

REGISTRAR OF COMPANIES

Company Number: 2268310

**RALPH PETERS & SONS LIMITED**

**Directors' report and  
audited financial statements  
for the year ended 31 December 2015**

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RALPH PETERS & SONS LIMITED

31 DECEMBER 2015

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RALPH PETERS & SONS LIMITED31 DECEMBER 2015OFFICERS AND COMPANY INFORMATION

## DIRECTORS:

R P Peters  
M J Peters  
L Peters

## AUDITOR:

Montpelier Audit Limited  
Sanderson House  
Station Road  
Horsforth  
LEEDS  
LS18 5NT

## ACCOUNTANTS:

Montpelier Professional (Leeds) Limited  
Sanderson House  
Station Road  
Horsforth  
LEEDS  
LS18 5NT

## REGISTERED OFFICE:

Coronation Road  
Cressex Business Park  
High Wycombe  
Bucks  
HP12 3TA

## RALPH PETERS & SONS LIMITED

31 DECEMBER 2015

### GROUP STRATEGIC REPORT

The soft drinks industry is projected to grow in volume and value terms. Against this background, the aim of the Group is to deliver revenue and profit growth by growing the ice drinks market and growing market share in both the United Kingdom and through accelerated international expansion. The Group will also focus on key higher-margin (premium) products and formats whilst driving further efficiencies.

The Directors have, and believe that they can continue to deliver growth by investing in and extending their existing strong brands, through acquiring new "premium" brand franchises and through the development of new products. The directors also believe that their outstanding customer service and technical know-how have, and will continue to differentiate them from the competitive set.

Against this strategy, the directors believe that the Group has performed well as indicated by the following financial metrics.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The management focus upon a range of key measures to monitor and manage the Group. The main financial metrics are:

- Net Revenue - which has increased by 10.6%.
- Gross Profit - which has increased by 8.5%.
- Net profit before tax - which has dropped by 30.5%.
- Gross profit margin - which has dropped to 57.5% (2014: 58.7%).
- Net profit margins - which has dropped to 3.8% (2014: 4.8%).

#### PRINCIPAL RISKS AND UNCERTAINTIES

##### *Business Risk*

The directors believe that the main Group business risks are identified below along with the mitigating actions which have been put in place:

- A change in the consumer preference or the economic environment could reduce sales of our brands. This risk is partially mitigated because the Group has diversified its portfolio and broadened the number of geographic markets operated in.
- Health and obesity debate could reduce sales of our products as could the introduction of additional government taxes on the beverage industry. The Group continues to innovate and offer a broad choice of products to consumers to mitigate any changes in consumer preference.
- A termination or variation in arrangements with Slush Puppie and / or the The Coca Cola Company could reduce our business. The arrangement with Slush Puppie is in perpetuity. The contract with The Coca Cola Company is for a defined time period, but has clauses attached which protect the business.
- Increasing Commodity demand and pricing could impact our profitability. Input costs are a relatively small proportion of the Group's cost base. Any increase in these costs would impact margins made by the Group, but would impact the broader market and conventional soft drinks players harder, forcing them to increase their prices proportionally more. It is believed that this dynamic would potentially allow more consumers to switch into our brands and product format mitigating some of the lost margin.
- A product quality issue leads to a recall and significant cost. The Group continues to invest in systems to manage product quality and tracking. Further, a full product recall tracking procedure which would allow the Group to closely define any impacted products is in place, minimising the amount of product which would need to be recalled and therefore protecting as far as is possible the brand equity and financial losses.

## RALPH PETERS & SONS LIMITED

31 DECEMBER 2015

### GROUP STRATEGIC REPORT

#### *Business Risk (...continued)*

- Loss of the High Wycombe site could reduce product availability and machine parts and therefore sales. To mitigate this risk, the Group has undertaken successful trials with third party product suppliers who could pack product in the event of a disaster impacting the facilities at High Wycombe. The Group is also confident that the original freezer manufacturers could supply spare parts in such an event.
- An IT systems issue could result in a significant disruption to the Group over a prolonged period or permanent loss of records and data if the IT disaster recovery plans are not adequate. The major systems are hosted by major third parties with full disaster recovery back up. Further, the facilities are web based with data stored on the cloud and therefore activities could be resumed relatively quickly.
- Inadequate security over the IT network could result in data loss or corruption. As above, the major IT infrastructure is hosted by substantial third party specialist IT companies which continue to monitor data security on a regular basis.

#### *Liquidity risk*

Despite a broadening of the Group's product offering into new products and channels, the ice drinks market remains highly seasonal with a peak in sales over the summer months. To mitigate as far as possible the cash flow issue this period presents, strong cash management practices are used in the Group. The Group also has access to overdraft facilities to manage this particular period.

#### *Interest rate risk*

A significant proportion of the long term debt in the Group is provided by directors who are also owners of the business. They have the ability to set the interest rates which are not directly impacted by market driven criteria.

#### *Credit risk*

The Group has a significant number of customers across several different geographies. Further, our largest customers are large corporations. With this level of diversity in the customer base, and scale of the largest customers, the credit risk is thought to be relatively low.

### FUTURE DEVELOPMENTS

The directors will continue to focus on the strategy outlined above. Specifically they have identified the following key priorities for the next two to three years:

- Growth in the UK driven by availability and rate of sale in selected channels. Tactics will include the introduction of different business models and increased marketing investment tuned for different types of customers.
- Growth via driving availability in selected European markets. Initial focus on frozen carbonated beverages (Fanta Frozen and Tango Ice Blast) quickly followed by frozen un-carbonated beverages (Slush Puppie) to provide scale in each market.
- Developing on-line solutions (e-commerce and e-business) for the business.
- Improving efficiency through systems improvements and driving supply chain network and cost base improvements.

RALPH PETERS & SONS LIMITED

31 DECEMBER 2015

GROUP STRATEGIC REPORT

FUTURE DEVELOPMENTS (...continued)

- Development of employees and continuing to improve the working environment to optimise employee performance

The directors will also consider appropriately targeted acquisitions which can be efficiently leveraged as part of the Group's established portfolio and through the Group's infrastructure and systems.

ON BEHALF OF THE BOARD



M J PETERS  
Director

Dated: 29 August 2016

## RALPH PETERS & SONS LIMITED

31 DECEMBER 2015

### GROUP DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2015.

#### DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires directors to prepare financial statements for each financial year. Under that law directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### MATTERS COVERED IN THE STRATEGIC REPORT

Information not shown in the directors' report because it is shown in the Strategic Report instead under s414c(11). The Strategic Report includes a business review, principal risks and uncertainties and financial key performance indicators.

#### PRINCIPAL ACTIVITY

The company's principal activity during the year was that of a holding the shares of its subsidiaries.

The principal activity of the main subsidiary company, Slush Puppie Limited, was the manufacturing, processing and distribution of ice crystal drinks, fruit juices, squashes and associated technical services.

RALPH PETERS & SONS LIMITED

31 DECEMBER 2015

DIRECTORS' REPORT

DIRECTORS WHO SERVED DURING THE YEAR

The following directors served during the year ended 31 December 2015 :

R P Peters  
M J Peters  
L Peters

M J Peters has options (under a Share Option Agreement ) to acquire 40,000 ordinary shares of £1 each in the company at the price of £1 per share, which can be exercised upon or at any time after the occurrence of certain events.

DIVIDEND

The directors do not recommend a payment of a dividend in respect of the year ended 31 December 2015 (2014 : £Nil).

AUDITOR

Montpelier Audit Limited was appointed during the year and has signified its willingness to continue in office and a resolution to reappoint it will be put to the members at the annual general meeting.

ON BEHALF OF THE BOARD



M J PETERS  
Director

Dated: 29 August 2016



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

### RALPH PETERS & SONS LIMITED

We have audited the financial statements of Ralph Peters & Sons Limited for the year ended 31 December 2015 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

Sanderson House  
Station Road  
Horsforth  
LEEDS  
LS18 5NT

PHILIP NUTTALL FCA (Senior Statutory Auditor)  
FOR AND ON BEHALF OF MONTEPELIER AUDIT LIMITED  
STATUTORY AUDITOR

Dated: 29 August 2016

RALPH PETERS & SONS LIMITEDCONSOLIDATED PROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 DECEMBER 2015

		<u>2015</u>	<u>2014</u>
	Notes	£	£
TURNOVER	2	15,620,639	14,119,586
Cost of sales		(6,634,171)	(5,837,597)
		<hr/>	<hr/>
GROSS PROFIT		8,986,468	8,281,989
Net operating expenses		(8,386,871)	(7,828,700)
		<hr/>	<hr/>
OPERATING PROFIT	3 - 5	599,597	453,289
Interest receivable and similar income	6	520	20
Interest payable and similar charges	7	(124,322)	(231,207)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		475,795	684,516
Tax on profit on ordinary activities	8	(199,869)	(113,939)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		<u>275,926</u>	<u>570,577</u>

There were no recognised gains and losses for either year other than those included in the profit and loss account above.

RALPH PETERS & SONS LIMITEDCOMPANY NUMBER: 2268310CONSOLIDATED BALANCE SHEET31 DECEMBER 2015

		<u>2015</u>	<u>2014</u>
	Notes	£	£
<b>FIXED ASSETS</b>			
Intangible assets	9	1,863,246	2,478,716
Tangible assets	10	2,853,710	2,196,278
		<hr/>	<hr/>
		4,716,956	4,674,994
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks	12	978,172	796,335
Debtors	13	2,724,204	2,089,299
Cash at bank and in hand		978,826	767,243
		<hr/>	<hr/>
		4,681,202	3,652,877
		<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	(4,302,665)	(3,014,806)
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		378,537	638,071
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,095,493	5,313,065
		<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15	(2,051,421)	(2,575,919)
		<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES</b>	17	(31,000)	-
		<hr/>	<hr/>
<b>NET ASSETS</b>		3,013,072	2,737,146
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	50,002	50,002
Profit and loss account	19	2,963,070	2,687,144
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	20	3,013,072	2,737,146
		<hr/>	<hr/>

These accounts were approved by the Board of Directors on 29 August 2016 and signed on their behalf by:



M J PETERS  
Director

RALPH PETERS & SONS LIMITEDSTATEMENT OF CHANGES IN EQUITY31 DECEMBER 2015

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2015	50,002	2,687,144	2,737,146
Profit and total comprehensive income	-	275,926	275,926
Dividends	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	50,002	2,963,070	3,013,072
	<hr/>	<hr/>	<hr/>

RALPH PETERS & SONS LIMITEDCOMPANY NUMBER: 2268310COMPANY BALANCE SHEET31 DECEMBER 2015

		<u>2015</u>	<u>2014</u>
	Notes	£	£
FIXED ASSETS			
Investments	11	466,561	466,561
CURRENT ASSETS			
Debtors	13	7,884	7,884
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	-	-
NET CURRENT ASSETS		7,884	7,884
TOTAL ASSETS LESS CURRENT LIABILITIES		474,445	474,445
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(414,939)	(414,939)
NET ASSETS		59,506	59,506
CAPITAL AND RESERVES			
Called up share capital	18	50,002	50,002
Profit and loss account	19	9,504	9,504
EQUITY SHAREHOLDERS' FUNDS		59,506	59,506

These accounts were approved by the Board of Directors on 29 August 2016 and signed on their behalf by:



M J PETERS  
Director

RALPH PETERS & SONS LIMITEDCONSOLIDATED CASH FLOW STATEMENT31 DECEMBER 2015

		<u>2015</u>	<u>2014</u>
	Notes	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	A	<u>2,499,725</u>	<u>2,214,514</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		520	20
Interest paid on finance lease rental payments		(94,235)	(57,157)
Other interest paid		(30,087)	(30,605)
		<u></u>	<u></u>
Net cash outflow from returns on investments and servicing of finance		(123,802)	(87,742)
TAXATION			
Corporation tax paid		(228,461)	(316,073)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(1,566,655)	(1,357,172)
Payments to acquire intangible fixed assets		-	(336,828)
Proceeds from disposals of tangible fixed assets		23,280	-
		<u></u>	<u></u>
Net cash outflow from capital expenditure		(1,543,375)	(1,694,000)
FINANCING			
Movement in finance lease rental financing		(392,504)	266,374
		<u></u>	<u></u>
Net cash (outflow)/inflow from financing		(392,504)	266,374
AQUISITIONS			
Shares purchased in subsidiary		-	(295,461)
Net cash acquired on acquisition of subsidiary		-	2,396
		<u></u>	<u></u>
Net cash outflow from acquisitions		-	(293,065)
INCREASE IN CASH AT BANK AND IN HAND	C	<u>211,583</u>	<u>90,008</u>

RALPH PETERS & SONS LIMITEDNOTES TO THE CONSOLIDATED CASH FLOW STATEMENT31 DECEMBER 2015

31 DECEMBER 2015

	2015	2014		
	£	£		
A. NET CASH INFLOW FROM OPERATING ACTIVITIES				
Operating profit	599,597	453,289		
Depreciation charges	873,884	738,499		
Amortisation	615,470	1,397,703		
Increase in stocks	(181,837)	(79,375)		
Increase in debtors	(634,905)	(216,865)		
Increase/(decrease) in creditors	1,215,457	(82,152)		
Loss on disposal of fixed assets	12,059	3,415		
	2,499,725	2,214,514		
B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS				
Increase in cash at bank and in hand in year	211,583	90,008		
Cash inflow from increase/(decrease) in debt and lease financing	951,741	104,419		
	1,163,324	194,427		
Change in net debt resulting from cash flow	(1,521,860)	(1,716,287)		
Net debt at 1 January 2015				
	(358,536)	(1,521,860)		
C. ANALYSIS OF CHANGES IN NET DEBT				
	At 31.12.14	Cashflows	Other changes	At 31.12.15
	£	£	£	£
Cash at bank and in hand	767,243	211,583	-	978,826
	(444,245)	444,245	-	-
Debt due within one year	(900,000)	900,000	-	-
Debt due after more than one year	(944,858)	(392,504)	-	(1,337,362)
Finance leases				
	(1,521,860)	1,163,324	-	(358,536)

## RALPH PETERS & SONS LIMITED

### NOTES TO THE ACCOUNTS

31 DECEMBER 2015

#### 1. ACCOUNTING POLICIES

##### Company information

Ralph Peters & Sons Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Coronation Road, Cressex Business Park, High Wycombe, Buckinghamshire HP12 3TA.

##### Accounting convention and basis of consolidation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standing applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention and have been prepared in accordance with applicable accounting standards, modified to include certain financial instruments at fair value.

The consolidated accounts incorporate the results of Ralph Peters & Sons Limited and its subsidiary undertakings as at 31 December 2015, using the acquisition method of accounting. The results of the subsidiary undertakings are included from the date of acquisition.

##### Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

##### Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable net assets required. During the previous year the directors reviewed each element of the goodwill acquired and determined that an estimated economic life of five years was more appropriate than the twenty year period used previously. This charge has been applied retrospectively. The effect of this change in estimation technique is that the amortisation charge in the accounts for the year ended 31 December 2014 increased by £741,216 under the new estimation method.

##### Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost or valuation, net of depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at the following rates on the bases stated:

Improvements to leasehold and freehold property	- over the period of the lease
Plant and machinery	- 20% per annum on cost
Motor vehicles	- 25% per annum on reducing balance
Equipment, fixtures and fittings	- 25% per annum on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the profit and loss account.

##### Stocks

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



RALPH PETERS & SONS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued

Raw materials - purchase cost on a first in, first out basis.

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on the normal level of activity.

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

Development expenditure

Expenditure on research and development is written off as incurred.

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other lessees are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease are consumed.

Operating leases

Operating lease rentals and equivalent hire purchase contracts are charged as an expense in the profit and loss account.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

RALPH PETERS & SONS LIMITED

NOTES TO THE ACCOUNTS

31 DECEMBER 2015

1. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme covering the majority of the employees. The scheme is fully funded and contributions by both employees and the company are held in a trustee administered fund completely independent of the company's finances. Employer's contributions to the scheme are charged against profits.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

## 1. ACCOUNTING POLICIES - continued

## Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not consider that there are any estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

## 2. TURNOVER

Turnover represents the fair value of the right to consideration for the full and partial completion of the company's obligations under its contractual arrangements.

The analysis of turnover between different markets is as follows:

	<u>2015</u>	<u>2014</u>
	£	£
UK	13,265,460	12,849,782
Rest of EU	2,107,876	828,371
Rest of World	247,303	441,433
	<hr/>	<hr/>
	15,620,639	14,119,586
	<hr/>	<hr/>

## 3. OPERATING PROFIT

Group operating profit is stated after charging:

Depreciation of owned assets	873,884	734,428
Amortisation of goodwill	615,470	1,397,703
Auditors' remuneration		
	35,485	13,350
(Gain)/loss on foreign exchange transactions	(18,433)	31,122
Loss on disposal of tangible fixed assets	12,059	3,415
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RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

	<u>2015</u>	<u>2014</u>
	£	£
4. EMPLOYEE INFORMATION		
Staff costs (including directors remuneration):		
Wages and salaries	3,332,685	2,551,824
Social security costs	393,111	254,916
Other pension costs	68,478	47,558
	<hr/>	<hr/>
	3,794,274	2,854,298
	<hr/>	<hr/>

The average number of persons employed by the group during the year is analysed below:

	No.	No.
Production	14	9
Administration	22	17
Selling and distribution	19	19
Service technicians	43	43
	<hr/>	<hr/>
	98	88
	<hr/>	<hr/>

	<u>2015</u>	<u>2014</u>
	£	£
5. DIRECTORS' REMUNERATION		
Remuneration	995,254	383,429
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During the year, consultancy fees of £783,084 (2014 : £527,500) were made by a third party under the control of the directors for the provision of the director's services.

The number of directors who were accruing benefits under company pension schemes was as follows:-

	No.	No.
Money purchase schemes	1	1
	<hr/>	<hr/>

RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

	<u>2015</u>	<u>2014</u>
	£	£
6. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest receivable	520	-
Interest on corporation tax receivable	-	20
	<u>520</u>	<u>20</u>
7. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loans and overdrafts	1,117	13,429
On other loans	28,970	(301,918)
On finance leases and hire purchase contracts	94,235	57,282
	<u>124,322</u>	<u>(231,207)</u>
8. TAX ON PROFIT ON ORDINARY ACTIVITIES		
UK corporation tax:		
Charge for the year @ 20.25%	168,869	132,000
Previous year adjustment	-	(18,061)
	<u>168,869</u>	<u>113,939</u>
Deferred taxation:		
Charge/(credit) for the year	31,000	-
	<u>199,869</u>	<u>113,939</u>
The tax assessed for the year is lower than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 20.25%. The differences are explained below:		
	£	£
Profit on ordinary activities before tax	475,795	684,516
Profit on ordinary activities multiplied by the standard rate of corporation tax of 20.25%	<u>96,348</u>	<u>147,171</u>
Effects of:		
Expenses not deductible for tax purposes	90,276	30,562
Capital allowances for year in excess of depreciation	(37,878)	(59,288)
Adjustments to tax charges in respect of prior periods	-	(18,061)
Other differences	51,123	13,555
	<u>199,869</u>	<u>113,939</u>
Tax charge	<u>199,869</u>	<u>113,939</u>

RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

## 9. INTANGIBLE FIXED ASSETS

	Goodwill
	£
The Group:	
<u>Cost</u>	
At 1 January 2015 and at 31 December 2015	4,615,598
	<hr/>
<u>Amortisation</u>	
At 1 January 2015	2,136,882
Provided during the year	615,470
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At 31 December 2015	2,752,352
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Net book value:	
At 31 December 2015	1,863,246
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At 31 December 2014	2,478,716
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RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

## 10. TANGIBLE FIXED ASSETS

	Short term leasehold property	Plant & machinery	Motor vehicles	Equipment, fixtures & fittings	Total
	£	£	£	£	£
The Group:					
Cost:					
At 1 January 2015	148,609	7,302,989	111,309	392,788	7,955,695
Additions	43,979	1,404,381	115,425	2,870	1,566,655
Disposals	(9,744)	(258,865)	(47,131)	(194,324)	(510,064)
At 31 December 2015	182,844	8,448,505	179,603	201,334	9,012,286
Depreciation:					
At 1 January 2015	42,966	5,362,569	42,771	311,111	5,759,417
Provided during the year	12,169	800,435	28,773	32,507	873,884
Disposals	(2,048)	(256,992)	(24,103)	(191,582)	(474,725)
At 31 December 2015	53,087	5,906,012	47,441	152,036	6,158,576
Net book value:					
At 31 December 2015	129,757	2,542,493	132,162	49,298	2,853,710
At 31 December 2014	105,643	1,940,420	68,538	81,677	2,196,278

RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

			<u>2015</u>	<u>2014</u>	
			£	£	
11.	FIXED ASSET INVESTMENTS				
	The Company: Cost and Net Book Value At 1 January 2015 and at 31 December 2015		466,561	466,561	
	Representing:				
		Class of shares held	Proportion of voting rights held	Nature of business	
			%		
	Slush Puppie Limited	Ordinary	100	Manufacture and distribution of Slush ice drink	
	Quench Dispensers Limited	Ordinary	100	Manufacture and distribution of fruit juice	
	Frutina Limited	Ordinary	100	Manufacture and distribution of ice drink and fruit juice	
	Quench Limited	Ordinary	100	Dormant	
	All of the subsidiaries above are incorporated in England and Wales, which is also each company's principal country of operation.				
	The two subsidiaries below are incorporated in France and The Netherlands and each of these respective countries are the companies' principal country of operation.				
		Class of shares held	Proportion of voting rights held	Nature of business	
			%		
	EURL Beverage Concepts France	Ordinary	100	Manufacture and distribution of ice drink	
	Slush Puppie Benelux B.V.	Ordinary	100	Manufacture and distribution of ice drink	
	The results from all these investments have been disclosed in the accounts of each company for the year ended 31 December 2015. The results for each of these subsidiary companies have been consolidated into these group accounts.				
			<u>2015</u>	<u>2014</u>	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
		£	£	£	£
12.	STOCKS				
	Raw materials	122,474	-	115,243	-
	Finished goods and goods for re-sale	855,698	-	681,092	-
		<u>978,172</u>	<u>-</u>	<u>796,335</u>	<u>-</u>



RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

		<u>2015</u>		<u>2014</u>	
		<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
		£	£	£	£
13.	DEBTORS				
	Due within one year:				
	Trade debtors	2,347,607	-	1,806,164	-
	Other debtors	269,126	-	213,590	-
	Prepayments and accrued income	107,471	-	69,545	-
	Amounts owing from group companies	-	7,884	-	7,884
		<u>2,724,204</u>	<u>7,884</u>	<u>2,089,299</u>	<u>7,884</u>
14.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
	Net obligations under finance leases	478,535	-	461,534	-
	Trade creditors	810,413	-	1,142,510	-
	Current corporation tax	3,374	-	31,966	-
	Other taxes and social security costs	444,083	-	220,011	-
	Other creditors	1,359,991	-	568,633	-
	Accruals and deferred income	1,206,269	-	590,152	-
		<u>4,302,665</u>	<u>-</u>	<u>3,014,806</u>	<u>-</u>

Other creditors include £126,186 (2014 : £308,714) payable under an invoice discounting arrangement which is secured by a charge over book debts of the company and personal guarantee from a director.

RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

	<u>2015</u>		<u>2014</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Loans	-	-	900,000	-
Net obligations under finance leases and hire purchase contracts	858,827	-	483,325	-
Amounts owed to group undertakings	-	414,939	-	414,939
Other creditors	1,192,594	-	1,192,594	-
	<u>2,051,421</u>	<u>414,939</u>	<u>2,575,919</u>	<u>414,939</u>
16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS AND FINANCE LEASES				
	<u>2015</u>		<u>2014</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Amounts payable within one year (note 14)	478,535	-	461,534	-
Amounts payable between two to five years (note 15)	858,827	-	483,325	-
	<u>1,337,362</u>	<u>-</u>	<u>944,859</u>	<u>-</u>
17. PROVISIONS FOR LIABILITIES				
Deferred tax liabilities	31,000	-	-	-
	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
18. CALLED UP SHARE CAPITAL				
Authorised:				
50,000 ordinary shares of £1 each	50,000	50,000	50,000	50,000
Allotted, issued and fully paid:				
50,000 ordinary shares of £1 each	50,000	50,000	50,000	50,000
2 Special shares of £1 each	2	2	2	2
	<u>50,002</u>	<u>50,002</u>	<u>50,002</u>	<u>50,002</u>

Each special share of £1 has weighted voting rights to enable the holder to determine any resolution and has no rights on a distribution of income. Special share has preferential rights on a return of capital over the ordinary shares and equal rights on a return of capital against other shares of the same class and are not redeemable.

RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

## 19. RESERVES

Profit & loss  
account

£

The Group:

At 1 January 2015

2,687,144

Profit for the year

275,926

At 31 December 2015

2,963,070

The Company:

At 1 January 2015

9,504

Profit for the year

-

At 31 December 2015

9,504

20152014

£

£

## 20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

Profit for the year

275,926

570,577

Dividends paid

-

-

Net additions to shareholders' funds

275,926

570,577

Opening shareholders' funds

2,737,146

2,166,569

Closing shareholders' funds

3,013,072

2,737,146

## 21. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £68,478 (2014 : £47,558).

RALPH PETERS & SONS LIMITEDNOTES TO THE ACCOUNTS31 DECEMBER 2015

## 22. RELATED PARTIES

During the year the group incurred consultancy costs of £783,084 (2014 : £527,500) for services provided by Eskimo Joe's Limited, a company controlled by M J Peters, a director, and incorporated in the Isle of Man.

At 31 December 2015, included within other debtors is an amount of £3,878 (2014 : £Nil) owed by M J Peters to the company. The maximum amount outstanding on this loan during the year was £3,878. This loan was interest-free with no fixed terms for repayment.

Included in other creditors at 31 December 2015 was an amount of £Nil (2014 : £1,174,245) due to M J Peters from the company.

The company has taken advantage of the exemption under Financial Reporting Standard 8 Related Party Disclosures, not to disclose details of any transactions or balances between the group that have been eliminated on consolidation.

## 23. ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is M J Peters, the majority shareholder in the company.

## 24. COMPANY PROFIT AND LOSS ACCOUNT

The company has relied on the exemption conferred by s.408 of the Companies Act 2006 and has not published a separate profit and loss account for the year.