Finlay Beverages Limited

Annual report and financial statements

Registered number 00047601

31 December 2015

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Contents

Strategic report

The directors present their strategic report for the period ended 31 December 2015.

Business review

The principal activity of the company is the sourcing, blending, roasting and packing of tea and coffee. The Directors do not envisage any change in the nature of the company's business in the foreseeable future. The business is making good progress in its recovery from the loss of a significant contract in 2011.

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

	2015	2014	Change
	£'000	£'000	%
Turnover	38,088	39,058	-2.5
Gross profit /(loss)	2,865	2,532	13.2
Total operating loss	(827)	(999)	-17.2
Shareholders' funds	9,017	10,045	-10.2
Average number of employees	177	190	-6.8
Gross profit/(loss) as % of turnover	7.5	6.5	1.0
Operating loss as % of turnover	-2.2	-2.6	0.4
Return on capital employed %	-9.2	-9.9	0.7

The company's performance during the year was as expected and favourable to prior year. While turnover decreased by 2.5%, gross profit were up 13.2% and operating loss reduced by 17.2% as the business consolidated cost and gained listings with new customers.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The principle risks facing the company are credit risk, liquidity risk and foreign currency risk. The way in which these risks are managed is summarised below.

Credit Risk

The company aims to limit undue counterparty exposure by ensuring proper procedures are followed before starting to trade with a new customer and material ongoing exposure is monitored at business unit and group level.

Liquidity Risk

Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels up to board level and with the rates of return and cash payback periods applied as part of a defined investment appraisal process. The group also manages liquidity risk via revolving credit facilities and cash-pooling.

Foreign Currency Risk

Subject to strict controls, the company undertakes limited trading in financial instruments in order to mitigate currency risks arising during the normal course of business.

By order of the board

Darren Edwards
Director

19th August 2016

Directors' report

The directors submit their annual report and financial statements for the period ended 31 December 2015.

Results and Dividends

The profit and loss account for the period shows a loss on ordinary activities after taxation of £1,028,000 (2014: £1,135,000 loss). No interim dividend was declared leaving a retained loss of £1,028,000 to be transferred to reserves.

Future Developments

The directors aim to maintain the management policies which have resulted in the successful development of the company in recent years.

Supplier Payment Days

It is the Company's policy that payments to suppliers are made in accordance with the terms and conditions agreed between each company and its suppliers, provided that all trading terms and conditions have been met. The average creditor days were 23 (2014: 20).

Going Concern

The company has been provided with a confirmation of support from its parent James Finlay Limited. Further details on going concern are provided in note 1 to the financial statements in the basis of preparation.

Directors

The directors during the period ended 31 December 2015 were as follows:

A Hogg

M J Hudson Resigned 23 November 2015

R J Mathison Resigned 11 September 2015

G R Chambers Appointed 11 September 2015

N R Willsher

I P F Bryson

D J Edwards

J M Rutherford

Disclosure of information to Auditor

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 Company's auditor is unaware; and each director has taken all the 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 Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

By order of the Board,

James Finlay Limited

Secretary

South Elmsall 19th August 2016

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Finlay Beverages Limited

We have audited the financial statements of Finlay Beverages Limited for the year ended 31 December 2015 set out on pages 7 to 36. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Finlay Beverages Limited *(continued)*

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

Malcolm C Harding

Malcolm Harding (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

24 August 2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 31December 2015

	Note	**2015**	2014
		£000	£000
Turnover	*2*	**38,088**	39,058
Cost of sales		**(35,223)**	(36,526)
Gross profit		**2,865**	2,532
Distribution costs		**(763)**	(1,203)
Administrative expenses		**(2,883)**	(2,778)
Other operating income	*3*	**(46)**	450
Operating loss	*4*	**(827)**	(999)
Interest payable and similar charges	*7*	**(350)**	(332)
Loss on ordinary activities before taxation		**(1,177)**	(1,331)
Tax on loss on ordinary activities	*8*	**149**	196
Loss for the financial year		**(1,028)**	(1,135)

There are no items of other comprehensive income other than those stated above. The results for the current and previous year derive entirely from continuing operations.

Balance Sheet
at 31 December 2015

	Note	**2015**		2014	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*9*	**8,805**		9,032	
			8,805		9,032
Current assets					
Stocks	*11*	**6,350**		6,829	
Debtors (including £68k due after more than one year *(2014: £12k)*)	*12*	**11,143**		11,033	
Investments	*10*	**185**		240	
Cash at bank and in hand		**3,751**		4,652	
Creditors: amounts falling due within one year	*13*	**(21,041)**		(21,423)	
Net current assets			**388**		1,331
Total assets less current liabilities			**9,193**		10,363
Creditors: amounts falling due after more than one year	*14*	**(176)**		(270)	
Provisions for liabilities					
Deferred tax liability	*16*	**-**		(48)	
			(176)		(318)
Net assets			**9,017**		10,045
Capital and reserves					
Called up share capital	*18*		**2,925**		2,925
Revaluation reserve			**168**		168
Profit and loss account			**5,924**		6,952
Shareholders' funds			**9,017**		10,045

These financial statements were approved by the board of directors on 19th August 2016 and were signed on its behalf by:

Ian P.F. Bryson

I Bryson
Director

Company registered number:00047601

Statement of Changes in Equity

	Called up Share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 01 January 2014	2,925	168	8,087	11,180
Total comprehensive income for the period				
Profit or loss	-	-	(1,135)	(1,135)
Total comprehensive income for the period	-	-	(1,135)	(1,135)
Transactions with owners, recorded directly in equity				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2014	2,925	168	6,952	10,045
Total comprehensive income for the period				
Profit or loss	-	-	(1,028)	(1,028)
Total comprehensive income for the period	-	-	(1,028)	(1,028)
Transactions with owners, recorded directly in equity				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 December 2015	**2,925**	**168**	**5,924**	**9,017**

Notes
(forming part of the financial statements)

1 Accounting policies

Finlay Beverages Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 22.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Fair value or revaluation as deemed cost – At 1 January 2015, fair value has been used as deemed cost for properties previously measured at fair value.
- Employee benefits – All cumulative actuarial gains and losses on defined benefit plans have been recognised in equity at 1 January 2015
- Share based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by 1 January 2015.

The Company's ultimate parent undertaking, John Swire & Sons Limited includes the Company in its consolidated financial statements. The consolidated financial statements of John Swire & Sons Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from John Swire & Sons Limited, 59 Buckingham Gate, London, SW1E 6AJ.

Notes *(continued)*

1 Accounting policies *(continued)*

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, the reclassification of items in the financial statements (see note 22);
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of John Swire & Sons Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 31 December 2015 for the purposes of the transition to FRS 101.

Notes *(continued)*

1 Accounting policies *(continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss or as available-for-sale.

1.2 Going concern

Having reviewed forecast profits and cash flows and having received a letter of support from its parent James Finlay Limited, the Directors have a reasonable expectation that the company has sufficient resources to continue to trade for the foreseeable future. On this basis the Directors have adopted the going concern basis of preparation in preparing these financial statements.

As the Company is a wholly owned subsidiary of John Swire & Sons Limited, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of John Swire & Sons Limited, within which this Company is included, can be obtained from the address given in note 1.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

Certain items of tangible fixed assets that had been revalued to fair value on or prior to 1 January 2015, the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- buildings 50 years
- plant and equipment 4 to 14 years
- fixtures and fittings 3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Intangible assets, goodwill and negative goodwill

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Development expenditure is recognised in the profit and loss account as an expense as incurred.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

1.9 Stocks

Stocks are stated at the lower of standard cost and net realisable value. Cost is based on the standard cost principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Impairment excluding stocks, [investment properties] and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than [investment property, stocks and deferred tax assets], are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

The Company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer, which is James Finlay Ltd (the Group). The Company then recognises a cost equal to its contribution payable for the period.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its goods sold. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates VAT and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the timing of which is dependent on the delivery terms of trade used.

1.14 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Expenses (continued)

Interest receivable and Interest payable -Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include_interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.16 Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to remaining assets and liabilities on pro rata basis, except that no loss is allocated to stocks, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Tangible fixed assets once classified as held for sale or distribution are not amortised or depreciated.

In accordance with IFRS 5, the above policy is effective from 1 January 2015; no reclassifications are made in prior periods.

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

1.17 Accounting estimates and judgements

Management does not consider there to be any significant judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, in the preparation of the financial statements.

Notes *(continued)*

2 Turnover

	2015	2014
	£000	£000
Sale of goods	**38,088**	39,058
Total turnover	**38,088**	39,058

	2015	2014
	£000	£000
By activity		
Beverage Packing	**38,088**	39,058
	38,088	39,058
By geographical market		
United Kingdom	**38,088**	39,058
	38,088	39,058

Notes *(continued)*

3 Other operating income

	2015 £000	2014 £000
Fair value adjustments for forward foreign exchange contracts not qualifying as hedges	**(55)**	450
Net gain on disposal of tangible fixed assets	**9**	-
	(46)	450

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2015 £000	2014 £000
Auditors' remuneration – audit of these financial statements	**27**	27
Depreciation – owned	**989**	984
Depreciation – leased	**88**	88
Operating lease rentals - land and buildings	**276**	276
Operating lease rentals – plant and machinery	**194**	116

Auditor's remuneration:

	2015 £000	2014 £000
Audit of these financial statements	**27**	27

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Management	**4**	4
Administration	**14**	13
Sales	**5**	6
Production	**154**	167
	177	190

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£000	£000
Wages and salaries	**4,443**	4,258
Social security costs	**407**	412
Retirement and pension benefits	**1,010**	991
	5,860	5,661

6 Directors' remuneration

	2015	2014
	£000	£000
Directors' emoluments	**387**	364
Discretionary or performance-related bonuses	**62**	38
	449	402

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £135k *(2014:£117k)*. They are a member of a personal pension scheme.

Notes *(continued)*

7 Interest payable and similar charges

	2015	2014
	£000	£000
Short-term loans and bank overdrafts	**(57)**	(45)
Long term bank loans	**-**	(8)
Obligations under finance leases	**(15)**	(22)
Amounts payable to Group undertakings	**(278)**	(257)
Total other interest payable and similar charges	**(350)**	(332)

8 Taxation

Recognised in the profit and loss account

	2015		2014	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the period	**(185)**		(179)	
Adjustments in respect of prior periods	**(204)**		227	
Total current tax		**(389)**		48
Deferred tax (see note 16)				
Origination and reversal of temporary differences	**13**		(142)	
Reduction in tax rate	**23**		-	
Change in recognised deductible temporary differences	**-**		92	
Over/(under) provisions in prior years	**204**		(194)	
Total deferred tax		**240**		(244)
Tax on profit on ordinary activities		**(149)**		(196)

Notes *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

	2015 £000	2014 £000
Profit for the year	**(1,028)**	(1,135)
Total tax expense	**(149)**	(196)
Profit excluding taxation	**(1,177)**	(1,331)
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	**(238)**	(286)
Effect of change in tax rates on deferred tax	**23**	-
Income not subject to taxation	**-**	(97)
Other prior year adjustments	**66**	-
Non-deductible expenses	**-**	62
Deferred tax on financial derivatives	**-**	92
Under provided in prior years	**-**	33
Total tax expense	**(149)**	(196)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017& and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

9 Tangible fixed assets

	Land and buildings £000	Plant and Equipment, Fixtures & fittings £000	Total £000
Cost			
Balance at 1 January 2015	7,157	39,511	46,668
Other acquisitions	-	850	850
Balance at 31 December 2015	7,157	40,361	47,518
Depreciation and impairment			
Balance at 1 January 2015	2,392	35,244	37,636
Depreciation charge for the year	124	953	1,077
Balance at 31 December 2015	2,516	36,197	38,713
Net book value			
At 1 January 2015	4,765	4,267	9,032
At 31 December 2015	**4,641**	**4,164**	**8,805**

Notes *(continued)*

9 Tangible fixed assets *(continued)*

Leased plant and machinery

At year end the net carrying amount of leased plant and machinery was £270k *(2014: £358k)*.

Land and Buildings

The net book value of land and buildings comprises:

	2015	2014
	£000	£000
Freehold	**4,641**	4,765
	4,641	4,765

10 Current asset investments and other financial assets

	2015	2014
	£000	£000
Other financial assets		
Derivatives	**185**	240
	185	240

Notes *(continued)*

11 Stocks

	2015	2014
	£000	£000
Raw materials and consumables	**4,438**	5,113
Work in progress	**171**	159
Finished goods	**1,741**	1,557
	6,350	6,829

12 Debtors

	2015	2014
	£000	£000
Trade debtors	**8,043**	6,544
Amounts owed by group undertakings	**1,627**	884
Other debtors	**481**	382
Prepayments	**477**	473
Deferred taxation asset (see note 16)	**126**	414
Group relief due from other group companies	**389**	2,336
	11,143	11,033

Trade debtors		
Due within one year	**7,975**	6,532
Due after more than one year	**68**	12
	8,043	6,544

Notes *(continued)*

13 Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Obligations under finance leases (see note 15)	**100**	85
Invoice financing (see note 15)	**4,785**	4,175
Trade creditors	**1,102**	2,389
Amounts owed to group undertakings	**13,241**	12,851
Accruals and deferred income	**1,813**	1,923
	21,041	21,423

14 Creditors: amounts falling after more than one year

	2015	2014
	£000	£000
Obligations under finance leases (see note 15)	**176**	270
	176	270

Notes *(continued)*

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2015 **£000**	2014 £000
Creditors falling due more than one year		
Finance lease liabilities	**176**	270
	176	270
Creditors falling due within less than one year		
Finance lease liabilities	**100**	85
	100	85

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2015 £000	Carrying amount 2015 £000	Face value 2014 £000	Carrying amount 2014 £000
Finance lease liabilities	**GBP**	**5.4%APR**	**2018**	**276**	**276**	355	355
				276	**276**	355	355

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2015 £000	Interest 2015 £000	Principal 2015 £000	Minimum lease payments 2014 £000	Interest 2014 £000	Principal 2014 £000
Less than one year	**100**	**11**	**89**	85	12	73
Between one and five years	**176**	**8**	**168**	270	19	251
	276	**19**	**257**	355	31	324

Notes *(continued)*

16 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
Tangible fixed assets	**(27)**	(27)	**-**	-	**(27)**	(27)
Intangible assets	**(122)**	-	**-**	-	**(122)**	-
Derivatives	**55**	-	**-**	48	**55**	48
Provisions	**(33)**	-	**-**	-	**(33)**	-
Other	**1**	(387)	**-**	-	**1**	(387)
Tax (assets) / liabilities	**(126)**	(414)	**-**	48	**(126)**	(366)
Net of tax liabilities/(assets)	**-**	-	**-**	-	**-**	-
Net tax (assets) / liabilities	**(126)**	(414)	**-**	48	**(126)**	(366)

Movement in deferred tax during the year

	1 January 2015 £000	**Recognised in income £000**	**Recognised in equity £000**	**31 December 2015 £000**
Tangible fixed assets	**(27)**	**-**	**-**	**(27)**
Intangible assets	**(338)**	**216**	**-**	**(122)**
Derivatives	**48**	**7**	**-**	**55**
Provisions	**(50)**	**17**	**-**	**(33)**
Other	**1**	**-**	**-**	**1**
	(366)	**240**	**-**	**(126)**

Notes *(continued)*

16 Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the prior year

	1 January 2014 £000	Recognised in income £000	Recognised in equity £000	31 December 2014 £000
Tangible fixed assets	(27)	-	-	(27)
Intangible assets	-	(338)	-	(338)
Derivatives	(44)	92	-	48
Provisions	-	(50)	-	(50)
Other	(51)	52	-	1
	(122)	(244)	-	(366)

17 Employee benefits

Defined Benefit Scheme

The James Finlay Group operates a defined benefit pension scheme in respect of its employees in the UK. The defined benefit scheme is wholly funded. The Company participates in this defined benefit plan. This defined benefit plan is a multi-employer plan and is run on a basis that does not enable individual companies to identify their share of the underlying assets and liabilities. In accordance with IAS 19 the Company accounts for its contribution to the plan as if it were a defined contribution plan.

As at 31 December 2015 there is an overall deficit of £4,669,000 (2014: deficit of £4,105,000) in this pension plan. This is reflected in the consolidated accounts of James Finlay Limited for the year ended 31 December 2015.

The latest full actuarial valuation of the Finlay's Pension Fund was as at 31 December 2012 and this has been adjusted by Hymans Robertson, a qualified independent actuary, to reflect the position at the 31 December 2015.

The pension cost for this scheme represents contributions payable by the Company to the scheme and the costs amounted to £706,000 in the year (2014: £675,000). No contributions were prepaid or accrued as at 31 December 2015 (2014: nil prepaid).

Defined Contribution Scheme

The company operates a defined contribution scheme for qualifying employees, which was set up on 1 February 2010. The assets of the Scheme are held in administered funds separate from the finances of the Group.

The total cost charged to income of £304,000 (2014: £325,000) represents contributions payable to the scheme by the Company at rates specified in the rules of the plan. As of 31 December 2015, contributions in respect of the current reporting period that had not been paid over to the scheme amounted to nil.

Notes *(continued)*

18 Capital and reserves

Share capital

	Ordinary shares	
In thousands of shares	**2015**	2014
On issue at 1 January	**2,925**	2,925
Issued for cash	-	-
On issue at 31 December	**2,925**	2,925

	2015	2014
	£000	£000
Allotted, called up and fully paid		
Ordinary shares of £ 1 each	**2,925**	2,925
	2,925	2,925

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

After the balance sheet date dividends of £0 per qualifying ordinary share *(2014:£0)* were proposed by the directors.

At the balance sheet date cumulative preference dividends of £0 were not recognised *(2014:£0).*

Revaluation reserve

Where property, plant and equipment is revalued or reclassified as investment property, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

Notes *(continued)*

19 Financial instruments

19 (a) Fair values of financial instruments

	Derivative financial asset 2015 £000	2014 £000
Opening Balance	**240**	(210)
Total gains or losses		
- in profit or loss	**(55)**	450
Closing Balance	**185**	240

*Gains or losses for the period included in profit or loss for assets still held as at 31 December 2015

219 (b) Credit risk

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross 2015 £000	**Impairment 2015 £000**	Gross 2014 £000	Impairment 2014 £000
Under 3 months	**7,417**	-	6,442	-
Between 3-6 months	**145**	-	42	-
Between 6-12 months	**413**	-	48	-
Over 12 months	**68**	-	12	-
	8,043	-	6,544	-

19 (c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2015						2014					
	Carrying amount £000	**Contract-ual cash flows £000**	**1 year or less £000**	**1 to <2years £000**	**2 to <5years £000**	**5years and over £000**	Carrying amount £000	Contract-ual cash flows £000	1 year or less £000	1 to <2years £000	2 to <5years £000	5years and over £000
Non-derivative financial liabilities												
Amounts due to immediate holding company	**10,000**	**(10,000)**	**(10,000)**	-	-	-	10,000	(10,000)	(10,000)	-	-	-
Accruals and other payables	**1,813**	**(1,813)**	**(1,813)**	-	-	-	1,924	(1,924)	(1,924)	-	-	-
Invoice financing	**4,785**	**(4,785)**	**(4,785)**	-	-	-	4,175	(4,175)				
Trade and other creditors	**1,102**	**(1,102)**	**(1,102)**	-	-	-	2,389	(2,389)	(2,389)	-	-	-
Derivative financial liabilities												
Forward exchange contracts used for hedging:												
Outflow	**185**	**(185)**	**(185)**	-	-	-	240	(240)	(240)	-	-	-
Inflow	-	-	-	-	-	-	-	-	-	-	-	-
	17,885	**(17,885)**	**(17,885)**	-	-	-	18,728	(18,728)	(18,728)	-	-	-

Notes *(continued)*

19 Financial instruments *(continued)*

19(d) Market risk – Foreign currency risk

The Company's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts

31 December 2015

	Sterling	**Euro**	**US Dollar**	**Total**
	£000	**£000**	**£000**	**£000**
Cash and cash equivalents	**3,305**	**(53)**	**499**	**3,751**
Trade debtors	**7,945**	**98**	**-**	**8,043**
Trade creditors	**(1,192)**	**(17)**	**107**	**(1,102)**
Borrowings	**(276)**	**-**	**-**	**(276)**
Balance sheet exposure	**9,782**	**28**	**606**	**10,416**

31 December 2014

	Sterling	Euro	US Dollar	Total
	£000	£000	£000	£000
Cash and cash equivalents	3,256	58	1,338	4,652
Trade debtors	6,424	120	-	6,544
Trade creditors	(2,389)	-	-	(2,389)
Borrowings	(355)	-	-	(355)
Balance sheet exposure	6,936	178	1,338	8,452

Notes *(continued)*

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015	2014
	£000	£000
Less than one year	**323**	377
Between one and five years	**1,064**	1,407
More than five years	**1,134**	-
	2,521	1,784

During the year £470k was recognised as an expense in the profit and loss account in respect of operating leases (2014: £352k).

21 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of The James Finlay Group. The Company's ultimate parent company John Swire & Sons Limited is incorporated in England.

The largest group in which the results of the Company are consolidated is that headed by John Swire & Sons Limited is incorporated in England. The smallest group in which they are consolidated is that headed by James Finlay Limited incorporated in Scotland. The consolidated financial statements of these groups are available to the public and may be obtained from John Swire & Sons Limited, 59 Buckingham Gate, London, SW1E 6AJ.

Notes *(continued)*

22 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 to 1.6 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

22 Explanation of transition to FRS 101 from old UK GAAP *(continued)*

Reconciliation of equity

		1 January 2014			**31 December 2014**		
		UK GAAP	Effect of transition to FRS 101	FRS 101	**UK GAAP**	**Effect of transition to FRS 101**	**FRS 101**
	Note	£000	£000	£000	**£000**	**£000**	**£000**
Fixed assets							
Tangible fixed assets		9,208	-	9,208	**9,032**	-	**9,032**
		9,208	-	9,208	**9,032**	-	**9,032**
Current assets							
Stocks		9,488	-	9,488	**6,829**	-	**6,829**
Trade and other debtors		8,658	-	8,658	**8,284**	-	**8,284**
Current tax asset		2,589	-	2,589	**2,336**	-	**2,336**
Deferred tax asset		78	-	78	**414**	-	**414**
Cash at bank and in hand		3,521	-	3,521	**4,652**	-	**4,652**
Other investment Inc. derivatives	*a*	-	-	-	**-**	**240**	**240**
		24,334	-	24,334	**22,515**	**240**	**22,755**
Creditors: amounts due within one year							
Trade creditors		(21,738)	-	(21,738)	**(21,339)**	-	**(21,339)**
Other investment Inc. derivatives	*a*	-	(210)	(210)	**-**	-	**-**
Short term loans		(105)	-	(105)	**(85)**	-	**(85)**
		(21,843)	(210)	(22,053)	**(21,424)**	-	**(21,424)**
Net current assets		2,491	(210)	2,281	**1,091**	**240**	**1,331**
Creditors: amounts falling due after more than one year							
Loans and borrowings		(353)	-	(353)	**(270)**	-	**(270)**
		(353)	-	(353)	**(270)**	-	**(270)**
Net assets		11,346	(210)	11,136	**9,853**	**240**	**10,093**
Capital and reserves							
Called up share capital		2,925	-	2,925	**2,925**	-	**2,925**
Revaluation reserve		168	-	168	**168**	-	**168**
Profit and loss account	*a*	8,253	(210)	8,043	**6,760**	**240**	**7,000**
Shareholders' equity		11,346	(210)	11,136	**9,853**	**240**	**10,093**

Notes to the reconciliation of equity

a) Gain/(loss) on Financial Instruments reference note 19(a)

Notes *(continued)*

22 Explanation of transition to FRS 101 *(continued)*

Reconciliation of profit/loss for comparative

	Note	UK GAAP	2014 Effect of transition to FRS 101	FRS 101
		£000	£000	£000
Turnover		39,058	-	39,058
Cost of sales		(36,526)	-	(36,526)
Gross profit		2,532	-	2,532
Marketing, selling and distribution costs		(1,203)	-	(1,203)
Administrative expenses		(2,778)	-	(2,778)
Other operating income	*a*	-	450	450
Operating loss		(1,449)	450	(999)
Finance cost		(332)	-	(332)
Loss on ordinary activities before taxation		(1,781)	450	(1,331)
Taxation	*b*	288	(92)	196
Tax on loss on ordinary activities		288	(92)	196
Loss for the year		(1,493)	354	(1,135)

Notes to the reconciliation of profit/loss

a) *Gain/(loss) on Financial Instruments see note 19(a).*

b) *Deferred tax on financial derivatives see note 8.*