

Company Registration No. 02268310 (England and Wales)

RALPH PETERS & SONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



RALPH PETERS & SONS LIMITED

COMPANY INFORMATION

Directors	Mr M J Peters L R Peters R P Peters
Company number	02268310
Registered office	Coronation Road Cressex Business Park High Wycombe Buckinghamshire HP12 3TA
Auditor	Buckle Barton Limited Sanderson House Station Road Horsforth Leeds LS18 5NT

RALPH PETERS & SONS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 31

RALPH PETERS & SONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Review of the business

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 both in 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 believe 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 on a range of key measures to monitor and manage the Group. The main financial metrics are:

- Net revenue - which has increased by 16.4%
- Gross profit - which has increased by 27.3%
- Net profit before tax - which has increased by 245%
- Gross profit margin - which has increased to 62.9% (2015: 57.5%)
- Net profit margin - which has increased to 9.0% (2015: 3.0%)

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 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, thereby 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.
- 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 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.

RALPH PETERS & SONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Principal Risks and Uncertainties (...continued)

Business Risk (...continued)

- 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 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 International markets, notably in Europe Initial focus on frozen carbonated beverages (Fanta Frozen, Frozen Coke and Tango Ice Blast) quickly followed by frozen un-carbonated beverages (Slush Puppie) to provide scale in each market.
- Developing online solutions (e-commerce and e-business) for the business.
- Improving efficiency through systems improvements and driving supply chain network and cost base improvements.
- 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

Laura Peters

L R Peters

Director

29 September 2017

RALPH PETERS & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company and group continued to be that of 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.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M J Peters

L R Peters

R P Peters

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Buckle Barton Limited be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group 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 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Principal Risks and Uncertainties, Future Developments, and Financial Key Performance Indicators.

RALPH PETERS & SONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board

Laura Peters.

L R Peters

Director

29 September 2017

RALPH PETERS & SONS LIMITED

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 2016 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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 group's and the parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

RALPH PETERS & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RALPH PETERS & SONS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 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.

George Goodman FCCA (Senior Statutory Auditor)
for and on behalf of Buckle Barton Limited

29 September 2017

Statutory Auditor

Sanderson House
Station Road
Horsforth
Leeds
LS18 5NT

RALPH PETERS & SONS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016	2015
	Notes	£	£
Turnover	3	18,193,037	15,620,639
Cost of sales		(6,757,457)	(6,634,171)
Gross profit		11,435,580	8,986,468
Administrative expenses		(9,554,548)	(8,388,687)
Other operating income		2,510	1,816
Operating profit	4	1,883,542	599,597
Share of results of associates and joint ventures		8,962	-
Interest receivable and similar income	8	51	520
Interest payable and similar expenses	9	(249,272)	(124,322)
Profit before taxation		1,643,283	475,795
Taxation	10	(397,369)	(199,869)
Profit for the financial year		1,245,914	275,926

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

RALPH PETERS & SONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	£	£
Profit for the year	1,245,914	275,926
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,245,914</u>	<u>275,926</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

RALPH PETERS & SONS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	11	1,247,776		1,863,246	
Tangible assets	12	3,679,695		2,853,710	
Investments	13	184,313		-	
		<u>5,111,784</u>		<u>4,716,956</u>	
Current assets					
Stocks	16	1,798,087		978,172	
Debtors	17	3,615,175		2,724,204	
Cash at bank and in hand		576,476		978,826	
		<u>5,989,738</u>		<u>4,681,202</u>	
Creditors: amounts falling due within one year	18	(6,000,374)		(4,302,665)	
Net current (liabilities)/assets			(10,636)		378,537
Total assets less current liabilities			<u>5,101,148</u>		<u>5,095,493</u>
Creditors: amounts falling due after more than one year	19		(811,162)		(2,051,421)
Provisions for liabilities	21		(31,000)		(31,000)
Net assets			<u>4,258,986</u>		<u>3,013,072</u>
Capital and reserves					
Called up share capital	23	50,002		50,002	
Profit and loss reserves		4,208,984		2,963,070	
Total equity			<u>4,258,986</u>		<u>3,013,072</u>

The financial statements were approved by the board of directors and authorised for issue on 29 September 2017 and are signed on its behalf by:

Laura Peters

L R Peters
Director

RALPH PETERS & SONS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	13		466,561		466,561
Current assets					
Debtors	17	7,884		7,884	
Creditors: amounts falling due within one year	18	(414,939)		(414,939)	
Net current liabilities			(407,055)		(407,055)
Total assets less current liabilities			59,506		59,506
Capital and reserves					
Called up share capital	23		50,002		50,002
Profit and loss reserves			9,504		9,504
Total equity			59,506		59,506

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2015 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 29 September 2017 and are signed on its behalf by:

Laura Peters

L R Peters
Director

Company Registration No. 02268310

RALPH PETERS & SONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2015	50,002	2,687,144	2,737,146
Year ended 31 December 2015:			
Profit and total comprehensive income for the year	-	275,926	275,926
Balance at 31 December 2015	50,002	2,963,070	3,013,072
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	1,245,914	1,245,914
Balance at 31 December 2016	50,002	4,208,984	4,258,986

RALPH PETERS & SONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2015	50,002	9,504	59,506
Year ended 31 December 2015:			
Profit and total comprehensive income for the year	-	-	-
Balance at 31 December 2015	50,002	9,504	59,506
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	-	-
Balance at 31 December 2016	50,002	9,504	59,506

RALPH PETERS & SONS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from operations	27	3,035,446		2,499,725	
Interest paid		(249,272)		(124,322)	
Income taxes paid		(286,303)		(228,461)	
Net cash inflow from operating activities		<u>2,499,871</u>		<u>2,146,942</u>	
Investing activities					
Purchase of tangible fixed assets		(1,835,870)		(1,566,655)	
Proceeds on disposal of tangible fixed assets		-		23,280	
Purchase of associates		(175,351)		-	
Proceeds from other investments and loans		(359)		(3,878)	
Interest received		51		520	
Net cash used in investing activities		<u>(2,011,529)</u>		<u>(1,546,733)</u>	
Financing activities					
Repayment of borrowings		(1,160,616)		-	
Repayment of bank loans		-		(900,000)	
Payment of finance leases obligations		286,141		511,296	
Net cash used in financing activities		<u>(874,475)</u>		<u>(388,704)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(386,133)</u>		<u>211,505</u>	
Cash and cash equivalents at beginning of year		978,826		767,243	
Effect of foreign exchange rates		(16,217)		78	
Cash and cash equivalents at end of year		<u><u>576,476</u></u>		<u><u>978,826</u></u>	

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

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

The group consists of Ralph Peters & Sons Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Ralph Peters & Sons Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounts of foreign subsidiary companies have been translated into £ Sterling using the closing market rate at the balance sheet date.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	over the period of the lease
Plant and equipment	20% per annum on cost
Fixtures and fittings	25% per annum on reducing balance
Motor vehicles	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.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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. Bank overdrafts are shown within borrowings in current liabilities.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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 realised. 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 if, and only if, there is 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.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 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 leases 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.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
Turnover	18,193,037	15,620,639

Other significant revenue

Interest income	51	520
-----------------	----	-----

Turnover analysed by geographical market

	2016 £	2015 £
UK	14,198,345	13,265,460
Rest of EU	3,756,231	2,107,876
Rest of World	238,461	247,303
	18,193,037	15,620,639

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(71,548)	(18,443)
Research and development costs	90,694	22,657
Depreciation of owned tangible fixed assets	359,443	411,956
Depreciation of tangible fixed assets held under finance leases	666,660	461,929
(Profit)/loss on disposal of tangible fixed assets	-	12,059
Amortisation of intangible assets	615,470	615,470
Cost of stocks recognised as an expense	4,818,099	4,890,056

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5,000	5,000
Audit of the financial statements of the company's subsidiaries	15,800	30,500
	<u>20,800</u>	<u>35,500</u>
For other services		
Taxation compliance services	4,735	2,435
Services relating to corporate finance transactions	2,415	850
All other non-audit services	9,194	1,700
	<u>16,344</u>	<u>4,985</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Administration	22	22	-	-
Selling and distribution	19	19	-	-
Production	8	14	-	-
Service technicians	45	43	-	-
	<u>94</u>	<u>98</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	3,898,038	3,332,685	-	-
Social security costs	427,418	393,111	-	-
Pension costs	97,455	68,478	-	-
	<u>4,422,911</u>	<u>3,794,274</u>	<u>-</u>	<u>-</u>

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	368,574	196,890
Company pension contributions to defined contribution schemes	63,344	10,485
Sums paid to third parties for directors' services	942,000	783,084
	<u>1,373,918</u>	<u>990,459</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	<u>942,000</u>	<u>783,084</u>

During the year, the number of directors accruing retirement benefits under defined contribution pension schemes was 2 (2015: 1).

Included within remuneration for qualifying services are non cash benefits for M Peters, including private health insurance (£12,512) and use of a private motor car (£28,033).

8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Other interest income	<u>51</u>	<u>520</u>

9 Interest payable and similar expenses

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	7,497	1,117
Interest on finance leases and hire purchase contracts	<u>122,865</u>	<u>94,235</u>
	130,362	95,352
Other finance costs:		
Other interest	<u>118,910</u>	<u>28,970</u>
Total finance costs	<u>249,272</u>	<u>124,322</u>

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	371,031	150,000
Adjustments in respect of prior periods	9,873	570
Total UK current tax	380,904	150,570
Foreign current tax on profits for the current period	5,412	30,555
Adjustments in foreign tax in respect of prior periods	-	(162)
Total current tax	386,316	180,963
Deferred tax		
Origination and reversal of timing differences	11,053	18,906
Total tax charge	397,369	199,869

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	1,643,283	475,795
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	328,657	96,348
Tax effect of expenses that are not deductible in determining taxable profit	2,567	90,276
Permanent capital allowances in excess of depreciation	-	(37,878)
Depreciation on assets not qualifying for tax allowances	12,197	-
Amortisation on assets not qualifying for tax allowances	109,580	-
Research and development tax credit	(55,127)	-
Adjustments to tax charge in respect of previous periods	9,873	-
Other differences and tax roundings	(10,378)	51,123
Taxation charge for the year	397,369	199,869

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2016 and 31 December 2016	4,615,598
Amortisation and impairment	
At 1 January 2016	2,752,352
Amortisation charged for the year	615,470
At 31 December 2016	3,367,822
Carrying amount	
At 31 December 2016	1,247,776
At 31 December 2015	1,863,246

The company had no intangible fixed assets at 31 December 2016 or 31 December 2015.

12 Tangible fixed assets

Group	Leasehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2016	182,844	8,436,692	201,334	179,604	9,000,474
Additions	-	1,755,388	7,198	73,284	1,835,870
Disposals	-	(33,702)	-	-	(33,702)
Transfers	-	160	(160)	-	-
Exchange adjustments	-	441	-	17,921	18,362
At 31 December 2016	182,844	10,158,979	208,372	270,809	10,821,004
Depreciation and impairment					
At 1 January 2016	53,087	5,894,199	152,036	47,442	6,146,764
Depreciation charged in the year	26,016	929,827	32,291	37,969	1,026,103
Eliminated in respect of disposals	-	(33,702)	-	-	(33,702)
Transfers	-	360	(360)	-	-
Exchange adjustments	-	188	-	1,956	2,144
At 31 December 2016	79,103	6,790,872	183,967	87,367	7,141,309
Carrying amount					
At 31 December 2016	103,741	3,368,107	24,405	183,442	3,679,695
At 31 December 2015	129,757	2,542,493	49,298	132,162	2,853,710

The company had no tangible fixed assets at 31 December 2016 or 31 December 2015.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2016 £	2015 £	Company 2016 £	2015 £
Plant and equipment	2,434,926	1,511,590	-	-
Motor vehicles	75,422	84,336	-	-
	<u>2,510,348</u>	<u>1,595,926</u>	<u>-</u>	<u>-</u>
Depreciation charge for the year in respect of leased assets	666,660	461,929	-	-

13 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	14	-	-	466,561	466,561
Investments in associates		184,313	-	-	-
		<u>184,313</u>	<u>-</u>	<u>466,561</u>	<u>466,561</u>

Movements in fixed asset investments

Group	Shares in group undertakings and participating interests £
Cost or valuation	
At 1 January 2016	-
Additions	184,313
At 31 December 2016	<u>184,313</u>
Carrying amount	
At 31 December 2016	<u>184,313</u>
At 31 December 2015	<u>-</u>

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2016 and 31 December 2016

466,561

Carrying amount

At 31 December 2016

466,561

At 31 December 2015

466,561

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Slush Puppie Limited	England and Wales	Manufacture and distribution of Slush ice drink	Ordinary shares	99.99	-
Quench Dispensers Limited	England and Wales	Dormant	Ordinary shares	99.99	-
Frutina Limited	England and Wales	Manufacture and distribution of Slush ice drink	Ordinary shares	99.99	-
Quench Limited	England and Wales	Dormant	Ordinary shares	99.99	-
SARL Slush Puppie France	France	Manufacture and distribution of Slush ice drink	Ordinary shares	99.99	-
Slush Puppie Benelux BV	Netherlands	Manufacture and distribution of Slush ice drink	Ordinary shares	99.99	-

All of these subsidiary companies are included in the Group's consolidated accounts.

15 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,491,481	2,612,575	7,884	7,884
Carrying amount of financial liabilities				
Measured at amortised cost	6,250,926	5,906,629	414,939	414,939

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Raw materials and consumables	163,794	122,474	-	-
Finished goods and goods for resale	1,634,293	855,698	-	-
	<u>1,798,087</u>	<u>978,172</u>	<u>-</u>	<u>-</u>

17 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	3,217,395	2,347,607	-	-
Other debtors	274,086	269,126	7,884	7,884
Prepayments and accrued income	123,694	107,471	-	-
	<u>3,615,175</u>	<u>2,724,204</u>	<u>7,884</u>	<u>7,884</u>

18 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Obligations under finance leases	20	844,320	478,535	-	-
Trade creditors		707,814	810,413	-	-
Amounts due to group undertakings		-	-	414,939	414,939
Corporation tax payable		114,440	3,374	-	-
Other taxation and social security		446,170	444,083	-	-
Other creditors		2,402,423	1,359,991	-	-
Accruals and deferred income		1,485,207	1,206,269	-	-
		<u>6,000,374</u>	<u>4,302,665</u>	<u>414,939</u>	<u>414,939</u>

Finance lease liabilities are secured by the assets to which they relate.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

19 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Obligations under finance leases	20	779,184	858,827	-	-
Other borrowings		31,978	1,192,594	-	-
		<u>811,162</u>	<u>2,051,421</u>	<u>-</u>	<u>-</u>

Finance lease liabilities are secured by the assets to which they relate.

20 Finance lease obligations

	Group 2016 £	2015 £	Company 2016 £	2015 £
Future minimum lease payments due under finance leases:				
Within one year	844,320	478,535	-	-
In two to five years	779,184	858,827	-	-
	<u>1,623,504</u>	<u>1,337,362</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
Group		
Accelerated capital allowances	<u>31,000</u>	<u>31,000</u>

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the year.

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

22 Retirement benefit schemes

	2016	2015
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	97,455	68,478

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
50,002 Ordinary shares of £1 each	50,002	50,002

24 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	227,358	247,443	-	-
Between two and five years	145,639	262,598	-	-
	372,997	510,041	-	-

25 Related party transactions

RALPH PETERS & SONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

25 Related party transactions

(Continued)

During the year, the group incurred consultancy costs of £942,000 (2015: £783,084) for services provided by Eskimo Joe's Limited, a company controlled by M J Peters, a director, and registered in the Isle of Man.

At 31 December 2016, included within other debtors is an amount of £4,237 (2015: £3,878) owed by M J Peters to the company. The maximum amount outstanding on this loan during the year was £4,237. This loan was interest-free with no fixed terms for repayment.

Included in other creditors at 31 December 2016 was an amount of £1,344,245 (2015: £nil) due to Eskimo Joe's Limited. The loan carries interest at 9% and has no fixed term for repayment.

Included in other creditors at 31 December 2016 was an amount of £nil (2015: £1,174,245) due to M J Peters

At 31 December 2016, the amount due to E A Peters was £nil (2015: £nil). The highest amount due to her during the year was £nil (2015: £181,000). E A Peters is related to one of the directors.

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102 Related Party Disclosures not to disclose details of any transactions or balances between the group that have been eliminated on consolidation.

26 Controlling party

The company's ultimate controlling party is M J Peters, by virtue of his majority shareholding in the company.

27 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	1,245,914	275,926
Adjustments for:		
Share of results of associates and joint ventures	(8,962)	-
Taxation charged	397,369	199,869
Finance costs	249,272	124,322
Investment income	(51)	(520)
(Gain)/loss on disposal of tangible fixed assets	-	12,059
Amortisation and impairment of intangible assets	615,470	615,470
Depreciation and impairment of tangible fixed assets	1,026,103	873,885
Movements in working capital:		
(Increase) in stocks	(819,915)	(181,837)
(Increase) in debtors	(890,612)	(634,905)
Increase in creditors	1,220,858	1,215,457
Cash generated from operations	3,035,446	2,499,726