
	<u>588</u>	<u>713</u>

The Company has no finance lease commitments

**23. Deferred taxation**

The analysis of deferred tax balances for the Group is as follows

	<b>2015 £'000</b>	<b>2014 £'000</b>
Accelerated capital allowances	336	304
Other timing differences	9	30
Tax losses available	945	945
Deferred tax asset	<u>1,290</u>	<u>1,279</u>

	<b>2015 £'000</b>	<b>2014 £'000</b>
Accelerated capital allowances	71	-
Other timing differences	2,562	1,586
Deferred tax liability	<u>2,633</u>	<u>1,586</u>

**£'000**

Deferred tax asset at 1 January 2015	1,279
Deferred tax credit in income statement	11
Deferred tax asset at 31 December 2015	<u>1,290</u>

**£'000**

Deferred tax liability at 1 January 2015	1,586
Deferred tax charge in income statement	349
Deferred tax charged in other comprehensive income	698
Deferred tax liability at 31 December 2015	<u>2,633</u>





**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**23 Deferred taxation (continued)**

Deferred tax assets and liabilities have been recognised in these financial statements using future corporation tax rates

Deferred tax asset relating to the pension liability

	£'000
At 1 January 2015	155
Deferred tax charged in the income statement	(78)
Deferred tax credited to the statement of comprehensive income	90
At 31 December 2015	<u>167</u>

The recoverability of deferred tax assets is supported by the expected level of future profits in the companies concerned. Other deferred tax assets amounting to £2,749,000 (2014 £1,633,000) in respect of trading losses have not been recognised on the basis that their future economic benefit is uncertain. In accordance with FRS 102 these assets will be recognised when it is regarded as more likely than not that they will be recovered.

The Company has no deferred tax assets or liabilities.

**24 Provisions for liabilities**

	Dilapidations	Deferred tax	Total
	£'000	£'000	£'000
At the beginning of the year	875	1,586	2,461
Additions	-	1,047	1,047
Utilised during the year	(53)	-	(53)
At the end of the year	<u>822</u>	<u>2,633</u>	<u>3,455</u>

Provision has been made for the requirement to make repairs on dilapidations under the terms of certain property leases. A deferred tax provision has been recognised on property revaluation gains.

The Company has no provisions for liabilities.

**25. Pensions**

The Group operates a number of pension schemes comprising of both defined contribution and defined benefit schemes. The majority of the schemes are self-administered and, in all cases, the schemes' assets are held independently of the Group's finances in separate trustee administered funds. The UK schemes provide benefits that are computed based on an employee's years of service and final pensionable salary. Pension costs are assessed in accordance with the advice of independent professionally qualified actuaries. Contributions to the defined contribution schemes were £482,000 (2014 £430,000).

The principal UK scheme, the Argent Group Europe Pension Scheme, is of the defined benefit type, based on final salary. The funds are valued at least every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In intervening years, the actuary reviews the continuing appropriateness of the rates. The last finalised assessment of the principal scheme was at 30 June 2015 and updated to 31 December 2015 by a qualified independent actuary. The contribution made to the scheme in the accounting period was £791,000 (2014 £761,000). The current employer contribution in respect of the future benefit accrual is £214,000 per annum (2014 £231,000) with additional deficit contributions to be



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**25. Pensions (continued)**

made in future years. The scheme is closed to new members and as such under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The major assumptions used by the actuary on the Argent Group Europe Pension Scheme were (in nominal terms)

	2015	2014
Rate of increase in salaries	2.0%	2.0%
Rate of increase for pensions in payment	2.9%	2.8%
Rate of increase for pensions in deferment	2.0%	1.9%
Discount rate	3.8%	3.7%
Inflation	3.0%	2.9%

The mortality assumptions used were

	2015 Years	2014 Years
Longevity at age 65 for current pensioners		
- Men	86.8	86.5
- Women	89.0	88.7
Longevity at age 65 for future pensioners		
- Men	88.1	87.0
- Women	90.5	89.5

The combined fair value of the assets and the present value of liabilities in the UK schemes at each statement of financial position date were

	2015 £'000	2014 £'000
Market value of schemes' assets	22,556	21,958
Present value of scheme liabilities	(23,418)	(22,730)
Net deficit in the schemes	(862)	(772)
Related deferred tax asset	167	155
Net pension liability	(695)	(617)

In accordance with FRS 102, the following amounts have been recognised in the consolidated income statement in respect of defined benefit schemes

	2015 £'000	2014 £'000
<i>Charged to operating profit</i>		
Current service cost	102	82
Net interest expense on net defined benefit liability	26	(1)
Pension scheme expenses	86	150
	214	231



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**25. Pensions (continued)**

In accordance with FRS 102, the following amounts have been recognised in the statement of comprehensive income

	2015 £'000	2014 £'000
Remeasurement – effect of changes in assumptions gain/(loss)	237	(1,193)
Remeasurement – return on plan assets excluding interest income gain/(loss)	(651)	137
Benefits not previously recognised	(253)	-
Actuarial losses recognised in consolidated statement of comprehensive income	(667)	(1,056)

**Reconciliation of present value of scheme liabilities**

	2015 £'000	2014 £'000
At beginning of year	22,730	21,514
Benefits not previously recognised	1,258	-
Current service cost	102	82
Contribution by the members	57	58
Interest expenses	865	927
Remeasurement – effect of changes in assumptions (gain)/loss	(237)	1,193
Benefits paid	(1,357)	(1,044)
At end of year	23,418	22,730

**Reconciliation of fair value of scheme assets**

	2015 £'000	2014 £'000
At beginning of year	21,958	21,268
Benefits not previously recognised	1,005	-
Interest income on plan assets	839	928
Remeasurement – return on plan assets excluding interest income (gain)/loss	(651)	137
Contributions by the company	791	761
Contributions by the members	57	58
Benefits paid	(1,357)	(1,044)
Pension scheme expenses	(86)	(150)
At end of year	22,556	21,958

The fair value of plan assets was

	2015 £'000	2014 £'000
Funds	21,164	21,459
Cash	412	499
Annuities	980	-
	22,556	21,958







**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**26. Called up share capital**

Allotted and fully paid

	2015 £'000	2014 £'000
1,006,126 (2014 1,006,126) Ordinary shares of £1 each	1,006	1,006
40,092 (2014 42,730) B-shares of £0.01 each	-	-
	<u>1,006</u>	<u>1,006</u>

During the year, 2,638 B-shares were cancelled

**27 Net cash (outflow)/inflow from operating activities**

Reconciliation of operating profit to net cash inflow from operating activities

	2015 £'000	2014 £'000
<b>Profit for the financial year</b>	7,032	5,715
Tax on profit on ordinary activities	3,646	2,966
Net interest expense	1,658	1,715
Share of associates' operating profit	(87)	(145)
<b>Operating profit</b>	<u>12,249</u>	<u>10,251</u>
Less loss on sale of fixed assets	82	36
Depreciation, amortisation and impairment charges	4,396	3,663
Decrease/(increase) in inventories	4,298	(5,099)
Increase in debtors	(5,355)	(8,562)
Increase in creditors	9,066	169
Less post-retirement benefit payments	(791)	(761)
<b>Net cash inflow from operating activities</b>	<u>23,945</u>	<u>(303)</u>





**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**28 Analysis of net debt**

	At 1 January 2015	Cash flow	At 31 December 2015
	£'000	£'000	£'000
Cash in hand and at bank	1,360	5,214	6,574
Bank overdrafts	(83)	83	-
Bank and other loans within one year	(4,000)	(821)	(4,821)
Bank and other loans after one year	(26,343)	5,988	(20,355)
Finance leases	(713)	77	(636)
	(31,056)	5,244	(25,812)
	<u>(29,779)</u>	<u>10,541</u>	<u>(19,238)</u>

**29 Financial instruments**

The Group has the following financial instruments

	2015 £'000	2014 £'000
<b>Financial assets at fair value through income statement</b>		
Derivative financial instruments	<u>380</u>	<u>56</u>
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors	54,176	51,268
Other debtors	15,777	14,222
	<u>69,953</u>	<u>65,490</u>
<b>Financial liabilities measured at amortised cost</b>		
Bank loans and overdrafts	4,821	4,083
Obligations under finance leases and hire purchase contracts	387	434
Other loans	253	2,618
Trade creditors	48,100	41,832
Other creditors	9,903	5,870
	<u>63,464</u>	<u>54,837</u>

**Derivative financial instruments**

The Group enters into forward foreign currency to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2015, the outstanding contracts all mature within five months of the year end.



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**30 Transition to FRS 102**

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

**a) Reconciliation of statement of financial position**

	Note	At 1 January 2014			At 31 December 2014		
		As previously stated	Effect of transition	FRS 102 (as restated)	As previously stated	Effect of transition	FRS 102 (as restated)
		£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets	(iv)	22,924	4,396	27,320	28,469	7,752	36,221
Current assets	(i)	88,575	(113)	88,462	92,499	(594)	91,905
Creditors' amounts falling due within one year	(v)	(65,485)	(159)	(65,644)	(66,819)	(103)	(66,922)
Net current assets		23,090	(272)	22,818	25,680	(697)	24,983
Total assets less current liabilities		46,014	4,124	50,138	54,149	7,055	61,204
Creditors' amounts falling due after one year		(19,847)	-	(19,847)	(26,835)	-	(26,835)
Provisions for liabilities	(v)	(875)	(1,130)	(2,005)	(875)	(1,586)	(2,461)
Pension asset/(liability)		190	-	190	(617)	-	(617)
Net assets		25,482	2,994	28,476	25,822	5,469	31,291
Share capital		1,006	-	1,006	1,006	-	1,006
Share premium		226	-	226	383	-	383
Retained earnings	(i)-(v)	20,549	(243)	20,306	20,715	(456)	20,259
Revaluation reserve	(iv)	-	3,277	3,277	-	5,995	5,995
Non-controlling interests	(i)-(v)	3,701	(40)	3,661	3,718	(70)	3,648
Capital and reserves		25,482	2,994	28,476	25,822	5,469	31,291



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**30 Transition to FRS 102**

**b) Reconciliation of income statement**

		Year ended 31 December 2014		
	Note	As previously stated	Effect of transition	FRS 102 (as restated)
Turnover		579,492	-	579,492
Cost of sales		(534,261)	-	(534,261)
Gross profit		45,231	-	45,231
Distribution costs		(7,870)	-	(7,870)
Administrative expenses	(ii)	(27,193)	62	(27,131)
Other operating income		21	-	21
Operating profit		10,189	62	10,251
Share of associates' operating profit		145	-	145
Profit on ordinary activities before interest and taxation		10,334	62	10,396
Interest receivable and similar income		449	-	449
Interest payable and similar charges	(i),(iii)	(1,051)	(1,113)	(2,164)
Profit on ordinary activities before taxation		9,732	(1,051)	8,681
Tax on profit on ordinary activities	(i)	(3,108)	142	(2,966)
Profit for the financial year		6,624	(909)	5,715

**c) Reconciliation of statement of other comprehensive income**

Year ended 31 December 2014				
	Note	As previously stated	Effect of transition	FRS 102 (as restated)
Currency translation difference on foreign currency net investments		(183)	-	(183)
Actuarial loss relating to pension schemes	(iii)	(1,667)	612	(1,055)
Deferred tax attributable to actuarial loss	(iii)	225	(82)	143
Unrealised gain on property revaluation	(iv)	-	3,487	3,487
Deferred tax on unrealised gain on property revaluation	(v)	-	(633)	(633)
<b>Total other comprehensive income, net of tax</b>		<b>(1,625)</b>	<b>3,158</b>	<b>1,759</b>



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**30. Transition to FRS 102 (continued)**

Significant changes on transition are detailed below

**(i) Financial instruments**

FRS 102 requires financial instruments to be recognised at fair value. Long term debtors were previously recognised at the amount receivable. Long term debtors have been discounted using a market interest rate of 4% to derive the fair value. Accordingly, £80,000 was charged to retained earnings at 31 December 2013 and £359,000, net of tax, was charged to the income statement at 31 December 2014.

**(ii) Derivative financial instruments**

FRS 102 requires derivative financial instruments to be recognised at fair value. Previously under UK GAAP, the company did not recognise these instruments in the financial statements. Accordingly, a transition liability of £174,000 was recognised. A gain of £230,000 was recognised in the income statement for the year to 31 December 2014 and an asset of £56,000 was recognised at that date.

**(iii) Defined benefit scheme**

Under previous UK GAAP the company recognised an expected return on defined benefit plan assets in the income statement. Under FRS 102 a net interest expense, based on the net benefit liability, is recognised in the income statement. The effect of the change has been to reduce the credit to the profit and loss by £612,000 and increase the credit in other comprehensive income by an equivalent amount. There has been no change in the defined benefit liability at either 1 January 2014 or 31 December 2014.

**(iv) Revaluation of tangible assets**

Under FRS 102, freehold properties are held under the revaluation model. The Group previously held freehold properties under the cost model. An external valuation expert was used to value the properties at 31 December 2013 and 2014. A transitional revaluation gain of £4,396,000 was recognised. A revaluation gain of £3,487,000 was recognised in the statement of other comprehensive income for the year to 31 December 2014.

**(v) Deferred taxation**

Under FRS 102 deferred taxation is provided on the temporary difference arising on revaluation of land and buildings and investment properties. A transitional liability of £1,130,000 was recognised. A deferred tax charge of £633,000 was recognised in the year to 31 December 2014.

**31. Assets pledged, commitments and contingencies**

The Group is from time to time party to legal proceedings and claims that arise in the ordinary course of business and are not considered material in the context of these financial statements.

The Company and some of its subsidiaries are participants in a group arrangement under which all assets and surplus cash balances are held as collateral for bank facilities advanced to Group members. The maximum amount covered by these arrangements at 31 December 2015 was £18 million (2014 £18.5 million). The Group has given certain banking guarantees in its normal course of business, amounting to £340,000 (2014 £480,000).

**32. Related party transactions**

Fletcher Bay Group Limited owns 61% of the share capital of Fletcher Bay Investment Company Limited. Mr D J Gray owns 100% of the ordinary share capital of Fletcher Bay Group Limited. Messrs D J Gray and A J Barnes are directors of both Fletcher Bay Group Limited and Fletcher Bay Investment Company Limited. A total of £763,000 (2014 £574,000) was charged to the Group's income statement relating to a management charge for services provided by Fletcher Bay Group Limited. There were no outstanding amounts in relation to these transactions at 31 December 2015 (2014 £nil). As at 31 December 2014, unsecured loans of £9,990,000 were due to Fletcher Bay Group Limited from the Group. During the year, £4,690,000 was repaid and £5,300,000 was outstanding at 31 December 2015. During the year, interest on these loans amounted to £780,000 (2014 £563,000).



**Notes to the financial statements (continued)**  
for the year ended 31 December 2015

**32. Related party transactions (continued)**

As at 31 December 2014, other directors of the Group had made unsecured loans to the Group of £2,494,000. Loans of £468,000 were repaid to directors, or close family members of the directors of the Group, to the Company. An amount of £2,026,000 was outstanding at 31 December 2015. During the year, interest on these loans amounted to £203,000 (2014 £139,000).

The Group owns 80% of the ordinary share capital of Poupart Holdings Limited. The remaining 20% of the ordinary share capital is held by Mr A L Olins. Further details of the transactions with this entity that occurred during the year and balances owed by or to him at 31 December 2015 are disclosed in the financial statements of Poupart Holdings Limited.

On 10 September 2005, one of the Group's subsidiaries, Argent Holdings Limited, entered into a ten year lease to rent premises that are partly owned by the pension funds of D J Gray and A J Barnes. On 1 October 2015, the annual rental for the premises increased to £100,000 and the term was extended to 18<sup>th</sup> September 2020. Rental charges of £81,600 (2014 £75,500) are included in the income statement. There were no outstanding amounts at 31 December 2015 (2014 £nil).

On 18 February 2008, one of the Group's subsidiaries, OrchardWorld Limited, entered into a fifteen year lease to rent premises that are partly owned by the pension funds of D J Gray and A Culley. The annual rental for the premises is £46,500. Rental charges of £46,500 (2014 £46,500) are included in the income statement. There were no outstanding amounts at 31 December 2015 (2014 £nil).

During the year the Group sold £109,000 (2014 £139,000) of meat in the ordinary course of business to Walton Meats Limited, which is partly owned by G F Wensley. An amount of £9,000 (2014 £18,000) was outstanding at 31 December 2015.

L S Olins and A L Olins are directors of British Summer Fruits Limited. Purchases and other expenses paid to British Summer Fruits Limited amounted to £100,000 (2014 £114,000). There were no outstanding amounts at 31 December 2015 (2014 £nil).

During the year, £455,000 (2014 £250,000) was charged to the Group's income statement relating to a management charge for services provided by Bear Business Solutions Limited, which is owned by L S Olins, B Olins, a director of BerryWorld Limited which is a subsidiary of the Group, and their close family members. There were no outstanding amounts in relation to these transactions at 31 December 2015.

**33. Post balance sheet events**

A dividend of £10,060,000 was paid on 15 February 2016.

On 19 April 2016, the Group entered into an agreement to purchase the fruit packing business and certain fixed assets from D & M Gedney Limited for £1,790,000.

**34. Ultimate and immediate parent undertaking**

The Company is ultimately owned and controlled by Fletcher Bay Group Limited, a company incorporated in England and Wales with registered office at Level 5, 9 Hatton Street, London NW8 8PL.

The largest group into which the results of the Company are consolidated is the Fletcher Bay Group Limited group. Copies of those consolidated financial statements may be obtained from the registered office.



**Notes to the financial statements (continued)**  
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**35 Subsidiaries, associates and related undertakings**

A list of the Group's subsidiary undertakings is set out below

Company	Country of incorporation	Principal activity	Percentage of ordinary shares held by Fletcher Bay Investment Company Limited
Argent Europe Limited	England and Wales	Holding company	100%
Argent Group Europe Limited	England and Wales	Holding company	100%
Argent Group New Zealand Limited	New Zealand	Holding company	100%
Argent Holdings Limited	England and Wales	Holding company	100%
Argent Meat Traders Limited	England and Wales	Meat commodities	100%
Barker & Hird Limited	England and Wales	Dormant	100%
Barker & Hird (PP) Limited	England and Wales	Property management	100%
Barker & Hird (WF) Limited	England and Wales	Minimal trading	100%
Belwood Foods Limited	England and Wales	Animal by-products	100%
David A Holding (Catering Butchers) Limited	England and Wales	Dormant	100%
Fairfax Meadow Limited	England and Wales	Dormant	100%
Fairfax Meadow Europe Limited	England and Wales	Catering butcher	100%
King & Prince Seafood (Europe) Limited	England and Wales	Dormant	100%
New Zealand Light Leathers Limited	New Zealand	Leather tanning	100%
Peter Fairfax Limited	England and Wales	Dormant	100%
Poupart Limited	England and Wales	Fruit and produce	80%
Poupart Holdings Limited	England and Wales	Marketing of fruit	80%
Strong & Fisher Pensions and Retirement Scheme Trustees Limited	England and Wales	Pension scheme trustee	100%
Tendercut Meats Limited	England and Wales	Meat processing	100%
Tendercut Properties Limited	England and Wales	Dormant	100%
Traiteur Properties (KT) Limited	England and Wales	Property management	100%

	Country of incorporation	Principal activity	Percentage of ordinary shares held by Poupart Limited
BerryWorld Limited	England and Wales	Soft fruit and produce	100%
BerryWorld Australia Pty Limited	Australia	Soft fruit and produce	51%
BerryWorld Europe B V	Netherlands	Soft fruit and produce	50%
BerryWorld Plus Limited	England and Wales	Soft fruit and produce	40%
BerryWorld Ventures Limited	England and Wales	Soft fruit and produce	100%
Broad Stripe Butchers Limited	England and Wales	Marketing of fruit	100%
Citrus First S L	Spain	Citrus fruit and produce	50%
Citrus First (UK) Limited	England and Wales	Citrus fruit and produce	50%
Eurafruit S A	South Africa	Soft fruit and produce	50%
Norton Folgate Holdings Limited	England and Wales	Holding company	100%
Norton Folgate Marketing Limited	England and Wales	Stone fruit and produce	100%
OrchardWorld Limited	England and Wales	Top fruit and produce	100%
OrchardWorld Holdings Limited	England and Wales	Holding company	100%
Poupart Figueres S L	Spain	Fruit sourcing for UK	100%
Poupart Produce Limited	England and Wales	Supply of fruit to wholesale market	100%