Frobishers Juices Limited

Annual report and financial statements

Registered number 03738540

31 March 2017

Contents

Company information

Company registration number	03738540
Directors	DM Pearce NS Sprague GP Holland IC Taylor S Carter A Clark
Registered Office	6A Cranmere Court Matford Business Park Exeter Devon EX2 8PW
Bankers	The Royal Bank of Scotland Vantage Point Woodwater Park Pynes Hill Exeter Devon EX2 5FD
Auditor	KPMG LLP Plym House 3 Longbridge Road Marsh Mills Plymouth Devon PL6 8LT

Directors' report

The directors present the directors' report and the financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company continued to be that of the marketing and distribution of premium bottled fruit juices.

Proposed dividend.

The directors recommend a dividend of £100,000 (*2016: £300,000*).

Business overview

Our business focus is supplying a premium brand of bottled fruit juices and fruit juice drinks to the high end on-trade and food service channels; we remain very much focused on the ABC1 consumer and as in previous years the on-trade sector continues to decline, yet we have increased our case sales volume in the year by 17%.

On 23rd June 2016 the UK voted to leave the EU, following this vote the value of Sterling fell by approximately 10% against both the Euro and the USD. The impact saw our raw material costs rise resulting in a decrease in GM from 46.3% to 40%. The company purchases a high proportion of its raw materials in Euro and USD and as a result, the cost of sales is expected to increase in the year ahead. A fall in the value of Sterling against both the USD and Euro across a full twelve months would further reduce gross margin.

2016 marked the end of our contracted a 5 year co-pack arrangement for the majority of our annual volume, however, we are pleased to have negotiated a new arrangement with a new co-packer who has invested in a new bottling line, packing both our 250ml safety button and our 275ml crown closure products. However, there was a period of time between ending production at one site and starting with the new, this required us to significantly increase our stock levels in the year to an unprecedented and exceptional value.

During the year we also re-branded the Five Valleys Cordials products as Frobishers Cordials bringing the product packaging in-line with the rest of our premium range.

Looking at 2017/2018 we will continue growing our distribution network, servicing the on-trade whilst simultaneously looking to explore premium food service channels with our existing products, and now we are pleased to include the grocery market specifically targeted with our range of premium cordial products.

We are now fast approaching the implementation date of the Government's Sugar Levy, as such our industry trade associations are providing fine detail enabling us to effectively plan our product range. The total sales volume of our products that are affected by the new rules mean we fit into the small producer category, the result means we fall outside of the scope of the levy. However, our plans are to reformulate all products to ensure we fall below the sugar levels that attract the Government's levy.

We are confident in our product offering and brand positioning meaning we remain optimistic of achieving growth in case sales volume of in excess of 15% in the year ahead. This will be supported by additional investment in senior positions in both marketing and off-trade sales.

Directors' report (continued)

Directors

The following directors have held office since 1 April 2016 and up to the date of approval of these financial statements:

DM Pearce
NS Sprague
GP Holland
IC Taylor

Basis of preparation

The report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies, with reference to section 414B of the Companies Act 2006, an exemption has also been taken in relation to the preparation of a strategic report.

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 aware, there is no relevant audit information of which the Company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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.

By order of the board

DM Pearce

DM Pearce
Director

6a Cranmere Court
Matford Business Park
Exeter
EX2 8PW

9 October 2017

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; 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 its 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.

KPMG LLP

Plym House
3 Longbridge Road
Marsh Mills
Plymouth
PL6 8LT
United Kingdom

Independent auditor's report to the members of Frobishers Juices Limited

We have audited the financial statements of Frobishers Juices Limited for the year ended 31 March 2017 set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Director's report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Frobishers Juices 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Ian Brokenshire

Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

9 October 2017

Plym House
3 Longbridge Road
Plymouth
PL6 8LT

Income Statement
for the year ended 31 March 2017

	Note	2017	2016
		£	£
Turnover		6,026,156	5,214,710
Cost of sales		(3,612,933)	(2,798,155)
Gross profit		2,413,223	2,416,555
Administrative expenses		(1,670,163)	(1,777,018)
Operating profit	2	743,060	639,537
Interest receivable	5	335	-
Interest payable and similar charges	6	-	(982)
Profit before taxation		743,395	638,555
Tax on profit	7	(148,240)	(134,006)
Profit for the financial year		595,155	504,549

The results above all arose from continuing operations.

The company has no items of Other Comprehensive Income in the current or preceding year.

The note on pages 10 to 19 form part of these financial statements.

Statement of Financial Position
at 31 March 2017

	Note	2017	2017	2016	2016
		£	£	£	£
Fixed assets					
Investments	*8*		18,280		-
Tangible Assets	*9*		190,508		154,052
Intangible Assets	*10*		53,680		-
			262,468		154,052
Current assets					
Inventories	*15*	1,293,401		569,235	
Debtors	*11*	1,183,326		1,220,007	
Cash at bank and in hand		303,928		333,992	
		2,780,655		2,123,234	
Creditors: amounts falling due within one year	*12*	(1,381,888)		(1,103,185)	
Net current assets			1,398,767		1,020,049
Total assets less current liabilities			1,661,235		1,174,101
Creditors: amounts falling due after more than one year	*13*		-		(8,021)
Net assets			1,661,235		1,166,080
Capital and reserves					
Called up share capital	*17*		300,000		300,000
Profit and loss account			1,361,235		866,080
Shareholders' funds			1,661,235		1,166,080

The notes on pages 10 to 19 form part of these financial statements.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1 A – Small entities.

These financial statements were approved by the board of directors on 9 October 2017 and were signed on its behalf by:

DM Pearce

DM Pearce
Director

Company registered number: 3738540

Statement of Changes in Equity
For the year ended 31 March 2017

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2014	300,000	661,531	961,531
Total comprehensive income for the period:			
Profit or loss	-	504,549	504,549
	-	504,549	504,549
Contributions by and distributions to owners:			
Dividends	-	(300,000)	(300,000)
Balance at 31 March 2016	**300,000**	**866,080**	**1,166,080**

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2016	300,000	866,080	1,166,080
Total comprehensive income for the period:			
Profit or loss	-	595,155	595,155
	-	595,155	595,155
Contributions by and distributions to owners:			
Dividends	-	(100,000)	(100,000)
Balance at 31 March 2017	**300,000**	**1,361,235**	**1,661,235**

Notes
(forming part of the financial statements)

1 Accounting policies

Frobishers Juices Limited ("The Company") is a private company limited by shares and incorporated, domiciled and registered in England and Wales. Company registered number is 3738540.

Basis of preparation

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) Section 1 A – Small entities as updated in July 2016.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company is exempt by virtue of being subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

Cash and Cash Equivalents

Under S1A of FRS 102 the company is exempted from the requirement to prepare a Statement of Cashflows as it is a qualifying small company.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% straight line
Motor vehicles	20% straight line

Investment Accounting

During the year the trade and net assets of a directly held subsidiary holding, Five Valleys Cordials Limited, were transferred to the Company at net book value as a hive up of its activities. As a result of this transfer the value of the Company's investment in that subsidiary fell below the amount at which it was stated in the accounting records.
Part 15 of the Companies Act 2006 requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the Directors consider that, as there has been no overall loss to the Group, it would fail to give a true and fair view to charge the diminution to the Company's profit and loss account. It should instead be re-allocated to goodwill so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets and the goodwill in relation to the ongoing trade.

Goodwill

Goodwill is initially recognised at cost, capitalised and is being amortised over the finite assumed useful economic life of 10 years.

Notes *(continued)*

1 Accounting policies *(continued)*

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Inventories

Inventory is valued at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow-moving and defective inventories.

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Going concern

The directors have prepared the accounts under the going concern assumption as they believe that based on trading forecasts, and the support of group if required, that the company will have sufficient resources to support its ongoing trade.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

2 Operating profit

	2017 £	2016 £
Operating profit is stated after charging:		
Depreciation of tangible assets	79,282	74,884
Auditor's remuneration:		
- Audit of these financial statements	9,000	10,870
- Other services pursuant to taxation	3,300	3,250
Operating lease rentals	11,840	35,731

3 Staff information

The following people were employed by the company during the year (including directors):

	2017 No.	2016 No.
Directors	5	5
Selling and distribution	9	9
Admin	4	4
	18	18

The staff costs in relation to the above were:

	£	£
Wages and salaries	704,469	646,400
Social security costs	79,160	72,301
Pension contributions	27,732	19,722
	811,361	738,423

Notes *(continued)*

4 Directors Remuneration

During the year remuneration due to two directors who provided services to the Company during the year was borne by the related party, Cobell International Limited. The amount recharged was £42,429 in respect of directors' services.

5 Interest receivable

	2017	2016
	£	£
On bank deposits and similar	335	-

6 Interest payable and similar charges

	2017	2016
	£	£
On bank loans and overdrafts		

7 Taxation

	2017	2016
	£	£
Current taxation		
UK Corporation tax	147,117	138,245
Adjustment for prior years	64	116
Current tax charge	**147,181**	138,361
Deferred tax		
Origination/reversal of timing differences	926	(4,160)
Effect of tax rate change on opening balance	133	(195)
Deferred tax charge	**1,059**	(4,355)
Total tax charge	**148,240**	134,006

Notes *(continued)*

7 Taxation *(continued)*

	2017	2016
	£	£
Factors affecting the tax charge for the year		
Profit for the year	595,155	504,549
Taxation at ordinary rate of corporation tax (20%)	148,240	134,006
Profit before taxation	743,395	638,555
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% *(2016: 21%)*	148,679	127,711
Effects of:		
Non-deductible expenses	279	5,912
Other tax adjustments, reliefs and transfers	(142)	-
Group relief claimed	(610)	-
Adjustments to previous periods	64	116
Effect of tax rate change	(30)	267
Total tax charge	148,240	134,006

Reductions in UK corporation tax rate from 20% to 19% (from 1 April 2017) and 18% (from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

The deferred tax liability at 31 March 2017 has been calculated based on the rate of 17% substantively enacted at the balance sheet date.

8 Investments

	2017	2016
	£	£
Additions	71,960	-
Transfer to goodwill	(53,680)	-
At end of year	18,280	-

The company acquired the entire share capital of Five Valley Cordials Limited on 8 June 2016. The acquisition was used to expand the current product range to include the wholesale and retail distribution of cordials. On 30 March 2017 the trade and assets were hived up into Frobishers Juices Limited. The directors have used the true and fair override to transfer that amount of the fair investment that is no longer supported by the underlying net assets, to goodwill.

Investment:	Shareholding:	Profit/(loss) before tax		Net assets	
		31 March 2017	31 March 2016	31 March 2017	31 March 2016
		£	£	£	£
Five Valley Cordials	100%	(9,803)	5,977	18,280	28,084

Notes *(continued)*

9 Tangible fixed assets

	Motor vehicles	Plant and machinery	Total
	£	£	£
Cost			
At 1 April 2016	215,464	51,419	266,883
Additions	98,569	39,120	137,689
Disposals	(74,328)	-	(74,328)
At 31 March 2017	239,705	90,539	330,244
Depreciation			
At 1 April 2016	80,844	31,987	112,831
Charge for the year	61,697	17,585	79,282
Disposals	(52,377)	-	(52,377)
At 31 March 2017	90,164	49,572	139,736
Net book value			
At 31 March 2017	**149,541**	**40,967**	**190,508**
At 1 April 2016	134,620	19,432	154,052

Included within the above are motor vehicles held under hire purchase agreements with a net book value at 31 March 2017 of £nil (*2016: £29,397*). The depreciation charged in the financial year relating to these assets was £7,445 (*2016: £24,776*).

Notes *(continued)*

10 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2016	-
Additions – transfer from investments	53,680
At 31 March 2017	53,680
Amortisation	
At 1 April 2016	-
Charge for the year	-
At 31 March 2017	-
Net book value	
At 31 March 2017	**53,680**
At 1 April 2016	-

The goodwill of £53,680 represents amounts transferred from investments under the true and fair override in relation to the hive up of trade and assets from the Company's subsidiary, Five Valleys Cordials Limited. See note 8 for further detail. The transfer took place in 30 March 2017.

The goodwill will be amortised over a 10 year period in line with best practice under FRS 102.

11 Debtors

	2017	2016
	£	£
Trade debtors	**988,597**	1,153,356
Prepayments and accrued income	**152,909**	64,245
Other debtors	**40,473**	-
Deferred tax (see note 14)	**1,347**	2,406
	1,183,326	1,220,007

Notes *(continued)*

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	894,132	599,889
Amounts owed to group undertakings	134,851	96,570
Other taxation and social security	-	35,286
Corporation tax	147,307	98,295
Accruals and deferred Income	200,100	243,575
Other creditors	5,498	4,098
Obligations under finance lease and hire purchase contracts	-	25,472
	1,381,888	1,103,185

Liabilities under finance leases and hire purchase agreements are secured on the assets acquired.

Amounts owed to group are interest free and repayable on demand.

13 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Obligations under finance lease and hire purchase contracts	-	8,021

Obligations under hire purchase contracts

	2017 £	2016 £
Repayable within one year	-	26,578
Repayable between one and two years	-	8,140
	-	34,718
Finance charges and interest allocated to future accounting periods	-	(1,225)
	-	33,493
Included in liabilities falling due within one year	-	(25,472)
Included in liabilities falling due in greater than one year	-	8,021

Notes *(continued)*

14 Deferred Tax

	£
Balance at 1 April 2016	(2,406)
Charge to the profit and loss account	1,059
Balance at 31 March 2017	**(1,347)**

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	**(681)**	(2,406)
Short term timing differences	**(546)**	-
Tax losses carried forward and other deductions	**(120)**	-
	(1,347)	(2,406)

15 Inventories

	2017 £	2016 £
Finished Goods	**1,164,679**	439,603
Raw Materials	**128,722**	129,632
	1,293,401	569,235

The amount of inventories charged to the profit and loss during the year was £3,394,165 (*2016: £2,605,630*) and is included in cost of sales. The write down of inventories to net realisable value during the year was £nil (*2016: £nil*).

16 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2017 £	2016 £
Contributions	**27,732**	19,722

There were no outstanding amounts owed in respect of these pension costs at year end (*2016: £nil*).

17 Share capital

	2017 £	2016 £
Allotted, authorised, called up and fully paid		
300,000 ordinary shares of £1 each	**300,000**	300,000

Notes *(continued)*

18 Financial commitments

At 31 March 2017 the company was committed to making the following payments under non-cancellable operating leases.

	2017	2016
	£	£
Operating leases which expire:		
Within one year	1,911	11,840
Between two and five years	-	1,911
	1,911	13,751

The amount charged to the profit and loss account during the year was £11,840 (*2016: £35,731*).

19 Control

The ultimate parent company and controlling party is Frobishers Juices (Holdings) Limited, a company incorporated in England and Wales, which heads the largest and smallest group to include this company. Due to the size of the group the exemption from preparing consolidated group accounts has been taken.

20 Related party relationships and transactions

The company is a 100% owned subsidiary undertaking of Frobishers Juices (Holdings) Limited. As at 31 March 2017 the balance owed to the parent company was £96,570 *(2016: £96,570)*.

Due to the existence of common Shareholders, Directors, and Management during the year, transactions and balances with Cobell International Limited and Cobell Limited have been disclosed below.

In the financial year Cobell Limited made sales of fruit juice products totalling £2,041,328 *(2016: £1,214,159)* to Frobishers Juices Limited, as at 31 March 2017 the balance owed to Cobell Limited from Frobishers Juices Limited was £351,809 *(2016: £235,896)*.

At 31 March 2017 a balance of £13,214*(2016: £244)* was owed from Cobell Limited to Frobishers Juices Limited relating to other recharges, of which £183,409 was charged by Cobell Limited to Frobishers Juices Limited in the financial year ended 31 March 2017 (*2016: £174,301 charged by Cobell Limited to Frobishers Juices Limited*).

All related party transactions were at arms-length. No bad debts were incurred and no provisions required in respect of related party transactions or balances.

21 Accounting estimates and judgements

Key sources of estimation uncertainty

The key risk to the financial statements is the underlying valuation of the inventory.

Critical accounting judgements in applying the Company's accounting policies

The Directors believe there are no critical accounting judgements applied in the preparation of these financial statements.