



2019 annual report
and consolidated
financial statements

Our business today

A leading force in the fresh produce industry both in the UK and abroad, Fresca Group Limited is an investor and parent company.

The portfolio of businesses and brands within the group reflects a deep-rooted entrepreneurial spirit and drive. Whilst originally known as an importer and trader, selling to customers in the retail and wholesale sectors, the interests of the Group have broadened in recent years, with vertical integration a key part in the company's story.

Fresca Group now includes companies that own land and grow fresh produce, often together with specialist partners of global renown. This production is located both in the UK and much further afield. The company's facilities also add value to that produce with the capacity to ripen and pack to order.

Still dedicated to fresh produce and still privately-owned, Fresca Group can trace its roots back to a stand at Covent Garden Market over 145 years ago.



Sales
£444m



Net assets
£61m

Registered Office

The Fresh Produce Centre,
Transfesa Road, Paddock Wood
Kent, TN12 6UT

Auditors

BDO LLP Chartered Accountants
& Registered Auditors,
Arcadia House, Maritime Walk,
Ocean Village, Southampton, SO14 3TL

Bankers

Lloyds Banking Group Plc,
3rd Floor, 2 City Place,
Beehive Ring Road,
Gatwick, West Sussex, RH6 0PA

Solicitors

DAC Beachcroft LLP,
The Walbrook Building,
25 Walbrook, London, EC4N 8AF



Research and commercialisation of exceptional new plum and interspecific stone fruit varieties from the Zaiger breeding programme in South Africa.

Marketing the avocado production of the leading Colombian avocado producer, Cartama, in the UK and Europe.

Potatoes and vegetables - marketing and packing.

Grower of strawberries in glasshouse and polytunnels. Production from March to December.



Joint ventures and associates

Our values

100% owned



Flexibility

In our way of working, our service and our direction

Resourcefulness

Finding solutions, even in the toughest of times

Excellence

In our products, our people, our facilities and our performance

Sustainability

Working for a greater future, stronger ethics and longer relationships

Character

A group with diversity, passion and personality; with people who care

Ambition

Driving developments for Fresca, for our people and our partners



Growing, packing & marketing speciality tomatoes, peppers & cucumbers from landmark site in Kent.



Branches in Birmingham, Bristol and Southampton. Broad customer base, including foodservice, caterers, secondary wholesalers, cruise lines, airlines and retail chains.



Importer and marketer of fresh fruit. Based in Paddock Wood, Kent.



Experts in the growing & supply of speciality vegetables. Innovative, with an ever expanding product portfolio.



The Fresh Produce Centre, Fresca's largest site and home to some of the biggest names in UK produce.



Fresh produce service solutions, from field to consumer. Based in Paddock Wood, Kent.



Marketing new grape varieties from the Agricultural Research Organization, Volcani Centre.



Importer, packer, ripener and marketer of fresh fruit. Based in Evesham.



Avocado specialist; grower, importer and marketer. Based in Paddock Wood, Kent.



Logistics and customs service for fresh produce.



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Strategic report

For the period ended 26 April 2019

As ever, we have fluctuations in fortunes, but overall a positive and steady final result.



The completion of our Holbeach site redevelopment in the autumn of 2019 will support DGM Growers' business development. Still the only commercial grower of chicory in the UK, the build brings increased capacity and greater efficiency.

Business Review

Adapting to change and maintaining commendable performance despite continuing uncertainty have been common challenges for all parts of Fresca Group in the last year. As ever, we have fluctuations in fortunes, but overall a positive and steady final result.

Turnover decreased by £19m or 4% as compared to 2018. This was attributable to a change in customer demand at our Paddock Wood site including increased service provision volumes as well as challenges faced by our joint ventures.

Profit before tax has increased to £5.6m (2018: £5m). This is a result of improved performance in our wholly-owned entities, with more efficient facilities supporting contributions.

Our company is known for its joint venture business model, typically with 50:50 partnership holdings. The two largest such businesses are Manor Fresh and Thanet Earth. Both have experienced a challenging year. For Manor Fresh as a potato and vegetable specialist, the long, hot summer of 2018 reduced



Ian Craig, Chief Executive

consumer demand over the period. Similarly, the challenging growing conditions delivered a weaker UK crop, thereby requiring additional imported source support. The team coped admirably with the challenges, but inevitably posted a more conservative overall result.

Thanet Earth too experienced market-specific issues. Customers sourcing product directly had a significant impact on the shape of this business, bringing greater reliance on UK-grown rather than imported crop. This model works for Thanet Earth given the site's efficiency of scale and premium offer. However, the long, hot summer brought bumper crops across Europe, accompanied by related deflationary pricing. Some of the Thanet growing companies also experienced growing challenges which materially impacted crop delivery for several weeks. These challenges coupled with a shorter labour market and higher winter energy costs delivered a disappointing result for Thanet Earth in the year.

In our wholly-owned businesses this has been a year of fresh starts, particularly at our Paddock Wood site, with a restructure seeing Mack Fruit, FreshPLUS and

The Avocado Company moving to trade under a new subsidiary company, The Fresh Produce Centre Limited. The strong demand for our products generated by the good weather through the summer months meant the facility handled its largest ever volumes of fruit. Some sourcing difficulties caused challenges with greater volumes of spot purchases than we would normally support. The company's strategic partnerships with our Colombian grower colleagues paid dividends with a consistent supply of quality fruit. This was particularly evident in our supply of avocados. During the year Fresca Group committed to further growth in this area with the purchase of farmland in Colombia through our Colombian joint venture Fresquita Farms to expand our avocado production capacity.

The Fresh Produce Centre Limited remains committed to building routes to market for its products that ensure the company adapts to changing consumer behaviour and demand. Volumes are steadily increasing to the company's online retailer customers and the company is well-placed to continue the growth curve with its 'Curious' brand of fresh produce.

Strategic report cont.

For the period ended 26 April 2019

MM Global Citrus Limited was brought into full ownership during the year. A late start to the South African season combined with the loss of a major customer during the year resulted in the strategic decision to amalgamate citrus activities under Mack Fruit and bring trade within the MM Global Citrus Limited legal entity to an end as at 26 April 2019.

Primafruit has further grown its relationship with its key customer this year. The company increased its supply of bananas to assume 100% of the supply in this category and embarked on the second major build project for this site in recent years. Fresca Group has made another significant capital investment at this Evesham location, adding banana ripening rooms, additional packing space, cold storage and increasing intake and unloading capacity to accommodate banana volumes and increased business in other product categories.

With its emphasis on speciality UK vegetables, DGM Growers faced similar challenges to Manor Fresh with lower demand through the summer months. However, a strong offer in the higher end seasonal products such as UK asparagus supported this business in another very good performance.

The company's wholesale interests produced a good result for the year. In Southampton the long-term strategy and perseverance for the Ship Stores business is paying off with consistent profitability. The relocation of Birmingham city's wholesale market to the new site at Witton has resulted in some customers being lost and plans are afoot to recover and develop business. Capital expenditure at the Bristol market including new racking, office refurbishment and improved refrigeration capacity continues to support the growth aspirations of this site.

Principal Risks and Uncertainties

Around 85% of our business is focused on sales in the retail market. This remains a difficult place in which to operate. Multiple retailers continue their direct procurement approach where possible, and UK service provision must be ruthlessly efficient to compete in a market that looks destined for further consolidation.

The Fresca board manages this risk by continuing to invest in its facilities in the UK, ensuring our proposition remains strong. Added value processes are an important element of this strategy with ripening and specialist product packing key to differentiation and competition.

Businesses are encouraged to review products and services so that continuing relevance and value are clear, and to nurture honest customer relationships at all levels. The Fresca board encourages innovation and monitors social trends, identifying the products of the future and ensuring the business adapts to changing tastes.

Brexit remains an ongoing concern, with the Fresca board and senior teams taking external advice to assist in robust planning. Sterling devaluation, port delays, haulage and labour availability are the most significant concerns, with reasonable mitigation in play or planned for. Our robust international supply network ensures alternative sourcing options and our own customs clearing arm, Fresh Clear, has provided insight into the risks and opportunities surrounding Brexit.

Labour and availability of workers remains a major concern for our businesses. Our workforce is diverse and international. Recruitment has become harder in recent months with noticeably fewer applicants for vacancies. This issue is affecting our agencies too, with additional labour providers required to guarantee worker availability. The group continues to invest in automation where possible, to ensure high standards for worker welfare at our sites and to offer increased training and development opportunities to encourage retention.

The risk of modern slavery in our supply chain remains, and our companies have each undertaken an extensive risk review in the year. To assist in the management of this risk, Fresca has employed a Group Compliance Director; an important focus of the role is to investigate, identify issues and effect improvement throughout our supply chain. The group promotes awareness campaigns and offers multiple channels for staff and contractors to report a concern.

Strategic report cont.

For the period ended 26 April 2019

Companies trading in fresh produce will always be at risk from events beyond reasonable control. Our key sources can be affected by extremes of weather, by drought and by instability in global politics. Fresca Group has invested heavily in production in recent years and is therefore now potentially exposed to the same risks as other growers around the world regarding virus and pest attack. We work collectively with other reputable growers, follow industry advice and employ best practice hygiene in such facilities.

Each Fresca business retains a global network of contingency source options, with continuing investment in research projects and with local experts providing early warning information to mitigate risk and impact.

Measuring Performance

Each company in the group has a defined strategy and measures performance with specific KPIs developed as appropriate. The Fresca Group board maintains an overview using base KPIs which cover both financial and non-financial measures. Each company is monitored using performance target data to include combinations of indicators like case volume data, turnover, gross margin, operating costs and waste. Gross margin is measured down to individual product level to provide enhanced detail and visibility. The group increasingly recognises the importance of sustainable cash generation as a KPI and this is reflected in our consolidated statement of cash flows.

Regular reporting of health, safety and welfare data, of environmental performance and of employee survey results adds context and warning of non-financial risks that might affect the performance of the business.

At least one member of the Fresca Group board sits on the board of each subsidiary.

Future Developments

With the final build phase at our Evesham location now complete and fully operational, the Group is reviewing the future of its Bishop's Stortford satellite banana ripening facility. The completed Evesham site allows Primafruit to better serve their primary customer.

The completion of our Holbeach site redevelopment in the autumn of 2019 will support DGM Growers' business development. Still the only commercial grower of chicory in the UK, the build brings increased capacity and greater efficiency. It includes a flexible packing space and much-improved staff welfare facilities.

The UK fresh produce industry continues to evolve as the dust settles on some five years of major retailers transitioning to direct procurement models of operation. Adapting to change has not been easy and a fresh approach has brought with it several key leadership changes. Notably, Nigel Trood left Fresca Group after some six years as a board member and business leader and Des Kingsley moved on from his role of Managing Director at Thanet Earth. The group structure has again provided the business with internal promotion candidates as our next generation of leaders; Chris Butler has moved from FreshPLUS to take over at Thanet Earth, Rob Davies has become General Manager at FreshPLUS and Fresca Group Operations Director, Tim Espley, has added the role of Managing Director at The Fresh Produce Centre to his remit.

As these new appointments review and implement their strategies the directors are prepared to help navigate through change. The business remains in good health with many exciting projects underway and in planning. We proceed with a cautious optimism and continuing faith in the strength of our teams and their capabilities.

This report was approved by the board and signed on its behalf.

***I A Craig
Group Chief Executive
Date: 30 August 2019***

Directors' report

For the period ended 26 April 2019

The directors present their report and the financial statements for the period ended 26 April 2019.



The final build phase at our Primafruit Evesham location now complete and fully operational.

The directors who served during the period were:

C P Mack (Chairman)
I A Craig
N J Trood (resigned 31 May 2019)
B G Sumner
S J Hodson (non - executive)
E McMeikan (non - executive)

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The



Chris Mack, Chairman

Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors have considered the status of the Group as a going concern and are satisfied it will continue in business for the foreseeable future and that it is appropriate to prepare the financial statements on a going concern basis.

Directors' report cont.

For the period ended 26 April 2019

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Qualifying third party indemnity provisions

The Company has put in place qualifying indemnity provisions for all of the directors.

Principal activities

The principal activity of the Group remains the supply of fresh produce to retail, catering and wholesale customers. The principal activity of the Company continues to be that of acting as a group holding company.

Results and dividends

The profit for the period, after taxation and minority interests, amounted to £3,979,000 (2018 - £3,515,000).

Dividends of £1,402,928 were paid during the period (2018: £1,402,928) and the directors recommend a final dividend of 1.36p per share (2018: 1.36p per share)

Donations

Companies within the Fresca Group support a number of local charities on a divisional basis. During the period Fresca Group made £4,172 of charitable donations (2018: £5,860)

Likely future developments in the business

Information on likely future developments in the business has been included in the Strategic Report.

Employee involvement, diversity and development

Regular meetings are held between employees and senior management in the businesses making up the Group, with face to face briefings held with employees at appropriate times. These meetings and briefings enable senior management to consult with employees and ascertain their views on matters in which they have a direct interest. Managers maintain an 'open door' approach and employees are given numerous ways in which they can communicate with senior managers, either formally or in anonymity.

The Fresca Group also has consultative committees at its larger locations, with members drawn from across the business, representing the views of employees. The Group has an employee communication app as an additional tool for employees to connect with the business. As a minimum, news regarding financial performance and economic factors affecting the business is shared with all employees annually, or more frequently if appropriate.

The Fresca Group offers an all employee Share Incentive Plan trust to encourage active investment by qualifying employees in the business. This trust as well as The Fresca ESOP trust are managed by The Fresca ESOP Limited which effectively controls a significant proportion of the shares in the company (42.6% as at 26th April 2019). Both trusts are protected under trust deeds that exist for the benefit of employees of the Fresca Group businesses.

All employees receive equal opportunities for training and career development.

The Fresca Group supports and promotes diversity in its workforce, recognising that the pool of creativity, experience and knowledge is enhanced by people of different backgrounds, age and ability.

As detailed in the Group's Equality & Diversity Policy document, the companies in Fresca Group are committed to recruitment, training and promotion free from discrimination. Full and fair consideration is given to applications for employment and promotion

Directors' report cont.

For the period ended 26 April 2019

from disabled persons. Those employees who become disabled during the course of their employment can expect reasonable effort, adaptation and training to be given to ensure their continuing employment.

Environment

With increasing pressures on natural resources at home and abroad our companies have worked hard to ensure that waste – whether of our products or of a resource like water or energy – becomes culturally unacceptable within our workplaces and our supply chains.

The companies within the Fresca Group are donors to foodbank charities like FareShare, with our principal sites proud of their 'zero waste to landfill' achievement. There are also savings evidenced by site showing significant carbon reductions from reduced energy usage thanks to investment in efficiency and creative approaches to our continuing need for refrigeration and ripening facilities.

Information on exposure to price risk, credit risk, liquidity risk and cash flow risk

Price risk

Prices of fresh produce are subject to the vagaries of both demand and supply, both of which are often weather related. The Group expects group entities to manage this risk sensibly, securing long-term fixed price contracts when appropriate or trading in the open market when this is appropriate. Circumstances vary across group entities and multiple seasonal changeovers. The Group recognises and understands this and as such there is no central policy, but rather bespoke policies across each group entity.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk across the Group is largely attributable to trade receivables and in turn predominantly to large UK retailers for whom the risk of material default is low. The Group also serves, largely through our Wholesale business, higher credit risk customers.

These higher risk customers fall under a robust credit control procedure and are further secured by appropriate credit insurance and related process which defines the credit limit and payment terms agreed and effectively mitigates the underlying credit risk.

Trade receivables are reviewed by each group entity on a weekly basis and at a board level at least quarterly. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted. A significant amount of cash is held with Lloyds Bank Plc as our primary UK bank.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on its long-term borrowings, this is discussed in the 'interest rate risk' section below.

Cash flow risk

Our treasury function monitors cash flow as part of their day to day control procedures. The board considers the Group's cash flow monthly, ensuring that appropriate facilities are in place to support activities. Operations are financed by a mixture of retained profits, overdraft, a revolving credit facility and long-term loans.

Directors' report cont.

For the period ended 26 April 2019

Financial instrument risk management objectives and policies

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. It is currently group policy to match finance and asset terms. To this end the Group has secured several fixed term loans as well as a short-term revolving loan; all in sterling. This policy and the related borrowings are managed centrally. Normally the Group raises long-term borrowings at floating rates and then swaps them into fixed to ensure interest rate risk is locked in and understood.

Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates greater than current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

Currency risk

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The Group is predominantly exposed to currency risk on purchases made in euros, US dollars and South African rand. Group policy requires that group entities take appropriate forward cover across unmatched liability or asset positions using a limited range of forward hedge instruments to lock in costs and related profits. Where foreign currency hedging is managed by customers, group entities will work with the customer to meet their hedging policy, subject to the foreign exchange risk remaining with the customer up to the point of securing forward cover.

Research and development activities

Research and development spend across the Group is directed primarily at future-proofing our supply chain and adding value to our functions.

Post balance sheet events

Since the year end two notable and potentially significant events have occurred.

A plant virus has been identified at one of the glasshouses at Thanet Earth. The full impact is not yet known but crop loss is expected. There will inevitably be an impact on performance for the year.

Following a tender process, Mack Fruit has received notification from a key customer of their intention to de-list our business as a supplier. The current contracts will run until April 2020.

Auditor

A resolution to re-appoint BDO LLP for the forthcoming period will be proposed at the next Annual General Meeting.

This report was approved by the board on 30 August 2019 and signed on its behalf.

*B G Sumner
Director*

Auditor's report

For the period ended 26 April 2019

Opinion

We have audited the financial statements of Fresca Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 26 April 2019 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 26 April 2019 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Auditor's report cont.

For the period ended 26 April 2019

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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 Director's Report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Auditor's report cont.

For the period ended 26 April 2019

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*David I'Anson (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton, United Kingdom
September 2019*

*BDO LLP is a limited liability partnership registered in
England and Wales (with registered number OC305127).*

FRESCA GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 26 APRIL 2019**

	Note	Period 26 April 2019 £000	Period 27 April 2018 £000
Turnover			
Group and share of joint ventures' turnover		444,451	463,536
Less: share of joint ventures' turnover		(80,074)	(110,979)
		<hr/>	<hr/>
Group turnover		364,377	352,557
Cost of sales		(345,249)	(337,056)
		<hr/>	<hr/>
Gross profit		19,128	15,501
Operating expenses		(12,948)	(10,296)
		<hr/>	<hr/>
Operating profit	5	6,180	5,205
Income from interests in joint ventures		(417)	(212)
Income from interests in associated undertakings		366	671
Interest receivable and similar income	10	41	42
Interest payable and similar expenses	11	(592)	(677)
		<hr/>	<hr/>
Profit before tax		5,578	5,029
Tax on profit	12	(1,590)	(1,506)
		<hr/>	<hr/>
Profit for the financial period		3,988	3,523
		<hr/>	<hr/>
Profit for the period attributable to:			
Non-controlling interests		9	8
Owners of the parent		3,979	3,515
		<hr/>	<hr/>
		3,988	3,523
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 26 APRIL 2019**

	Period 26 April 2019 £000	Period 27 April 2018 £000
Profit for the financial period	3,988	3,523
Other comprehensive income		
Currency translation differences	7	-
Movement on cash flow hedge	20	172
Deferred tax movement on derivative financial instruments	(4)	(29)
Other comprehensive income for the period	23	143
Total comprehensive income for the period	4,011	3,666
Total comprehensive income attributable to:		
Non-controlling interest	9	8
Owners of the parent Company	4,002	3,658
	4,011	3,666

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED
REGISTERED NUMBER: 05307204

CONSOLIDATED BALANCE SHEET
AS AT 26 APRIL 2019

	Note	26 April 2019 £000	27 April 2018 £000
Fixed assets			
Intangible assets	14	3,258	3,321
Tangible assets	15	43,531	35,136
Investments	16	10,979	11,938
		57,768	50,395
Current assets			
Stocks	17	12,591	12,076
Debtors: amounts falling due after more than one year	18	512	-
Debtors: amounts falling due within one year	18	43,362	42,703
Cash at bank and in hand	19	8,503	7,162
		64,968	61,941
Creditors: amounts falling due within one year	20	(51,766)	(45,847)
Net current assets		13,202	16,094
Total assets less current liabilities		70,970	66,489
Creditors: amounts falling due after more than one year	21	(8,055)	(7,304)
Provisions for liabilities			
Deferred taxation	24	(1,512)	(1,123)
Net assets		61,403	58,062

FRESCA GROUP LIMITED
REGISTERED NUMBER: 05307204

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 26 APRIL 2019

	Note	26 April 2019 £000	28 April 2018 £000
Capital and reserves			
Called up share capital	25	1,253	1,253
Revaluation reserve	28	69	69
Merger reserve	28	2,618	2,618
Foreign exchange reserve	28	7	-
Profit and loss account	28	81,325	78,191
Share based payment reserve	28	2,718	2,308
Hedge reserve	28	2	(14)
ESOP shares	28	(26,714)	(26,479)
Equity attributable to owners of the parent Company		61,278	57,946
Non-controlling interests		125	116
		61,403	58,062

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 August 2019.

C P Mack (Chairman)
 Director

B G Sumner
 Director

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED
REGISTERED NUMBER: 05307204

COMPANY BALANCE SHEET
AS AT 26 APRIL 2019

	Note	26 April 2019 £000	27 April 2018 £000
Fixed assets			
Intangible assets	14	2,933	67
Tangible assets	15	1,250	1,560
Investments	16	14,305	13,141
		18,488	14,768
Current assets			
Debtors: amounts falling due after more than one year	18	512	-
Debtors: amounts falling due within one year	18	22,187	11,827
Cash at bank and in hand	19	306	3,931
		23,005	15,758
Creditors: amounts falling due within one year	20	(11,704)	(2,755)
		11,301	13,003
Total assets less current liabilities		29,789	27,771
Provisions for liabilities			
Deferred taxation	24	(308)	-
Net assets		29,481	27,771

FRESCA GROUP LIMITED
REGISTERED NUMBER: 05307204

COMPANY BALANCE SHEET (CONTINUED)
AS AT 26 APRIL 2019

	Note	26 April 2019 £000	27 April 2018 £000
Capital and reserves			
Called up share capital	25	1,253	1,253
ESOP shares	28	(26,714)	(26,479)
Other reserves	28	2,718	2,308
Profit and loss account carried forward		52,224	50,689
		29,481	27,771

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

The profit recorded in the accounts of Fresca Group Limited for the year ended 26 April 2019 is £2,380,000 (2018: profit of £25,554,000). The profit in the prior period was attributable to dividend income received from M.& W.Mack Limited, offsetting historical inter-company loans.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 August 2019.

C P Mack (Chairman)
 Director

B G Sumner
 Director

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 APRIL 2019

	Called up share capital	ESOP share reserve	Revaluation reserve	Hedge reserve	Foreign exchange reserve	Share based payment reserve	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 27 April 2018	1,253	(26,479)	69	(14)	-	2,308	2,618	78,191	57,946	116	58,062
Comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	3,979	3,979	9	3,988
Movement in cash flow hedges	-	-	-	20	7	-	-	-	27	-	27
Taxation in respect of other comprehensive income	-	-	-	(4)	-	-	-	-	(4)	-	(4)
Other comprehensive income for the period	-	-	-	16	7	-	-	-	23	-	23
Total comprehensive income for the period	-	-	-	16	7	-	-	3,979	4,002	9	4,011
Dividends	-	-	-	-	-	-	-	(845)	(845)	-	(845)
Purchase of shares by ESOP	-	(235)	-	-	-	-	-	-	(235)	-	(235)
Share based payment credit	-	-	-	-	-	410	-	-	410	-	410
Total transactions with owners	-	(235)	-	-	-	410	-	(845)	(670)	-	(670)
At 26 April 2019	1,253	(26,714)	69	2	7	2,718	2,618	81,325	61,278	125	61,403

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 APRIL 2018

	Called up share capital	ESOP share reserve	Revaluation reserve	Hedge reserve	Share based payment reserve	Merger reserve	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 28 April 2017	1,253	(25,479)	69	(157)	1,950	2,618	75,524	55,778	108	55,886
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	3,515	3,515	8	3,523
Movement in cash flow hedges	-	-	-	172	-	-	-	172	-	172
Taxation in respect of other comprehensive income	-	-	-	(29)	-	-	-	(29)	-	(29)
Other comprehensive income for the period	-	-	-	143	-	-	-	143	-	143
Total comprehensive income for the period	-	-	-	143	-	-	3,515	3,658	8	3,666
Dividends	-	-	-	-	-	-	(848)	(848)	-	(848)
Purchase of shares by ESOP	-	(1,000)	-	-	-	-	-	(1,000)	-	(1,000)
Share based payment credit	-	-	-	-	358	-	-	358	-	358
Total transactions with owners	-	(1,000)	-	-	358	-	(848)	(1,490)	-	(1,490)
At 27 April 2018	1,253	(26,479)	69	(14)	2,308	2,618	78,191	57,946	116	58,062

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 APRIL 2019

	Called up share capital £000	ESOP share reserve £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
At 27 April 2018	1,253	(26,479)	2,308	50,689	27,771
Comprehensive income for the period					
Profit for the period	-	-	-	2,380	2,380
Contributions by and distributions to owners					
Dividends	-	-	-	(845)	(845)
Purchase of shares by ESOP	-	(235)	-	-	(235)
Share based payment credit	-	-	410	-	410
Total transactions with owners	-	(235)	410	(845)	(670)
At 26 April 2019	1,253	(26,714)	2,718	52,224	29,481

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 27 APRIL 2018

	Called up share capital	ESOP share reserve	Share based payment reserve	Profit and loss account as restated	Total equity
	£000	£000	£000	£000	£000
At 28 April 2017	1,253	(25,479)	1,950	25,983	3,707
Comprehensive income for the period					
Profit for the period	-	-	-	25,554	25,554
Contributions by and distributions to owners					
Dividends	-	-	-	(848)	(848)
Purchase of shares by ESOP	-	(1,000)	-	-	(1,000)
Share based payment credit	-	-	358	-	358
Total transactions with owners	-	(1,000)	358	(848)	(1,490)
At 27 April 2018	1,253	(26,479)	2,308	50,689	27,771

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 26 APRIL 2019**

	26 April 2019 £000	27 April 2018 £000
Cash flows from operating activities		
Profit for the financial period	3,988	3,523
Adjustments for:		
Amortisation and impairment of intangible assets	409	213
Depreciation of tangible assets	2,792	2,947
Amounts written off investments	25	-
Profit on disposal of tangible assets	(13)	(25)
Interest payable	592	677
Interest receivable	(41)	(42)
Taxation charge	1,590	1,506
Decrease in stocks	495	1,056
Decrease in debtors	7,809	8,991
(Decrease) in creditors	(8,016)	(6,274)
Share of operating loss/(profit) in associates and joint ventures	51	(459)
Corporation tax paid	(1,811)	(670)
Share based payment charges	410	358
Interest paid	(323)	(332)
Net cash generated from operating activities	7,957	11,469
Cash flows from investing activities		
Purchase of intangible fixed assets	(280)	(625)
Purchase of tangible fixed assets	(10,607)	(2,452)
Sale of tangible fixed assets	25	60
Purchase of shares in joint ventures	(829)	-
Interest received	37	31
Dividends received from joint ventures	1,500	325
Business combinations (note 29)	756	-
Net cash from investing activities	(9,398)	(2,661)

FRESCA GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 26 APRIL 2019**

	26 April 2019 £000	27 April 2018 £000
Cash flows from financing activities		
Purchase of own shares by ESOP	(235)	(1,000)
New bank loans	6,550	2,479
Repayment of bank loans	(1,900)	(1,805)
Repayment of finance leases	(788)	(762)
Dividends paid	(845)	(848)
	2,782	(1,936)
Net cash used in financing activities		
	1,341	6,872
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	7,162	290
	8,503	7,162
Cash and cash equivalents at the end of period		
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	8,503	7,162
	8,503	7,162
	8,503	7,162

The notes on pages 30 to 68 form part of these financial statements.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

1. General information

Fresca Group Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office and its registered number are shown on the Company Information page. The nature of the Group's operations and its principal activities are outlined in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiary undertakings.

The financial statements of the subsidiary undertakings included within the consolidated figures are adjusted, where appropriate, to conform to Group accounting policies. Where reporting dates differ the latest available management information is used.

Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over a period representing the useful life from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.3 Associates and joint ventures

Associates

An entity is treated as an associated undertaking where the Group has a participating interest and exercises significant influence over its operating and financial policy decisions. In the consolidated financial statements, interests in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the Group's share of the consolidated operating results, interest, pre-tax results and attributable taxation as shown in the Group's share of the identifiable consolidated net assets, including any unamortised premium paid on acquisition. Any premium on acquisition is dealt with in accordance with the goodwill policy below.

Joint ventures

An entity is treated as a joint venture where the Group holds a long term interest and shares control under a contractual agreement. In the consolidated financial statements, interests in joint ventures are accounted for using the gross equity method of accounting. The consolidated profit and loss account includes the Group's share of the joint venture's turnover and includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated balance sheet, the Group's share of the identifiable gross assets (including any unamortised premium paid on acquisition) and its share of the gross liabilities attributable to its joint ventures are shown separately. Where a joint venture company has net liabilities rather than net assets, the Group's share of the net liabilities is reflected within provisions for liabilities and charges in the consolidated balance sheet. Any premium on acquisition is dealt with in accordance with the goodwill policy below.

2.4 Revenue recognition

Turnover represents the total amount receivable for all goods and services rendered by the Group, including goods sold on a commission basis and through third parties. Revenue is recognised when goods are despatched or delivered to customers, depending on the terms of trade. Sales of services are recognised when rendered to customers. Turnover is stated net of VAT and trade discounts.

2.5 Cost of sales

Cost of sales includes the cost of goods purchased plus the cost of acquiring and distributing the goods to customers.

2.6 Interest income

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

2.7 Finance costs

Finance costs are charged to the consolidated profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.9 Intangible assets

Goodwill

Positive and negative purchased goodwill arising on acquisitions are capitalised, classified as assets on the balance sheet and amortised over their estimated useful life. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation - Immediate to 20 years

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.10 Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is provided on the following basis:

Long-term leasehold property	- 50 years
Short-term leasehold property	- over the remaining period of the lease
Plant and machinery	- between 4 and 15 years
Motor vehicles	- 4 years
Fixtures and fittings	- between 4 and 8 years

The Group's freehold and leasehold properties were revalued in 1993, on the basis set out in note 16. On transition to FRS102 this valuation was deemed cost of these assets.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that they may not be recoverable.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is defined as the supplier's invoiced price, together with freight and duty costs if applicable. Net realisable value is defined as the estimated selling prices less further costs expected to be incurred to disposal.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 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.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.15 Financial instruments (continued)

(iii) Hedge accounting

The Group enters into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. The Group enters into forward currency deals to manage its exposure to currency fluctuations. These derivatives are measured at fair value at each reporting date.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.18 Dividend income received by the ESOP

Dividends received by the ESOP are accounted for on a cash basis and have been netted off against dividend expense.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

2. Accounting policies (continued)

2.19 ESOP shares

The cost of the company's shares held by the ESOP is deducted from shareholders' funds and any income received by the ESOP on disposal of shares is credited to shareholders' funds in the company and group balance sheets. Other assets and liabilities of the ESOP (including borrowings) are recognised as assets and liabilities of the company.

2.20 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the Group's presentation currency.

(ii) Transactions and balances

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies and commitments are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at operating profit.

2.21 Share based payments

When shares and share options are awarded to employees a charge is made to the profit and loss account based upon the fair value of options granted. The fair value is measured at the date of grant and spread over the year during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes option pricing model. The amount recognised as an expense in any period is adjusted to reflect the actual number of share options that vest or are expected to vest. The credit entry for the charge is taken to the profit and loss reserve and reported in the reconciliation of movements in shareholders' funds.

Fresca Group Limited has accounted for the cost of issuing options to employees of its subsidiaries. This results in an increase in the investment in a subsidiary when such options are issued, with the credit entry being taken to a non-distributable equity reserve.

2.22 Operating leases: the Group as lessee

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2.23 Leased assets: the Group as lessee

Assets held under finance lease and hire purchase contracts are capitalised and depreciated on a straight line basis over the shorter of the lease term and the estimated useful economic life. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease.

2.24 Pensions - Defined contribution scheme

Contributions to the Group's defined contribution scheme are charged to the profit and loss account when they become payable.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determined whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determined whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determined whether the Employee Share Ownership Plan (ESOP) should be considered to be under the control or de facto control of the parent company. The judgement that the parent company does exert de facto control has resulted in the ESOP's assets and liabilities being recognised on the parent company and consolidated balance sheets.

Other key sources of estimation uncertainty:

- Consignment provisions

Provision is made for expected costs on consignments. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

- Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Investment property fair values are determined using independent valuations and market evidence for similar properties in the local area.

- Investments

Estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments at fair value through profit and loss. In determining this amount, the Group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

4. Turnover

Analysis of turnover by country of destination:

	Period 26 April 2019 £000	Period 27 April 2018 £000
United Kingdom	362,584	351,460
Rest of Europe	250	224
Rest of the world	1,543	873
	<u>364,377</u>	<u>352,557</u>

Turnover is all in respect of the Group's principal activities of sourcing, marketing, packaging and selling fresh fruit and vegetables.

5. Operating profit

Operating profit is stated after charging/(crediting):

	Period 26 April 2019 £000	Period 27 April 2018 £000
Amortisation of intangible assets, including goodwill	340	213
Depreciation of tangible fixed assets - owned	2,536	2,475
Depreciation of tangible fixed assets - hire purchased	256	472
Profit on disposal of fixed assets	(13)	(25)
Impairment of intangible assets	(69)	-
Exchange differences	(646)	(141)
Other operating lease rentals	2,093	1,545
	<u>2,093</u>	<u>1,545</u>

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

6. Auditor's remuneration

	Period 26 April 2019 £000	Period 27 April 2018 £000
Fees payable to the company's auditor for the audit of the company's annual financial statements	8	8
Fees payable to the company's auditor for the audit of the company's subsidiaries	110	111
Total audit fees	118	119
 Fees payable to the Group's auditor in respect of:		
Taxation compliance services	41	29
Other services relating to taxation	5	12
All other services	6	17
	52	58

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 26 April 2019 £000	Group 27 April 2018 £000	Company 26 April 2019 £000	Company 27 April 2018 £000
Wages and salaries	31,197	27,330	3,813	3,235
Social security costs	2,949	2,671	465	379
Share based payment	410	358	175	124
Cost of defined contribution scheme	1,482	1,346	258	254
	36,038	31,705	4,711	3,992

The average monthly number of employees, including the directors, during the period was as follows:

	Group Period 26 April 2019 No.	Group Period 27 April 2018 No.	Company Period 26 April 2019 No.	Company Period 27 April 2018 No.
Distribution	789	745	-	-
Administrative	161	143	46	45
	950	888	46	45

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

8. Directors' remuneration

	Period 26 April 2019 £000	Period 27 April 2018 £000
Directors' emoluments	1,649	1,317
Company contributions to defined contribution pension schemes	40	20
Amounts paid to third parties in respect of directors' services	29	27
	<u>1,718</u>	<u>1,364</u>

During the period retirement benefits were accruing to four directors (2018 - four) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £598,000 (2018 - £442,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £NIL).

During the period no directors exercised share options (2018: NIL).

9. Key management compensation

	26 April 2019 £000	27 April 2018 £000
Salaries and other short term benefits	6,641	5,241
Company contributions to defined contribution pension scheme	604	501
Share based payments	410	358
	<u>7,655</u>	<u>6,100</u>

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

10. Interest receivable

	Period 26 April 2019 £000	Period 27 April 2018 £000
Share of joint ventures' interest receivable	3	10
Share of associates' interest receivable	1	1
Other interest receivable	37	31
	<u>41</u>	<u>42</u>

11. Interest payable and similar expenses

	Period 26 April 2019 £000	Period 27 April 2018 £000
Bank interest payable	258	245
Finance leases and hire purchase contracts	65	87
Share of joint ventures	55	55
Share of associates	214	290
	<u>592</u>	<u>677</u>

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

12. Taxation

	Period 26 April 2019 £000	Period 27 April 2018 £000
Corporation tax		
Current tax on profits for the year	1,207	1,193
Adjustments in respect of previous periods	(493)	20
	714	1,213
Foreign tax	74	70
Tax in respect of ESOP	210	208
Total current tax	998	1,491
Deferred tax		
Origination and reversal of timing differences	112	(43)
Adjustments in respect of previous periods	410	(64)
Total deferred tax	522	(107)
Other tax		
Joint venture taxation	41	50
Associate taxation	29	72
Taxation on profit on ordinary activities	1,590	1,506

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	Period 26 April 2019 £000	Period 27 April 2018 £000
Profit on ordinary activities before tax	5,578	5,029
Share of joint ventures' loss/(profit) before taxation	470	(76)
Share of associate's (profit) before taxation	(153)	(381)
	<hr/> 5,895 <hr/>	<hr/> 4,572 <hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	1,120	869
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	2	65
Expenses not deductible for tax purposes	208	313
Adjustments to tax charge in respect of prior periods	(489)	20
Adjustments to deferred tax charge in respect of previous periods	410	(64)
Different tax rate on current tax	40	(1)
Different tax rate on deferred tax	(8)	5
Foreign tax credits	68	31
Effects of different tax rates of subsidiaries operating in other jurisdictions	1	3
Tax movement arising from exercise of employee options	63	38
Additional rate of income tax in respect of ESOP	105	105
Share of joint ventures' tax charge	41	50
Share of associates' tax charge	29	72
	<hr/> 1,590 <hr/>	<hr/> 1,506 <hr/>
Total tax charge for the period		

Factors that may affect future tax charges

The main rate of corporation tax reduced to 19% on 1 April 2017 and is expected to remain at this rate until 1 April 2020, when it will then reduce to 17%. Deferred tax balances have been recognised at 17% as this is the tax rate substantively enacted at the balance sheet date.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

13. Dividends

The following dividends have been paid in respect of the year

	26 April 2019 £000	27 April 2018 £000
Final dividend in respect of previous year 1.36p (2018: 1.36p) on 62,630,720 2p ordinary shares	852	852
Interim dividend in respect of current year 0.88p (2018: 0.88p) on 62,630,720 2p ordinary shares	551	551
Dividend income received by ESOP	(558)	(555)
	<u>845</u>	<u>848</u>

A final dividend of 1.36p per share is proposed (2018: 1.36p per share). This is not included in the above figures in accordance with Financial Reporting Standard 102.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

14. Intangible assets

Group

	Varietal rights £000	Computer software £000	Goodwill £000	Total £000
Cost				
At 28 April 2018	171	4,143	5,819	10,133
Additions	-	260	-	260
Arising on business combination (note 29)	-	-	86	86
At 26 April 2019	<u>171</u>	<u>4,403</u>	<u>5,905</u>	<u>10,479</u>
Amortisation				
At 28 April 2018	14	1,144	5,654	6,812
Charge for the year	33	272	35	340
Impairment charge	-	-	69	69
At 26 April 2019	<u>47</u>	<u>1,416</u>	<u>5,758</u>	<u>7,221</u>
Net book value				
At 26 April 2019	<u>124</u>	<u>2,987</u>	<u>147</u>	<u>3,258</u>
At 27 April 2018	<u>157</u>	<u>2,999</u>	<u>165</u>	<u>3,321</u>

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

14. Intangible assets (continued)

Company

	Computer software £000
Cost	
At 28 April 2018	1,103
Additions	260
Intra-group transfers	2,990
At 26 April 2019	<u>4,353</u>
Amortisation	
At 28 April 2018	1,036
Charge for the year	272
Amortisation transfer from group	112
At 26 April 2019	<u>1,420</u>
Net book value	
At 26 April 2019	<u><u>2,933</u></u>
At 27 April 2018	<u><u>67</u></u>

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

15. Tangible fixed assets

Group

	Land & buildings £000	Assets in course of construction £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Total £000
Cost or valuation						
At 28 April 2018	25,461	9,673	27,873	600	12,155	75,762
Additions	159	9,824	670	111	325	11,089
Arising on business combination (note 29)	-	-	92	11	7	110
Disposals	(2)	-	(357)	(81)	(698)	(1,138)
At 26 April 2019	<u>25,618</u>	<u>19,497</u>	<u>28,278</u>	<u>641</u>	<u>11,789</u>	<u>85,823</u>
Depreciation						
At 28 April 2018	8,566	-	22,390	368	9,302	40,626
Charge for the period on owned assets	842	-	961	73	660	2,536
Charge for the period on financed assets	-	-	242	-	14	256
Disposals	-	-	(352)	(78)	(696)	(1,126)
At 26 April 2019	<u>9,408</u>	<u>-</u>	<u>23,241</u>	<u>363</u>	<u>9,280</u>	<u>42,292</u>
Net book value						
At 26 April 2019	<u>16,210</u>	<u>19,497</u>	<u>5,037</u>	<u>278</u>	<u>2,509</u>	<u>43,531</u>
At 27 April 2018	<u>16,895</u>	<u>9,673</u>	<u>5,483</u>	<u>232</u>	<u>2,853</u>	<u>35,136</u>

The net book value of fixed assets of £43.5 million (2018: £35.1 million) includes an amount of £2.3 million (2018: £2.8 million) in respect of assets held under hire purchase contracts. All assets form part of the security to Lloyds Bank plc for Group borrowings.

Included in land and buildings is freehold land classified as an investment property of £0.4m (2018: £0.4m) the fair value has been reviewed based on evidence for similar land sold in the local area.

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

15. Tangible fixed assets (continued)

Land and buildings

The land & buildings owned by M&W Mack Limited were revalued, on an open market existing use basis, as at 30 April 1993, by Edward Symmons & Partners, consultant surveyors and valuers.

The net book value of land and buildings comprises

	26 April 2019 £000	27 April 2018 £000
Freehold land	2,619	2,619
Freehold buildings	11,893	12,525
Long leasehold properties (over 50 years)	1,253	1,684
Short leasehold properties	445	67
	16,210	16,895
	16,210	16,895

In respect of certain fixed assets stated at valuation, the comparable historical cost and depreciation values are as follows:

	26 April 2019 £000	27 April 2018 £000
Net book value at end of year	16,206	16,891
	16,206	16,891
Historical cost	22,831	22,674
Depreciation	(8,779)	(8,481)
	14,052	14,193
Historical cost net book value at end of year	14,052	14,193

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

15. Tangible fixed assets (continued)

Company

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation			
At 28 April 2018	160	5,186	5,346
Additions	2	38	40
Disposals	-	(365)	(365)
At 26 April 2019	<u>162</u>	<u>4,859</u>	<u>5,021</u>
Depreciation			
At 28 April 2018	135	3,651	3,786
Charge for the period on owned assets	10	338	348
Disposals	-	(363)	(363)
At 26 April 2019	<u>145</u>	<u>3,626</u>	<u>3,771</u>
Net book value			
At 26 April 2019	<u>17</u>	<u>1,233</u>	<u>1,250</u>
At 27 April 2018	<u>25</u>	<u>1,535</u>	<u>1,560</u>

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

16. Fixed asset investments

Group

	Investment in joint ventures £000	Investments in associates £000	Trade investments £000	Total £000
Cost or valuation				
At 28 April 2018	14,237	4,530	25	18,792
Additions	821	-	-	821
Amounts written off	-	-	(25)	(25)
Transfer on acquisition of controlling interest (note 29)	127	-	-	127
Share of profit/(loss)	(1,672)	124	-	(1,548)
At 26 April 2019	<u>13,513</u>	<u>4,654</u>	<u>-</u>	<u>18,167</u>
Impairment				
At 28 April 2018	6,854	-	-	6,854
Charge for the period	334	-	-	334
At 26 April 2019	<u>7,188</u>	<u>-</u>	<u>-</u>	<u>7,188</u>
Net book value				
At 26 April 2019	<u>6,325</u>	<u>4,654</u>	<u>-</u>	<u>10,979</u>
At 27 April 2018	<u>7,383</u>	<u>4,530</u>	<u>25</u>	<u>11,938</u>

Dividends of £1,500,000 (2018: £325,000) were received from the joint venture companies during the year.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

16. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £000	Investments in associates £000	Investment in joint ventures £000	Total £000
Cost or valuation				
At 28 April 2018	6,211	1,004	5,926	13,141
Additions	810	-	829	1,639
Amounts written off	(475)	-	-	(475)
At 26 April 2019	<u>6,546</u>	<u>1,004</u>	<u>6,755</u>	<u>14,305</u>
Net book value				
At 26 April 2019	<u>6,546</u>	<u>1,004</u>	<u>6,755</u>	<u>14,305</u>
At 27 April 2018	<u>6,211</u>	<u>1,004</u>	<u>5,926</u>	<u>13,141</u>

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

16. Fixed asset investments (continued)

Direct subsidiary undertakings

The company's directly held subsidiary undertakings are as follows:

Unless otherwise indicated, the undertakings listed below are registered at The Fresh Produce Centre, Transfesa Road, Paddock Wood, Kent, United Kingdom, TN12 6UT

Name	Principal activity	Class of shares	Holding
Primafruit Limited (1)	Sourcing, marketing, and selling of fresh fruit	Ordinary	100%
Fresca Development Limited	Construction	Ordinary	100%
Fresca Development Property Limited	Property leasing	Ordinary	100%
M.& W.Mack Limited	Sourcing, marketing, packaging and selling of fresh fruit and vegetables	Ordinary	100%
Thanet Earth Investments Limited	Site development	Ordinary	100%
Wallings Property Limited	Leasing of land and tangible fixed assets	Ordinary	75%
The Fresh Produce Centre Limited	Sourcing, marketing, and selling of fresh fruit	Ordinary	100%
Grape Evolution Limited	Marketing of grape varieties	Ordinary	100%
Blue River International Limited *	Sourcing, marketing, packaging and selling of fresh fruit	Ordinary	100%
The Fresca ESOP Limited	Dormant	Ordinary	100%
MM Global Citrus Limited	Sourcing, marketing, packaging and selling of fresh fruit	Ordinary	100%
Fresca Group South Africa (Pty) Limited (4)	Technical and quality assurance services	Ordinary	100%
Banafrut UK Limited	Dormant	Ordinary	100%

* Exempt from audit by virtue of S479A of Companies Act 2006.

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Thanet Growers Seven Limited (2)	Site development	Ordinary	100%
Fresca Spain SL (5)	Technical and quality assurance services	Ordinary	100%
The Avocado Company Limited	Dormant to secure trading name	Ordinary	100%

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

16. Fixed asset investments (continued)

Associates and joint ventures

Name	Principal activity	Holding
Manor Fresh Limited (3)	Sourcing, marketing, packaging and selling of potatoes and vegetables	50%
Thanet Earth Holdings Limited, Thanet Earth Limited, Thanet Earth Construction Limited, Thanet Earth Estates Limited (2)	Group engaged in procurement, packaging and sale of salad products	50%
Wallings Holdings Limited	Group engaged in growing of strawberries	40%
Wallings Nursery Limited	Group engaged in growing of strawberries	40%
TG1 Holding Limited, Thanet Growers One Limited, Thanet Growers Three Limited, Thanet Growers Six Limited (2)	Group engaged in growing of vegetables	25%
Thanet Energy Limited (2)	Transmission of electricity	25%
Custom Plum Company Limited	Group engaged in marketing of fruit	50%
Custom Plum Company (Pty) Limited	Group engaged in marketing of fruit	50%
Fresquita Farms SAS (6)	Avocado Grower	50%
Cartama UK Limited	Sourcing, marketing, and selling of fresh fruit	50%

- (1) Vale Business Park, Enterprise Way, Evesham, Worcestershire, WR11 1GT
- (2) The Packhouse, Barrow Man Road, Birchington, Kent, United Kingdom, CT7 0AX
- (3) Manor Farm, Holbeach Hurn, Spalding, Lincolnshire, PE12 8LR
- (4) 90 La Belle Vie, Welgevonden Boulevard, Stellenbosch, 7600, South Africa
- (5) Calle Poeta, Verdaguer 26, Castellon 12002, Spain
- (6) Carrera 33, 7, 29 Ed Blanco of 502 Medellin Colombia

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

17. Stocks

	Group 26 April 2019 £000	Group 27 April 2018 £000
Raw materials and consumables	12,591	12,076

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the period as an expense was £262 million (2018 - £294 million)

18. Debtors

	Group 26 April 2019 £000	Group 27 April 2018 £000	Company 26 April 2019 £000	Company 27 April 2018 £000
Due after more than one year				
Other debtors	512	-	512	-

	Group 26 April 2019 £000	Group 27 April 2018 £000	Company 26 April 2019 £000	Company 27 April 2018 £000
Due within one year				
Trade debtors	36,781	33,729	13	11
Amounts owed by Group undertakings	-	-	19,931	9,453
Amounts owed by joint ventures and associated undertakings	662	2,603	513	509
Other debtors	3,021	2,189	213	239
Prepayments and accrued income	2,260	3,613	901	966
Corporation tax	638	569	616	552
Deferred taxation	-	-	-	97
	43,362	42,703	22,187	11,827

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

19. Cash and cash equivalents

	Group 26 April 2019 £000	Group 27 April 2018 £000	Company 26 April 2019 £000	Company 27 April 2018 £000
Cash at bank and in hand	8,503	7,162	306	3,931
Less: bank overdrafts	-	-	-	(695)
	8,503	7,162	306	3,236

20. Creditors: Amounts falling due within one year

	Group 26 April 2019 £000	Group 27 April 2018 £000	Company 26 April 2019 £000	Company 27 April 2018 £000
Bank overdrafts	-	-	-	695
Bank loans	5,340	1,900	2,550	-
Trade creditors	34,490	29,340	919	715
Amounts owed to Group companies	-	-	6,897	1
Amounts owed to joint ventures and associated undertakings	4	1,363	-	100
Corporation tax	686	1,421	-	-
Income tax	130	139	130	139
Other taxation and social security	847	1,054	134	385
Obligations under finance lease and hire purchase contracts	890	742	-	-
Other creditors	9,379	9,888	1,074	720
	51,766	45,847	11,704	2,755

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

21. Creditors: Amounts falling due after more than one year

	Group 26 April 2019 £000	Group 27 April 2018 £000
Bank loans	7,485	6,275
Net obligations under finance leases and hire purchase contracts	570	1,029
	8,055	7,304

Bank loans

As at 26 April 2019, there were fixed term loans outstanding and a draw down from the Group's short-term hire purchase facilities. The details are as follows:

(a) Fresca Group Limited revolving loan and overdraft facilities

Fresca Group Limited renewed its net £3 million / gross £22 million overdraft facility with Lloyds Bank Plc on 12 February 2018. Interest on the net overdraft balance is calculated at base rate plus 1.35%.

(b) Fresca Group Limited revolving credit facility

Fresca Group Limited renewed its £5 million revolving credit facility with Lloyds Bank Plc on 28 February 2019. Drawdowns bear interest at the rate of three-month LIBOR plus 1.7%. Undrawn monies attract interest at the rate of 0.68%. At year end there was £2.6 million drawn down (2018: £nil).

(c) Fresca Group Limited hire purchase facility

Fresca Group Limited has access to a £4 million hire purchase facility with Lloyds Bank Plc which carries a standard 2% over bank base rate. At year end £1.5 million was due under related agreements (2018: £1.3 million).

(d) M.& W.Mack Limited fixed term loan

M&W Mack Limited agreed a loan facility of £5.9 million with Lloyds Bank Plc to fund the acquisition and development of a new ERP system in July 2014. In June 2017 this loan facility was refinanced and replaced by a loan facility of £4.4 million with Lloyds Bank Plc, secured on certain Group land and buildings, with a term of 4 years and 16 quarterly repayments of £275,000. The loan carries a rate of interest of three-month LIBOR plus 1.7%. At year end the drawn down balance of the loan was £2.5 million (2018: £3.6 million).

(e) Fresca Development Limited fixed term loans

Fresca Development Limited had a loan facility of £6 million agreed by Lloyds Bank Plc to fund development of our Evesham site on 12 May 2015. The bank loan is secured on certain Group land and buildings and has a term of 5 years from June 2017 with 19 quarterly repayments of £200,000 and a final repayment of £2.2 million. The loan carries a rate of interest of three-month LIBOR plus 1.7%. At year end the drawn down balance of the loan was £3.8 million (2018: £4.6 million).

Fresca Development limited had another loan facility of £8.9 million agreed with Lloyds Bank Plc to fund further development at our Evesham site on 28 February 2019. The bank loan is secured on certain Group land and building and has a term of 5 years from May 2019 with 19 quarterly repayments of £222,500 and a final repayment of £4.7m. The loan carries a rate of interest of three-month LIBOR plus 1.35%. At year end the drawn down balance of the loan was £4 million (2018: £NIL).

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

21. Creditors: Amounts falling due after more than one year (continued)

Loans

	Group 26 April 2019 £000	Group 27 April 2018 £000	Company 26 April 2019 £000	Company 27 April 2018 £000
Amounts falling due within one year				
Bank loans	5,340	1,900	2,550	-
Amounts falling due 1-2 years				
Bank loans	2,790	1,900	-	-
Amounts falling due 2-5 years				
Bank loans	4,695	4,375	-	-
	12,825	8,175	2,550	-

An omnibus guarantee and set-off arrangement is in place between Lloyds Bank Plc and Fresca Group Limited, M.& W.Mack Limited, Primafruit Limited, Thanet Earth Investments Limited, Fresca Development Limited, Fresca Development Property Limited, Grape Evolution Limited, The Fresh Produce Centre Limited and MM Global Citrus Limited in respect of the companies' debts and liabilities.

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 26 April 2019 £000	Group 27 April 2018 £000
Within one year	890	742
Between 1-5 years	570	1,029
	1,460	1,771

23. Financial instruments

	Group 26 April 2019 £000	Group 28 April 2018 £000
Financial assets		
Debt instruments measured at amortised cost	49,479	45,686
Financial liabilities		
Financial liabilities measured at amortised cost	58,157	50,520
Derivative instruments at market value	69	18
	58,226	50,538

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by Group undertakings, joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, finance leases, other creditors and accruals and amounts owed to Group undertakings.

Derivative financial instruments include interest rate swaps and forward foreign exchange contracts.

Information regarding the Group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' Report.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019

24. Deferred taxation

Group

	2019 £000	2018 £000
Liability		
At beginning of year	(1,123)	(1,229)
Charged to profit or loss	(522)	106
Arising on business combination	133	-
At end of year	<u>(1,512)</u>	<u>(1,123)</u>

Company

	2019 £000	2018 £000
Asset at beginning of year	97	71
Charged to profit or loss	(405)	26
(Liability)/Asset at end of year	<u>(308)</u>	<u>97</u>

The provision for deferred taxation is made up as follows:

	Group 26 April 2019 £000	Group 27 April 2018 £000	Company 26 April 2019 £000	Company 27 April 2018 £000
Shortfall/(excess) of taxation allowances over depreciation on fixed assets	(1,197)	(819)	(308)	85
Other timing differences	(315)	(304)	-	12
(Liability)/Asset	<u>(1,512)</u>	<u>(1,123)</u>	<u>(308)</u>	<u>97</u>

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

25. Share capital

	26 April 2019 £000	27 April 2018 £000
Allotted, called up and fully paid		
62,630,720 (2018 - 62,630,720) Ordinary shares of £0.02 each	1,253	1,253
	<u><u>1,253</u></u>	<u><u>1,253</u></u>

At 26 April 2019, the following options were outstanding over 2p ordinary shares:

Fresca Group Limited Approved and Qualifying Share Option Scheme

	Number of shares	Vesting date	Expiry date	Exercise price (per share)
30 October 2009	20,000	30/10/2012	30/10/2019	0.864
30 September 2011	93,170	30/09/2014	30/09/2021	0.700
26 September 2012	105,642	27/09/2015	27/09/2022	0.505
29 November 2013	146,447	29/11/2016	29/11/2023	0.687
16 January 2015	124,755	16/01/2018	16/01/2025	0.934
13 January 2016	432,069	13/01/2019	13/01/2026	1.100
19 September 2017	410,387	19/09/2020	19/09/2027	0.840
7 December 2018	179,314	07/12/2021	07/12/2028	0.620
	<u><u>1,511,784</u></u>			

Fresca Group Limited Unapproved and Supplementary Share Option Scheme

	Number of shares	Vesting date	Expiry date	Exercise price (per share)
30 September 2011	41,830	30/09/2014	30/09/2021	0.700
26 September 2012	124,358	27/09/2015	27/09/2022	0.505
29 November 2013	803,553	29/11/2016	30/11/2023	0.687
16 January 2015	1,705,245	16/01/2018	16/01/2025	0.934
13 January 2016	1,617,931	13/01/2019	13/01/2026	1.100
19 September 2017	2,439,613	19/09/2020	20/09/2027	0.840
7 December 2018	2,070,686	07/12/2021	07/12/2028	0.620
	<u><u>8,803,216</u></u>			

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

26. Share based payment

Share options

Fresca Group Limited grants options to certain of its employees and those of its subsidiaries over its ordinary shares at not less than the market value on the date of grant. The options vest over three years from the date of grant and have a term of seven years from the date of vesting. Exercise of options is subject to continued employment. Options are forfeited if the employee leaves the Group before they vest, unless the conditions under which they leave are such that they are considered to be a good leaver, in which case their options remain exercisable for 6 months after they leave. There are no other performance conditions. Employees are not entitled to dividends on shares attached to vesting or unexercised options.

The fair value of share options awarded has been derived by the use of a Black-Scholes option pricing model, the inputs of which are shown below

	26 April 2019 £000
Underlying price	69.0p
Exercise price	83.7p
Vesting period (years)	3
Expected volatility	29.82%
Expected life (years)	4.08
Risk-free interest rate	1.44%
Dividend yield	3.25%
Weighted average fair value per option	27.3p

Expected volatility is based on the three-year standard deviation of a basket of comparable listed companies and the expected life is the average period expected to exercise. The risk-free rate of return is the yield on zero coupon UK Government bonds of a term consistent with the assumed option life. No performance conditions have been taken into account in arriving at the fair value of options.

The movement in options to subscribe for shares under the Group's share plans is shown in the tables below.

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26. Share based payment (continued)

	26 April 2019	26 April 2019 Weighted average exercise price (£)	27 April 2018	27 April 2018 Weighted average exercise price (£)
	No. of share options		No. of share options	
Opening balance	8,325,000	0.907	6,115,000	0.929
Granted during the year	2,250,000	0.620	2,850,000	0.840
Lapsed during the year	(260,000)	0.982	(490,000)	0.998
Exercised during the year	-	-	(150,000)	0.626
Closing balance	10,315,000	0.856	8,325,000	0.907

5,215,000 share options were exercisable at the year end at a weighted average exercise price of £0.930 (2018: 3,305,000 options at a price of £0.811).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

27. Fresca Group Limited Employee Share Ownership Plan (ESOP)

The ESOP was created as a discretionary Trust by a Settlement, dated 16 April 1992, by M.& W.Mack Limited. The Settlement has been amended by supplemental Deeds dated 31 March 1994, 3 September 1998 and 25 September 1998. On 2 May 2005, the sponsoring company was transferred from M.& W.Mack Limited to Fresca Group Limited. From that date, the ESOP now forms part of the Fresca Group Limited company figures within these financial statements.

Under the Trust deed (as amended) the beneficiaries of the Trust are limited to current and former employees and their dependents of Fresca Group Limited and its subsidiaries, and the Trustee has the power to invest the assets of the Trust as it sees fit. Under no circumstances can the Trust confer on Fresca Group Limited any right, benefit or possibility of benefit in, or out of, the Trust. The Trustee of the ESOP is The Fresca ESOP Limited, and the Directors of that company during the year were Christopher Mack, Simon Hodson (Chair), Elizabeth McMeikan and Brett Sumner.

The ESOP is capable of honouring options exercised over Fresca Group Limited shares as a result of options granted under the Fresca Group Limited Executive Share Option Scheme that replaced the M.& W.Mack Limited No. 2 Executive Share Option Scheme, and the Fresca Group Limited Unapproved Executive Share Option Scheme that replaced the M.& W.Mack Limited Unapproved Executive Share Option Scheme.

In 2015 the Fresca Group Limited Executive Share Option Scheme was replaced by the Fresca Group Executive Share Option Scheme where there is both a Qualifying Scheme (replacing the previous Approved Scheme) and Supplementary Scheme (which replaced the previous Unapproved Scheme).

At 26 April 2019, the ESOP controlled 26,652,455 (2018: 25,610,130) 2p ordinary shares in Fresca Group Limited.

The Trustee of the ESOP has not waived its entitlement to dividends on the shares that it owns.

The Fresca Group Limited Employee Share Incentive Plan (SIP)

On 21 October 2004 M.& W.Mack Limited set up a share incentive plan (SIP) to enable employees throughout the Group to purchase shares in the company in an efficient way. Contributions to the SIP are deducted from participants' gross pay over the accumulation periods. The first accumulation period started on 1 November 2004. Upon the acquisition of that company by Fresca Group Limited, the SIP was renamed The Fresca Group Limited Employee Share Incentive Plan.

At the end of each accumulation period, the monies collected are used to purchase partnership shares in Fresca Group Limited which are placed in the Trust for the benefit of the participants. In addition, each participant is awarded one matching share for every two partnership shares purchased.

If staff within the scheme leave the Group's employ within three years of the purchase of the partnership shares, save for certain special circumstances, they will lose the initial income tax and National Insurance benefit gained from having deductions made from their gross pay and the matching shares received will be forfeited. Participants are able to receive dividends declared on their shares. Under the rules of the scheme they can either take the dividend as cash or by re-investing in purchasing further shares.

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

28. Reserves

The Group and Company's other reserves are as follows:

- The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings.
- The merger reserve was created in 2006 following the consolidation of Fresca Group Limited and M.& W.Mack Limited. Under merger accounting principles this gave rise to a merger reserve in the consolidated balance sheet.
- The profit and loss account reserve represents cumulative profits or losses, net of dividends paid and other adjustments.
- ESOP shares represents the costs of the company's shares held by the ESOP.
- The hedge reserve is used to record transactions from the Group's cash flow hedging arrangements.
- The share based payment reserve is used to record transactions from the Group's share based payment arrangements.
- The foreign exchange reserve represents all foreign exchange differences arising from the translation of the net assets of the Group's non-sterling denominated operations.

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29. Business combinations

On 27 July 2018 the company acquired the 50% shareholding in MM Global Citrus Limited (“MMG”) from its joint venture partner, making MMG a wholly owned subsidiary. An analysis of the net liabilities, consideration and the goodwill arising is set out in the table below. The directors deem that the book value of the net liabilities acquired were equal to their fair values. Turnover and profit of MMG included in the consolidated statement of comprehensive income from acquisition date to 26 April 2019 were £27,871,184 and £362,096 respectively.

On 6 December 2018 the company acquired 100% of the share capital of Blue River International Limited (“BRI”) for consideration of £1. The fair value of the net liabilities acquired were £(18)k giving goodwill of £18k arising. An analysis of the net liabilities acquired and details of post-acquisition performance have not been provided for BRI as the amounts involved are considered to be immaterial.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Fair value £000
Tangible	100
	100
Stocks	1,010
Debtors	8,908
Cash at bank and in hand	751
Total assets	10,769
Due within one year	(10,964)
Total identifiable net liabilities	(195)
Goodwill	69
Total purchase consideration	(126)

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

29. Business combinations (continued)

Consideration

	£000
Cash	1
Arising on previously held interest as joint venture (note 16)	(127)
Total purchase consideration	(126)

Cash inflow on acquisition

	£000
Purchase consideration settled in cash, as above	(1)
Cash and cash equivalents acquired	751
Net cash inflow on acquisition	750

30. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £NIL (2018: £0.1 million) for the Group. The company had no capital commitments (2018: £NIL).

31. Pension commitments

With effect from 1 May 1991 the Group has operated defined contribution pension schemes for employees becoming eligible for pension provisions after that date. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension costs charge in the profit and loss account represents contributions payable by the Group to the funds and amounted to £1,504,000 (2018: £1,346,000). At 26 April 2019, contributions amounting to £126,000 (2018: £37,000) were payable to the funds and are included within creditors.

FRESCA GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 26 APRIL 2019**

32. Commitments under operating leases

At 26 April 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 26 April 2019 £000	Group 27 April 2018 £000	Company 26 April 2019 £000	Company 27 April 2018 £000
Within 1 year	1,399	1,287	1	11
Within 2 to 5 years	3,594	3,765	13	30
Later than 5 years	4,491	5,076	-	-
	9,484	10,128	14	41

33. Foreign Exchange Contracts

At 26 April 2019 the Group had entered into forward foreign exchange purchase contracts totalling £24.0m (2018: £29.2m).

FRESCA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 APRIL 2019

34. Related party transactions

Fresca Group Limited has taken advantage of the exemption in Financial Reporting Standard No.102 not to disclose transactions between wholly owned members of the Fresca group of companies.

Associate and joint ventures

Fresca Group Limited owns 50% of the share capital in each of the joint ventures Manor Fresh Limited and Thanet Earth Holdings Limited, 40% of the ordinary share capital in the associate Wallings Holdings Limited and 25% of the ordinary share capital of TG1 Holding Limited. In the period to 27 July 2018, Fresca Group Limited owned 50% of the share capital in the joint venture MM Global Citrus Limited.

During the period, the joint venture companies acquired goods and services from the group of companies headed by Fresca Group Limited to the value of £5.5 million (2018: £12.5 million). In addition, group companies also act as lessors of assets under finance leases to certain of the associate and joint venture companies. Aggregate rentals receivable under the leases were £57,000 for the year (2018: £51,000), and the value of assets leased to associate and joint venture companies is £477,000 (2018: £304,000) in total.

During the period the joint venture companies sold products and services to the group of companies headed by Fresca Group Limited to a value of £0.7 million (2018: £1.8 million). The group of companies headed by Fresca Group Limited also provided further funding of £95,000 (2018: £Nil) during the year with a total interest charge of £900 (2018: £Nil).

As at 26 April 2019, the associate and joint venture companies were owed £575,000 (2018: £1,362,000) by the group of companies headed by Fresca Group Limited and owed the group of companies £25,000 (2018: £2,600,000).

Subsidiary undertakings

Wallings Property Limited is less than 100% owned by the group of companies. As at 26 April 2019, this company owed the group of companies headed by Fresca Group Limited £39,000 (2018: £82,000).



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