Panfoods Co. Limited

Report and Financial Statements

31 March 2015

Directors

J P Gallagher
H Kamada (appointed on 27 October 2014)
S Shimizu (resigned on 27 October 2014)
C R Vengrus
Y Kannondo (resigned on 25 March 2015)

Secretary

C R Vengrus

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

The Bank of Tokyo – Mitsubishi UFJ, Ltd.
Ropemaker Place
25 Ropermaker Street
London, EC2Y 9AN

Barclays Bank P.L.C.
1 Churchill Place,
London, E14 5HP

Solicitors

Birkett Long Solicitors
Number One
Legg Street
Chelmsford
Essex
CM1 1JS

Registrars and Registered Office

2nd Floor
16 St Clare St
London EC3N 1LQ

Strategic report

The directors present their strategic report for the year ended 31 March 2015.

Review of the business

The company is engaged, as sole distributor for a Brazilian soluble coffee exporter, in the worldwide sale and distribution of soluble coffee and associated products.

The financial key performance indicators for the company are:

	12 months ended 31 March 2015	*15 months ended 31 March 2014*
Volumes sold (in tons)	13,416	17,695
Turnover	$107,358,905	$150,312,413
Gross Profit	$3,788,532	$4,368,756

The year ended 31 March 2015 concluded as another challenging but rewarding year for the company with an increase in the trading profitability to $1,037,546 from $991,589 in the 15 months ended 31 March 2014

The unprecedented international economic downturn continued to affect the trading conditions specially relating to Russia financial situation due to the sanctions imposed by the USA.

There were sales with a value of $15,810,385 to North America and Australasia and $91,548,520 to Japan, Asia, Middle East, Russia, Europe, South America and Africa. Geographical split of turnover is analysed in note 3 to the financial statements.

Despite the above, the company has had an increase in its gross profit due to the increase in sales of instant coffee with higher value added. The gross profit margin reached 4% in the current period ended 31 March 2015 (12 months), as compared to 3% in the same period of the previous year (15 months).The decrease in profit from the prior year is, mainly due to the last year gain on disposal of the company's interest in the joint venture Alliance Coffee Company Liofilizados S.A. (ACCL), and due to higher finance income earned on pre-shipment finance loans granted to group companies.

During the year the company transitioned from UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Registered in Brazil Cia. Iguacu de Café Solúvel, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

Strategy

We will continue to develop our relationships with clients, generating new business where possible and increasing our margin.

Principal risks and uncertainties

The company is cautiously optimistic about improving trading conditions in 2015 through to 2016.

Competitive Risks

Competitive pressure globally is a continuing risk for the company while strong internal demand in Brazil puts pressure on export prices and the soluble coffee industries are highly competitive, particularly at the wholesale level where our business is focused. Many companies offer these types of products, giving rise to a very competitive pricing environment.

Strategic report (continued)

Principal risks and uncertainties (continued)

The Company manages this risk by providing high quality products backed up by reliable, fast and efficient service.

Therefore, the company has been prudent once again in setting objectives for the year ending 31 March 2016.

Legislative Risks

The uncertainties in the Russian market, due to the continuation of the sanctions imposed that could worsen the country financial situation, especially relating to the foreign exchange rate RUB vs. USD.

Exposure to price, credit, liquidity and cash flow risk

The coffee commodities are quoted on international markets in United States Dollars, as a result the majority of sales and purchases of the company are Dollar denominated.

The company is not exposed to price risk as the company's margin are fixed as agreed with our parent company Cia Iguacu de Café Solúvel (the company only product supplier) therefore any detriment or benefits from price movements are transferred to our parent company.

The company had cash at bank and in hand of $8,910,262 (15 months ended 31 March 2014– $2,999,103) at the balance sheet date. Operational needs are financed out of these deposits and operational cash flow.

For all trade creditors it is the policy of the company to make payment within the agreed terms.

The majority of the customer base makes regular payments monthly. Third party bad debt risk is considered to be low and outstanding debtors are monitored on an on-going basis and credit insurance and other debt protection measures are employed by the directors as and when deemed necessary.

Intercompany lending risk is considered to be low due to the increase of capital injection made in this financial year by the ultimate parent company Marubeni Corporation into our parent company Cia. Iguacu de Café Solúvel.

On behalf of the board

Carlos R. Vengrus
Director
Date 26/05/2015

Directors' report

Registered No. 1961948

The directors present their report for the year ended 31 March 2015.

Directors of the company

The directors who served the company during the period were as follows:

J P Gallagher

H Kamada (appointed on 27 October 2014)

S Shimizu (resigned on 27 October 2014)

C R Vengrus

Y Kannondo (resigned on 25 March 2015)

Results and dividends

The profit for the year after taxation amounted to $1,711,355 (15 month period ended 31 March 2014 – profit of $2,734,975). Dividends paid during the year were $nil (15 month period ended 31 March 2014 – $6,000,000). The directors do not recommend a final dividend (15 month period ended 31 March 2014 – $nil).

Future developments

We expect the performance of the company to improve in 2015-2016 as the company will focus more on products with higher profitability.

Financial instruments

The Company finances its activities including the financing to its parent company Cia. Iguacu de Café Solúvel, with a combination of a related party loan and cash. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Financial instruments give rise interest rate, credit; price and liquidity risk information on how these risks arise is set out above, as are the objectives, policies and processes for their management and the methods used to measure each risk.

Going concern

Panfoods is a profitable company, which has net assets of $21,427,477 as at 31 March 2015. The directors expect the company's profits to increase in the financial year ending 31 March 2016. The company had cash reserves of $8,910,262 at the period end and the directors plan to use any spare cash generated from its future profitable trading is to provide pre-shipment finance to our parent company Cia Iguacu de Café Solúvel.

In the year 2015, the company's pre shipment finance intercompany long term loan amounting to $92,030,317 to its fellow group company, Exportadora e Importadora Marubeni Colorado Ltda has been fully repaid.

As such, the directors have reasonable expectation that the company will continue to have sufficient funds to meet its liabilities as these falls due and will therefore be in a position to continue its operational existence for a period of at least 12 months from the date on which these financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements for the 12 months ended 31 March 2015.

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Carlos R. Vengrus
Director
Date 26/05/2015

Statement of directors' responsibilities

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

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

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

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

Independent auditors' report

to the members of Panfoods Co. Limited

We have audited the financial statements of Panfoods Co. Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Respective responsibilities of directors and auditor

As explained more fully in Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of Panfoods Co. Limited

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

William Binns (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

27 May 2015

Profit and Loss account

for the year ended 31 March 2015

	Notes	*12 months ended 31 March 2015* $	*15 months ended 31 March 2014* $
Turnover	3	107,358,905	150,312,413
Cost of sales		(103,570,373)	(145,943,657)
Gross profit		3,788,532	4,368,756
Administrative expenses		(2,765,606)	(3,332,245)
Operating profit	4	1,022,926	1,036,511
Profit/(Loss) on disposal of fixed assets		14,620	(44,922)
Total operating profit		1,037,546	991,589
Interest receivable and similar income	7	2,181,140	3,350,702
Interest payable and similar charges	8	(1,086,675)	(1,989,450)
Profit on ordinary activities before exceptional items		2,132,011	2,352,841
Gain on disposal of investment		37,750	1,218,755
Impairment of investment		–	(219,977)
Profit before taxation		2,169,761	3,351,619
Tax on profit on ordinary activities	9	(458,406)	(616,644)
Profit for the financial period	17	1,711,355	2,734,975

All amounts relate to continuing activities.

Statement of Total Recognised Gains and Losses

for the year ended 31 March 2015

	12 months ended 31 March 2015 $	*15 months ended 31 March 2014* $
Profit for the financial period	1,711,355	2,734,975
Net exchange differences on the retranslation of net investments and related borrowings	–	–
Total recognised gains relating to the financial period	1,711,355	2,734,975

Balance Sheet

as at 31 March 2015

	Notes	*31 March 2015 $*	*31 March 2014 $*
Fixed assets			
Tangible assets	11	24,065	71,719
Investments	12	–	165,036
		24,065	236,755
Current assets			
Stocks	13	162,723	303,546
Debtors	14	44,262,473	141,154,196
Cash at bank and in hand		8,910,262	2,999,103
		53,335,458	144,456,845
Creditors: amounts falling due within one year	15	(31,932,046)	(130,477,478)
Net current assets		21,403,412	13,979,367
Net assets		21,427,477	14,216,122
Capital and reserves			
Called up share capital	16	2,781,011	2,781,011
Share premium	17	46,730	46,730
Profit and loss account	17	18,599,736	11,388,381
Shareholders' funds	18	21,427,477	14,216,122

Approved by the Board on and signed on its behalf by:

Carlos R. Vengrus
Director
Date 26/05/2015

Notes to the financial statements

as at 31 March 2015

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Panfoods Co. Limited (the "Company") for the year ended 31 March 2015 were authorised for issue by the board of directors on 26 May 2015 and the balance sheet was signed on the board's behalf by Carlos Roberto Vengrus. Panfoods Co. Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in USD and all values are rounded to the nearest USD except when otherwise indicated.

The results of Panfoods Co Limited are included in the consolidated financial statements of registered Brazil company Cia Iguacu de Café Solúvel which are available from Av. Paulista, 854 - 16° andar, CEP: 01310-913 - São Paulo, Brazil.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

During the year the company transitioned from UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, Registered in Brazil Cia. Iguacu de Café Solúvel, was notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on the adoption of FRS 101.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2015.

2.2 Changes in accounting policy and disclosures

New and amended standards and interpretations adopted by the Company.

There are no changes to IFRS effective in 2015 which have a material impact on Panfoods Co. Limited.

Tangible fixed assets

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows.

Land and buildings	–	20 years
Office fixtures	–	5 years
Office equipment	–	4 years
Mobile equipment	–	3 years
Motor vehicles	–	4 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Notes to the financial statements

as at 31 March 2015

2. Accounting policies (continued)

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

Leases

Company has operating lease rentals that are charged to the profit and loss account on a straight-line basis over the period of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and goods for resale the average purchase price is used.

Trade and other debtors

Trade debtors, which generally have 30-180 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Notes to the financial statements

as at 31 March 2015

2. Accounting policies (continued)

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions: deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Turnover

Turnover represents the amounts (excluding value added tax) receivable for goods supplied to customers. Turnover is recognised at the point when the goods are shipped to customers or at the point when goods are released from free trade zones to customers.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

Notes to the financial statements

as at 31 March 2015

2. Accounting policies (continued)

Statement of cash flows

Under FRS 1 the company is exempt from the requirement to prepare a statement of cash flows on the grounds that a parent undertaking includes this company in its own published group financial statements.

Investments

The fixed asset investments are stated at cost less any permanent diminution in value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the beginning of the month in which the transaction took place. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

Going concern

Panfoods is a profitable company, which has net assets of $21,427,477 as at 31 March 2015. The directors expect the company's profits to increase in the financial year ending 31 March 2016. The company had cash reserves of $8,910,262 at the period end and the directors plan to use any spare cash generated from its future profitable trading to provide pre-shipment finance to our parent company Cia Iguacu de Café Solúvel.

In the year 2015, the company's pre shipment finance intercompany long term loan amounting to $92,030,317 to its fellow group company, Exportadora e Importadora Marubeni Colorado Ltda has been fully repaid.

As such, the directors have reasonable expectation that the company will continue to have sufficient funds to meet its liabilities as these falls due and will therefore be in a position to continue its operational existence for a period of at least 12 months from the date on which these financial statements are signed. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements for the 12 months ended 31 March 2015.

Group financial statements

The company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements on the basis that it is a wholly owned subsidiary of Cia Iguaçu de Café Solúvel and is included in the group financial statements of Cia Iguaçu de Café Solúvel for the 12 months ended 31 March 2015, which are publicly available. These financial statements therefore present information about the company as an individual undertaking and not about its group and accordingly the comparative figures have been adjusted to reflect the company as on individual undertaking.

As the company is a wholly owned subsidiary of Cia Iguaçu de Café Solúvel the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which are wholly owned by a member of the group. The group financial statements of Cia Iguaçu de Café Solúvel within which this company is included can be obtained from the address given in note 23.

Notes to the financial statements

as at 31 March 2015

3. Turnover

All turnover is derived from the sale of coffee. Turnover of the company is analysed by geographical market below.

	12 months ended 31 March 2015	*15 months ended 31 March 2014*
	$	*$*
United Kingdom	–	–
Rest of Europe including Russia	40,641,351	49,623,349
North America	15,810,385	24,273,674
Japan	20,101,580	30,366,083
Rest of Asia and Middle East	18,336,101	28,046,118
Australasia	–	6,583
Africa and South America	12,469,488	17,996,606
	107,358,905	150,312,413

4. Operating Profit

This is stated after charging:

		12 months ended 31 March 2015	*15 months ended 31 March 2014*
		$	*$*
Auditors' remuneration	– audit services	82,669	101,700
	– taxation compliance services	4,023	3,580
		86,692	105,280
Depreciation of tangible fixed assets		48,073	33,219
Operating lease rentals		76,557	93,246

5. Directors' remuneration

	12 months ended 31 March 2015	*15 months ended 31 March 2014*
	$	*$*
Remuneration	707,843	913,846
Company contributions paid to defined contribution pension schemes	30,339	32,829
	738,182	946,675

The highest paid director was paid $367,719 for the year ended 31 March 2015 (15 months ended 31 March 2014 – $ 525,719) and nil contributions were made to money purchase schemes on his behalf (15 months ended 31 March 2014 – $nil).

Notes to the financial statements

as at 31 March 2015

5. Directors' remuneration (continued)

Retirement benefits accrued amount to $nil (15 months ended 31 March 2014 – $nil) for directors under a money purchase scheme.

6. Staff costs

	12 months ended 31 March 2015	15 months ended 31 March 2014
	$	$
Wages and salaries	1,260,039	1,363,687
Social security costs	144,531	135,489
Other pension costs	62,200	76,058
	1,466,770	1,575,234

The average monthly number of employees during the period was made up as follows:

	12 months ended 31 March 2015	15 months ended 31 March 2014
	No.	No.
Sales and marketing	4	5
Administration	6	6
	10	11

7. Interest receivable and similar income

	12 months ended 31 March 2015	15 months ended 31 March 2014
	$	$
Interest income from pre-shipment finance balances owed by group undertakings and related parties	2,181,140	3,350,702

8. Interest payable and similar charges

	12 months ended 31 March 2015	15 months ended 31 March 2014
	$	$
Interest paid on amounts owed by group undertakings and related parties	955,115	1,880,146
Other interest	10,782	179
Foreign exchange losses	120,778	109,125
	1,086,675	1,989,450

Notes to the financial statements

as at 31 March 2015

9. Tax

(a) Tax on Profits on ordinary activities

The tax on profits is made up as follows:

	12 months ended 31 March 2015	*15 months ended 31 March 2014*
	$	*$*
Current income tax:		
UK corporation tax on the profit for the period	475,008	613,883
Adjustments in respect of prior periods	14,063	–
	489,071	613,883
Foreign tax		
Current tax on profit for the period	–	2,761
Total current income tax	489,071	616,644
Deferred tax:		
Origination and reversal of timing differences	–	–
Total deferred tax (note 8(c))	(30,665)	–
Tax on profit on ordinary activities (note 8(b))	458,406	616,644

(b) Factors affecting the current tax on profit for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 21% (15 months ended 31 March 2014 – 23.2%). The differences are explained below:

	12 months ended 31 March 2015	*15 months ended 31 March 2014*
	$	*$*
Profit before tax	2,169,761	3,351,619
Profit multiplied by standard rate of corporation tax in the UK of 21% (15 months ended 31 March 2014 - 23.2 %)	455,650	777,575
Effects of:		
Expenses not deductible for tax purposes	17,067	124,958
Fixed assets timing differences	(5,089)	11,909
Adjustments to tax charge in respect of previous years	14,063	–
Non-taxable income	(7,927)	(296,781)
Foreign tax relieved	–	(4,368)
Other timing differences	(15,358)	3,351
Current tax for the period (note 8(a))	458,406	616,644

Notes to the financial statements

as at 31 March 2015

9. Tax (continued)

(c) Deferred tax

	$
At 1 April 2014	6,379
Charged to profit and loss for the period	30,665
At 31 March 2015	37,044

The elements of the deferred tax asset are as follows:

	12 months ended 31 March 2015	*15 months ended 31 March 2014*
	$	*$*
Difference between accumulated depreciation and amortisation and capital allowances	20,854	6,379
Other timing differences	16,190	–
	37,044	6,379

(d) Factors that may affect future tax charges

During the period the main rate of corporation tax was reduced to 21% with effect from 1 April 2014. The chancellor announced in the Budget of March 2014 that the main rate of corporation tax will fall to 20%, with effect from 1 April 2015. At the balance sheet date, the new legislation had been substantively enacted, and therefore the effect of this change on the deferred tax balance is reflected in these accounts.

10. Dividends

	12 months ended 31 March 2015	*15 months ended 31 March 2014*
	$	*$*
Dividends paid:		
Declared and paid during the period	–	(6,000,000)
Dividends received:		
Panfoods Romania SRL	5,500,000	500,000
	5,500,000	(5,500,000)

Notes to the financial statements

as at 31 March 2015

11. Tangible fixed assets

	Motor vehicles	*Office fixtures and equipment*	*Total*
	$	*$*	*$*
Cost:			
At 1 April 2014	69,382	343,958	413,340
Additions	–	3,244	3,244
Disposals	(69,382)	(4,784)	(74,166)
At 31 March 2015	–	342,418	342,418
Depreciation:			
At 1 April 2014	69,382	272,239	341,621
Charge for the period	–	48,073	48,073
Disposals	(69,382)	(1,959)	(71,341)
At 31 March 2015	–	318,353	318,353
Net book value:			
At 31 March 2015	–	24,065	24,065
At 1 April 2014	–	71,719	71,719

12. Investments

	Subsidiary undertakings	*Associated undertakings – joint ventures*	*Total*
	$	*$*	*$*
Cost:			
At 1 April 2014	100,000	65,036	165,036
Impairment of Alliance Coffee Company Limited	–	(65,036)	(65,036)
Impairment of Panfoods Romania SRL	(100,000)	–	(100,000)
At 31 March 2015	–	–	–

The undertakings in which the company has an interest are as follows:

	Country of incorporation	*Principal activity*	*Class and percentage of shares held*
Subsidiary undertakings			
Panfoods Romania SRL	Romania	Coffee distribution	Ordinary shares 100%
Associated undertakings – joint ventures			
Alliance Coffee Company Limited	England and Wales	Coffee distribution	A ordinary shares 50%

Notes to the financial statements

as at 31 March 2015

13. Stocks

	31 March 2015	31 March 2014
	$	$
Raw materials and consumables	162,723	303,546

14. Debtors

	31 March 2015	31 March 2014
	$	$
Trade debtors	2,709,078	7,343,835
Amounts owed by group undertakings and related parties	41,351,794	133,598,076
Other debtors	53,243	88,157
Deferred tax assets	37,044	6,379
Prepayments and accrued income	97,412	106,637
Deposits	13,902	11,112
	44,262,473	141,154,196

The company started using a non-recourse invoice factoring facility in March 2015 for its trade debtors

15. Creditors: amounts falling due within one year

	31 March 2015	31 March 2014
	$	$
Trade creditors	59,887	95,322
Amounts owed to group undertakings and related parties	31,078,318	128,419,895
Corporation tax creditor	234,498	261,299
Other creditors	252,407	1,109,029
Accruals	306,936	591,933
	31,932,046	130,477,478

Amounts owed to group undertakings and related parties includes an intercompany loan including interest payable to Marubeni Finance Europe Plc at 31 March 2015 was $30m. This intercompany loan is a 52m capped revolving facility for the 12 months period ending 31 March 2016. This amount is fully guaranteed by Marubeni Corporation, the ultimate parent undertaking. The company in turn has provided an indemnity to Marubeni Corporation. Management anticipate that this facility will continue to be renewed for the foreseeable future.

Notes to the financial statements

as at 31 March 2015

16. Issued share capital

	No.	31 March 2015 $	No.	31 March 2014 $
Authorised				
Ordinary shares of $1 each	2,781,011	2,781,011	2,781,011	2,781,011
Allotted, called up and fully paid				
Ordinary shares of $1 each	2,781,011	2,781,011	2,781,011	2,781,011

17. Movements on reserves

	Share premium $	Profit and loss account $
At 1 April 2014	46,730	11,388,381
Dividends declared and paid during the period	–	–
Dividends received	–	5,500,000
Profit for the period	–	1,711,355
At 31 March 2015	46,730	18,599,736

18. Reconciliation of shareholders' funds

	31 March 2015 $	31 March 2014 $
Profit for the period	1,711,355	2,734,975
Dividends declared and paid during the period	–	(6,000,000)
Dividends received	5,500,000	500,000
Addition/(reduction) to shareholders' funds	7,211,355	(2,765,025)
Opening shareholders' funds	14,216,122	16,981,147
Closing shareholders' funds	21,427,477	14,216,122

19. Pensions

The company operates a defined contribution pension scheme. The pension cost represents contributions payable by the company to the scheme and amounted to $62,200 (31 March 2014– $76,058).

Outstanding contributions at the end of the financial period were $nil (31 March 2014 – $nil).

Notes to the financial statements

as at 31 March 2015

20. Other financial commitments

At 31 March 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	31 March 2015	*31 March 2014*
	$	*$*
Operating leases which expire:		
Within one year	–	–
In two to five years	76,557	93,246
	76,557	93,246

21. Contingent liabilities

The company has provided an indemnity letter to the ultimate parent undertaking, Marubeni Corporation, which will allow Marubeni Corporation to recover from the company any settlements made to Marubeni Finance Europe plc on behalf of the company. The total amount payable to Marubeni Finance Europe plc at 31 March 2015 is $30,000,000.

22. Related party transactions

The company is controlled by Cia Iguacu de Café Soluvel, the parent undertaking. The ultimate controlling party is Marubeni Corporation, the ultimate parent undertaking. Related party transactions with wholly owned members of the Cia Iguacu de Café Soluvel group are not disclosed in this note as a result of the disclosure exemption available in FRS 8.

In the period the company sold goods to Marubeni Corporation, the ultimate parent undertaking, of $20,101,580 (31 March 2014 – $30,374,327). Marubeni Corporation owed the company $886,936 (31 March 2014 – $511,073) at the period end.

Exportadora e Importadora Marubeni Colorado Ltda owed the company $nil (31 March 2014 – $92,030,317) in relation to the pre-shipment finance provided.

23. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Marubeni Corporation, incorporated in Japan.

The largest group in which the results of Panfoods Co. Limited and its subsidiaries are consolidated is that headed by Marubeni Corporation, incorporated in Japan. The smallest group in which the results of Panfoods Co. Limited and its subsidiaries are consolidated is that headed by Cia Iguacu de Cafe Soluvel, incorporated in Brazil. The group financial statements of these groups are available to the public at Marubeni Corporation's registered office 5-7 Hommachi-2 Chome, Chuo-ku, Osaka, Japan.