

Report of the Directors and  
Audited Financial Statements for the Year Ended 31 December 2012  
for  
Coca-Cola Enterprises Limited

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**CONTENTS OF THE FINANCIAL STATEMENTS**

	Page
Company Information	1
Report of the Directors	2 to 4
Report of the Independent Auditors	5
Profit and Loss Account	6
Statement of Total Recognised Gains and Losses	7
Balance Sheet	8
Notes to the Financial Statements	9 to 26

COMPANY INFORMATION

**DIRECTORS:**

S Baldry  
F Govaerts  
J Marshall  
S Moorhouse  
P van Reesch  
E Walker

**SECRETARY:**

P van Reesch

**REGISTERED OFFICE:**

Enterprises House  
Uxbridge  
Middlesex  
UB8 1EZ

**REGISTERED NUMBER:**

27173 (England and Wales)

**AUDITORS:**

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

**REPORT OF THE DIRECTORS**

The directors present their report, together with the audited financial statements of Coca-Cola Enterprises Limited, ("the Company"), for the year ended 31 December 2012

**Principal activity**

The principal activity of the Company continues to be the marketing, production and distribution of non-alcoholic beverages throughout Great Britain

**Review of business**

The profit on ordinary activities for the year, after taxation, was £218.7m (2011: £217.1m)

Leading brands include Coca-Cola, Diet Coke, Coca-Cola Zero, Fanta, Dr Pepper, Sprite, Schweppes, Schweppes Abbey Well, Glacéau, Relentless, Powerade, Oasis, 5 Alive, Monster, Appletiser, Ocean Spray and Capri Sun

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

	2012 £'000	2011 £'000	Change
Turnover	1,794,602	1,765,135	1.7%
Gross profit	656,122	641,312	2.3%
Operating profit	251,981	246,780	2.1%
Profit after tax	218,725	217,133	0.7%
Shareholders' funds	477,518	490,693	(2.7%)
Average number of employees	4,443	4,326	

Turnover increased by 1.7% during the year. The shareholders' funds have decreased by 2.7%, due to the payment of 2012 dividends and the adverse movements on the Company's pension scheme and share based payment reserve

**Principal risks and uncertainties**

The directors deem the following risks and uncertainties could adversely impact our business and financial results when and if they were to occur

- Business is dependent upon the relationship with The Coca-Cola Company ("TCCC")

Our product licensing agreements with TCCC state that they are for fixed terms, and most of them are renewable only at the discretion of TCCC. A decision by TCCC not to renew a current fixed-term product licensing agreement at the end of its term could substantially and adversely affect our financial results

- Increase in costs or limitation of supplies of raw materials

Increases in the costs of raw materials, ingredients, or packaging materials, such as aluminium, sugar, PET (plastic), fuel, or other cost items, and the inability to pass these increased costs on to our customers in the form of higher prices, would have an adverse impact on our financial results. We use supplier pricing agreements and, at times, derivative financial instruments to manage the volatility and market risk with respect to certain commodities. Generally, these hedging instruments establish the purchase price for these commodities in advance of the time of delivery.

We purchase our entire requirement of concentrates and syrups for TCCC owned brands from TCCC at prices and terms determined from time to time by TCCC at its sole discretion. The Company has entered into a five-year incidence-based concentrate pricing agreement with TCCC through 31 December 2015.

**REPORT OF THE DIRECTORS (CONTINUED)****Principal risks and uncertainties (continued)**

- Legislative or regulatory changes that affect our products, distribution, or packaging could reduce demand for our products or increase our costs

Our business model depends on the availability of our various products and packages in multiple channels and locations to satisfy the needs of our customers and consumers. Laws that restrict our ability to distribute products in certain channels and locations, as well as laws that require deposits for certain types of packages or those that limit our ability to design new packages or market certain packages, could negatively impact our financial results.

**Dividends**

Dividends of £186.0m were declared and paid in 2012 (2011: £227.1m). The resulting transfer of retained earnings to reserves for the financial year ended 31 December 2012 amounts to a surplus of £32.7m (2011 deficit: £10.0m).

**Research and development**

Research in the beverages field is undertaken on behalf of CCE by TCCC. From time to time CCE engages third parties to undertake marketing research on its behalf.

**Business Transformation**

In October 2012, CCE announced a business transformation programme designed to increase our operational efficiency and effectiveness, allowing us to continue to invest in our business and improve our platform for long-term, sustainable growth. In line with this ambition during the year ended 31 December 2012 restructuring plans were announced across Sales and Marketing, Finance and Supply Chain, the majority of which will be completed by the date of this report.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

S Baldry  
F Govaerts  
J Marshall  
S Moorhouse  
P van Reesch

Other changes in directors holding office are as follows:

E Walker – appointed 5 April 2013  
J Purnode – resigned 5 April 2013

None of the directors held any interests in the share capital of the Company during the year under review.

The Company has taken advantage of the exemption permitted by the Companies Act 2006 not to disclose the directors' interest in the share capital of the ultimate parent company on the grounds that the ultimate parent company is incorporated outside of Great Britain.

**Charitable contributions**

During the year, contributions within Great Britain to charities amounted to £610k (2011: £235k).

**Disabled employees**

The Company always considers carefully an application for employment by any registered disabled person. If an employee becomes disabled it is normal practice (where relevant) to offer an alternative job in all but the most extreme circumstances and to provide retraining where necessary. The Company's inclusion and fair treatment policy covers training, development and promotion and applies to minority groups, including disabled people.

**Employee involvement**

The policy of informing employees is maintained through regular newsletters and electronic communications. Employees are encouraged to present their views and suggestions in respect of the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. These meetings include, but are not limited to, National & Local Business Connections meetings.

**REPORT OF THE DIRECTORS (CONTINUED)****Annual general meeting and auditors**

Resolutions have been passed in accordance with the provisions of sections 366(a) and 386 of the Companies Act 2006 such that the Company is not required to hold an Annual General Meeting or annually reappoint the auditors

**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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

**Statement as to Disclosure of Information to Auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**On Behalf of the Board:**

J Marshall - Director

Date 3 9 13

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS**

We have audited the financial statements of Coca-Cola Enterprises Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 22. 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).

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 a Report of the Auditors 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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 of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 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 matters prescribed by the Companies Act 2006**

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

**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.



Alison Duncan (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

Date 3.9.13

**PROFIT AND LOSS ACCOUNT**

	Notes	2012 £'000	2011 £'000
<b>TURNOVER</b>	2	1,794,602	1,765,135
Cost of sales		<u>(1,138,480)</u>	<u>(1,123,823)</u>
<b>GROSS PROFIT</b>		656,122	641,312
Distribution costs		(201,859)	(210,021)
Administrative expenses		<u>(202,282)</u>	<u>(184,511)</u>
<b>OPERATING PROFIT</b>	4	251,981	246,780
Loss on sale of tangible fixed assets		<u>(1,234)</u>	<u>(1,289)</u>
		250,747	245,491
Interest receivable	5	554	635
Other finance income	17	<u>10,358</u>	<u>10,771</u>
		261,659	256,897
Interest payable	6	<u>(2,999)</u>	<u>(620)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		258,660	256,277
Tax on profit on ordinary activities	7	<u>(39,935)</u>	<u>(39,144)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>218,725</u>	<u>217,133</u>

**CONTINUING OPERATIONS**

None of the Company's activities were acquired or discontinued during the current year or previous year



**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2012 £'000	2011 £'000
<b>PROFIT FOR THE FINANCIAL YEAR</b>	218,725	217,133
Actuarial loss on pension scheme	(40,933)	(59,117)
Tax relating to pension	<u>6,041</u>	<u>4,131</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>183,833</u>	<u>162,147</u>

**BALANCE SHEET**

	Notes	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	460,375	447,831
<b>CURRENT ASSETS</b>			
Stocks	10	76,699	79,478
Debtors	11	431,231	460,088
Cash at bank		<u>45,601</u>	<u>46,371</u>
		553,531	585,937
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(526,268)</u>	<u>(504,186)</u>
<b>NET CURRENT ASSETS</b>		<u>27,263</u>	<u>81,751</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		487,638	529,582
<b>PROVISIONS FOR LIABILITIES</b>	14	(36,143)	(48,053)
<b>PENSION ASSET</b>	17	<u>26,023</u>	<u>9,164</u>
<b>NET ASSETS</b>		<u>477,518</u>	<u>490,693</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	204	204
Share premium	16	228,967	228,967
Share based payment reserve	16	-	2,604
Other reserves	16	72,453	72,453
Profit and loss account	16	<u>175,894</u>	<u>186,465</u>
<b>SHAREHOLDERS' FUNDS</b>	21	<u>477,518</u>	<u>490,693</u>

The financial statements were approved the Board of Directors on behalf by

31.13

and were signed on its



J Marshall - Director

**NOTES TO THE FINANCIAL STATEMENTS****1 ACCOUNTING POLICIES****Accounting convention**

A summary of the principal accounting policies is set out below all of which have been applied consistently throughout the year

**Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

**Preparation of consolidated financial statements**

The Company has taken advantage of the exemption permitted by section 400 of the Companies Act 2006 not to prepare group financial statements on the grounds that group financial statements are prepared by the ultimate UK parent company. Consequently, the financial statements represent information about the Company as an individual undertaking rather than the group

**Cash flow statement**

The Company has taken advantage of the exemption permitted by Financial Reporting Standard 1 (Revised) Cash Flow Statements, not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking

**Turnover**

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. 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 goods

**Interest income**

Revenue is recognised as interest accrues using the effective interest method

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregated amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows

Freehold buildings and long leasehold properties	2.5% - 5%
Plant and equipment	
Machinery and equipment (Including cold drink equipment)	7% - 20%
Furniture and fixtures	10% - 20%
Vehicles	8% - 25%
Information technology equipment	20% - 33%

Short leasehold property improvements are depreciated over the term of the lease

In specific cases higher depreciation rates are used, e.g. machinery subject to technological changes, and any machinery with a high obsolescence factor

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 ACCOUNTING POLICIES - continued****Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost equals purchase price or production cost in the case of products manufactured by the Company. Production cost consists of material and direct labour costs together with a reasonable proportion of manufacturing overheads on the basis of normal activity level.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Pension costs**

The Company operates a defined benefit pension scheme, which requires contributions to be made to an administered fund. The scheme was closed to new members in October 2005 from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in the profit and loss account on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the profit and loss account as other finance income or expense. Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for the scheme of the present value of the defined benefit obligation (using a discount rate based on high quality Government bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities, is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Contributions to the defined contribution scheme are recognised in the profit and loss account in the period in which they become payable.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 ACCOUNTING POLICIES - continued****Foreign currencies**

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

**Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Taxation**

Current tax is provided at amounts expected to be paid using tax rates and laws that have been enacted at the balance sheet date.

**Provision for liabilities**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

**Financial Instruments**

The Company uses financial instruments, in particular, forward exchange contracts and options, to manage the financial risks associated with the Company's underlying business activities and the financing of those activities.

The Company does not undertake any trading activity in financial instruments.

Forward exchange contracts and options are used to hedge foreign exchange exposures arising on forecast payments in foreign currencies. Upon maturity, gains and losses are taken to the profit and loss account.

**Share Based Payment**

The Company adopted the provisions of FRS 20 "Share-based Payment" during 2007. On adoption, the Company recognised compensation expense for all share-based payment awards that were granted or awarded after 7 November 2002 and were outstanding, but not yet vested as of 1 January 2006.

FRS20 requires measurement at the date of grant of the fair value of all equity settled share awards that are expected to vest, including employee share options. Management measures the fair value using a Black-Scholes model, unless the awards are subject to market conditions, in which case a Monte Carlo simulation model is used. The Monte Carlo simulation model utilises multiple input variables to estimate the probability that market conditions will be achieved.

An expense is recognised on a straight line basis over the vesting period, after allowing for estimated forfeitures. Performance share units are only recognised when it becomes probable that the performance criteria specified in the plan will be achieved. As the Company's share-based payments involve equity instruments of the ultimate parent company, Coca-Cola Enterprises, Inc ("CCE, Inc"), a corresponding increase is recognised in equity as a contribution from the parent.

The Company pays a charge to CCE, Inc in respect of the cost of awards made to its employees based on the fair value at vesting, in the case of an award of shares, or exercise in the case of an award of options. These payments are charged directly to equity, as they represent a return of the capital contribution recognised at the grant date, up to the amount of that contribution, and a distribution thereafter.

**2 TURNOVER**

The Company has a single activity which is the marketing, production and distribution of non-alcoholic beverages in Great Britain.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3 STAFF COSTS****a) Staff costs**

	2012 £'000	2011 £'000
Salaries and wages	160,070	146,950
Social security costs	18,239	19,029
Pension costs	<u>25,336</u>	<u>21,631</u>
	<u>203,645</u>	<u>187,610</u>

Included in pension costs are £20.8m (2011: £18.2m) in respect of defined benefit pension scheme and £4.6m (2011: £3.4m) in respect of the defined contribution pension scheme

The average number of employees (including Directors) employed by the Company was

	2012 Number	2011 Number
Production	1,153	1,183
Distribution and marketing	2,902	2,759
Administration	<u>388</u>	<u>384</u>
	<u>4,443</u>	<u>4,326</u>

**b) Directors' remuneration**

	2012 £'000	2011 £'000
Aggregate emoluments	1,725	1,762
Company contributions paid to a pension scheme	<u>219</u>	<u>340</u>
	<u>1,944</u>	<u>2,102</u>

Number of directors accruing benefits under defined benefit schemes	2	2
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	£'000	£'000
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In respect of the highest paid director

Aggregate emoluments	<u>544</u>	<u>600</u>
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Contributions to a defined pension scheme	<u>-</u>	<u>-</u>
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Accrued pension at the end of the year	<u>-</u>	<u>-</u>
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Accrued lump sum at the end of the year	<u>-</u>	<u>-</u>
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****4 OPERATING PROFIT**

	2012 £'000	2011 £'000
Operating profit is stated after charging		
Depreciation on owned assets	62,970	61,966
Operating lease rentals - plant and machinery	19,071	19,314
- land and buildings	5,577	4,696
Foreign exchange gains	1,426	238
Auditors' remuneration (audit services only)	<u>372</u>	<u>365</u>

**5 INTEREST RECEIVABLE**

	2012 £'000	2011 £'000
Short-term loans and deposits	152	243
Group interest receivable	388	373
Other interest receivable	<u>14</u>	<u>19</u>
	<u>554</u>	<u>635</u>

**6 INTEREST PAYABLE**

	2012 £'000	2011 £'000
Bank overdraft and other short term borrowings	5	10
Ultimate parent company interest payable	586	111
Group interest payable	<u>2,408</u>	<u>499</u>
	<u>2,999</u>	<u>620</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****7 TAXATION****Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2012 £'000	2011 £'000
Current tax		
UK corporation tax	50,932	56,287
Deferred tax	(10,997)	(17,143)
Tax on profit on ordinary activities	<u>39,935</u>	<u>39,144</u>

UK corporation tax has been charged at 24.5% (2011: 26.5%)

Deferred tax includes the effect of the UK Corporation tax change from 25% to 23% effective 1 April 2013 (2011: 25%). In the 2013 Budget it was announced that there will be an additional rate reduction of 3% which will be enacted from 1 April 2013, the impact of this is estimated to be a reduction of £3.6m

**Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	<u>258,660</u>	<u>256,277</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	63,364	67,913
Effects of		
Expenses not deductible for tax purposes	584	7,419
Capital allowances for year in excess of depreciation	1,888	1,150
Utilisation of group relief	(15,016)	(20,473)
Adjustment for tax charge in respect of previous periods	(305)	901
Movement in short term timing differences: Share based payments	(2,692)	(623)
Movement in short term timing differences: Provisions	3,246	-
Other profit movement	(137)	-
Current tax charge	<u>50,932</u>	<u>56,287</u>

**Factors that may affect the future tax charges**

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years

**8 DIVIDENDS**

	2012 £'000	2011 £'000
Dividend paid £519.36 (2011: £634.12) per ordinary share	<u>186,000</u>	<u>227,098</u>



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****9 TANGIBLE FIXED ASSETS**

	Land and Buildings £'000	Plant and equipment £'000	In course of construction £'000	Totals £'000
<b>Cost</b>				
At 1 January 2012	192,039	847,673	49,826	1,089,538
Additions	394	27,281	48,158	75,833
Transfer on completion	4,050	22,998	(27,048)	-
Disposals	(12)	(1,927)	(1)	(1,940)
At 31 December 2012	<u>196,471</u>	<u>896,025</u>	<u>70,935</u>	<u>1,163,431</u>
<b>Depreciation</b>				
At 1 January 2012	64,356	577,352	-	641,707
Charge for year	5,045	57,924	-	62,970
Disposals	(9)	(1,612)	-	(1,621)
At 31 December 2012	<u>69,392</u>	<u>633,664</u>	<u>-</u>	<u>703,056</u>
<b>Net Book Value</b>				
At 31 December 2012	<u>127,079</u>	<u>262,361</u>	<u>70,935</u>	<u>460,375</u>
At 31 December 2011	<u>127,683</u>	<u>270,321</u>	<u>49,827</u>	<u>447,831</u>

The net book value of land and building comprises

	2012 £'000	2011 £'000
Land and buildings	125,076	125,182
Short leasehold improvements	<u>2,002</u>	<u>2,501</u>
Net book value	<u>127,078</u>	<u>127,683</u>

**10 STOCKS**

	2012 £'000	2011 £'000
Raw materials and consumables	20,110	22,731
Finished goods and goods for resale	50,904	49,956
Sundry stocks	<u>5,685</u>	<u>6,791</u>
	<u>76,699</u>	<u>79,478</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11 DEBTORS**

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	377,101	398,880
Amounts due from ultimate parent company	-	1,179
Amounts due from group undertakings	41,257	49,025
Other debtors	1,244	163
Prepayments	4,968	3,934
	<u>424,570</u>	<u>453,181</u>
Amounts falling due after more than one year		
Prepayments	<u>6,661</u>	<u>6,907</u>
	<u>431,231</u>	<u>460,088</u>

Included within trade debtors above are the following amounts owed by related parties

	2012 £'000	2011 £'000
Coca-Cola International Sales Limited	11	51
SA Coca-Cola Services NV	15,480	6,855
Beverages Services Limited	22	16
Waters & Robson Limited	419	-
Coca-Cola Bottlers Sales and Service Company LLC	242	-
	<u>16,174</u>	<u>6,922</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****12 CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £'000	2011 £'000
Trade creditors	90,278	129,366
Amounts due to ultimate parent company	51,009	-
Amounts due to group undertakings	100,251	129,976
Corporation tax	23,195	19,256
Social security and other taxes	5,970	7,322
VAT	42,535	38,052
Accruals and deferred income	213,030	180,214
	<u>526,268</u>	<u>504,186</u>

Included within trade creditors and accruals above are the followings amounts due to related parties

	2012 £'000	2011 £'000
Atlantic Industries Limited	4,828	14,132
Coca-Cola International Sales Limited	45	62
Varoise de Concentres S A S	630	498
European Refreshments Limited	735	823
Waters & Robson	-	84
	<u>6,238</u>	<u>15,599</u>

**13 OPERATING LEASE COMMITMENTS**

At 31 December the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Plant and equipment	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Expiring				
Within one year	1,648	1,748	13	2,152
Between one and five years	3,075	3,589	10,457	8,395
In more than five years	3,678	761	-	168
	<u>8,401</u>	<u>6,098</u>	<u>10,470</u>	<u>10,715</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14 PROVISIONS FOR LIABILITIES**

	At 1 January 2012	Charged/ (released) to the profit and loss account	Utilised	At 31 December 2012
	£'000	£'000	£'000	£'000
Deferred taxation	34,842	(7,010)	-	27,832
Environmental costs	935	1,155	(1,046)	1,044
Onerous contracts	3,741	(1,559)	(94)	2,088
Insurance claims	2,582	965	(732)	2,815
Customer claims	5,953	8,857	(12,446)	2,364
	<u>48,053</u>	<u>2,408</u>	<u>(14,318)</u>	<u>36,143</u>

Included in the charge to the profit and loss account for deferred taxation, is a credit of £2.8m in relation to the tax rate change from 25% to 23%, effective 1 April 2013. An amount of £3,986 for deferred tax on pensions is included in the profit and loss account and netted off against pension asset in the balance sheet. Therefore it is not part of the deferred tax balance of £27,832 shown above.

The provision in respect of environmental costs reflects the levy imposed on packaging waste. All of the associated outflows are estimated to occur within two years of the balance sheet date.

The provision in respect of onerous contracts reflects the costs on leasehold properties not utilised by the Company less amounts receivable under sub-leases. The associated outflows will occur over the remaining lease periods.

Provision for insurance claims is made in respect of claims notified, and for claims incurred but which have not yet been notified, based on advice from the Company's external insurance advisers. The associated outflows are estimated to arise over a period of up to five years from the balance sheet date.

The provision in respect of customer claims reflects expected costs to be incurred in respect of audits conducted by customers on invoicing and retrospective discounts from prior years.

	2012 £'000	2011 £'000
The total potential liability for deferred taxation is as follows		
Accelerated capital allowances	32,096	35,430
Share-based payments	-	(588)
Short term timing differences	<u>(4,264)</u>	<u>-</u>
	<u>27,832</u>	<u>34,842</u>

**15 CALLED UP SHARE CAPITAL**

Allotted, Number	issued and fully paid Class	Nominal value	2012 £'000	2011 £'000
358,130	Ordinary	£0.01	4	4
200,000	Deferred	£1.00	<u>200</u>	<u>200</u>
			<u>204</u>	<u>204</u>

The deferred shares carry no rights to vote or receive dividends and on a winding-up the holders are entitled only to receive payment of the amount paid up on the share after the repayment to each holder of an ordinary share of a sum of £5 per share.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 16 RESERVES

	Profit and loss account £'000	Share premium £'000	Share based payment reserve £'000	Other reserves £'000	Totals £'000
At 1 January 2012	186,465	228,967	2,604	72,453	490,489
Profit for the year	218,725	-	-	-	218,725
Dividends paid	(186,000)	-	-	-	(186,000)
FRS 17 Actuarial loss on pension scheme (net)	(34,892)	-	-	-	(34,892)
FRS 20 Share based payments equity contribution from ultimate parent	-	-	4,057	-	4,057
FRS 20 Repayment of equity contribution	-	-	(6,661)	-	(6,661)
FRS 20 Distribution to ultimate parent company	(8,404)	-	-	-	(8,404)
At 31 December 2012	<u>175,894</u>	<u>228,967</u>	<u>-</u>	<u>72,453</u>	<u>477,314</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17 EMPLOYEE BENEFIT OBLIGATIONS**

The Coca-Cola Enterprises Pension Scheme ("the Scheme") is a defined benefit arrangement. A full actuarial valuation was carried out as at 5 April 2010 and updated to 31 December 2012 by a qualified independent actuary. The major assumptions used by the actuary were:

	2012	2011
	%	%
Discount rate	4.50	5.00
Expected return on scheme assets at the end of year	6.20	6.40
Rate of increases in salaries	3.50	3.75
Inflation assumption	2.75	3.00
Pension increases		
- Pension accrued before 6 July 2010	2.75	2.88
- Pension accrued after 5 July 2010	2.00	2.13

Mortality S1 Normal base tables with 92 series projections based on members' birth year

	2012	2011
Retiring today		
Males	86.5	86.3
Females	88.7	88.5
Retiring in 20 years		
Males	87.5	86.9
Females	89.9	89.2

**Recognised in the Balance Sheet:**

	2012	2011
	£'000	£'000
Plan assets at fair value		
Equities	396,558	347,960
Gilts and bonds	197,953	164,609
Property	31,069	29,780
Other	46,638	28,172
Fair value of plan assets	672,218	570,521
Present value of funded obligations	(647,127)	(558,302)
Defined benefit pension scheme surplus	25,091	12,219
Deferred tax liability in respect of balance sheet surplus	(5,771)	(3,055)
Deferred tax asset in respect of pension spread	6,703	-
Total net deferred tax asset recognised within the pension balance sheet value	932	(3,055)
Net asset in the balance sheet	26,023	9,164

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17 EMPLOYEE BENEFIT OBLIGATIONS (continued)****Recognised in the Profit and Loss account:**

	2012 £'000	2011 £'000
Current service cost	20,755	18,225
Expected return on scheme assets	(38,505)	(38,181)
Interest cost	28,147	27,410
Other finance income	(10,358)	(10,771)
Total recognised in profit and loss account	10,397	7,454

**Taken to the Statement of Total Recognised Gains and Losses:**

	2012 £'000	2011 £'000
Actuarial (loss)/gain	(40,933)	(59,117)
Cumulative amount of actuarial losses	(188,875)	(147,942)

**Changes in the present value of the defined benefit obligation are as follows**

	2012 £'000	2011 £'000
Present value of defined benefit obligation at beginning of the year	558,302	482,781
Service cost (employer cost)	20,755	18,225
Contributions by scheme participants	17	18
Interest cost	28,147	27,410
Actuarial loss on scheme liabilities	51,389	39,123
Benefits paid	(11,483)	(9,255)
Present value of defined benefit obligation at end of year	647,127	558,302

**Changes in the present value of the scheme assets are as follows:**

	2012 £'000	2011 £'000
Fair value of scheme assets at start of year	570,521	538,529
Contributions by employer	64,202	23,042
Contributions by scheme participants	17	18
Expected return on scheme assets	38,505	38,181
Actuarial loss/ (gain) on scheme assets	10,456	(19,994)
Benefits paid	(11,483)	(9,255)
Fair value of scheme assets at end of year	672,218	570,521

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17 EMPLOYEE BENEFIT OBLIGATIONS (continued)****History of assets, liabilities and actuarial gains and losses:**

	2012	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	672,218	570,521	538,529	425,651	319,850
Present value of defined benefit obligation	(647,127)	(558,302)	(482,781)	(453,011)	(350,092)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Surplus/(deficit) in the scheme	25,091	12,219	55,748	(27,360)	(30,242)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience gain/(loss) on scheme liabilities					
Amount (£000's)	800	4,500	20,667	823	(6,340)
Percentage of the present value of the scheme liabilities	0%	1%	4%	0%	(2%)
Difference between the expected and actual return on scheme assets					
Amount (£000's)	10,456	(19,994)	25,965	39,284	(119,505)
Percentage of the present value of the scheme assets	(2%)	(5%)	5%	9%	(37%)

**Estimated contributions:**

The employer's best estimate of contributions to be paid to the scheme by the Company next year is £24.0m. The employer's best estimate of contributions to be paid to the scheme by employees next year is £17,000.

**18 ULTIMATE PARENT COMPANY**

The Company's ultimate UK parent company continues to be Bottling Great Britain Limited, for which group financial statements are prepared. Copies of these group financial statements are available from Enterprises House, Uxbridge, Middlesex, UB8 1EZ.

The Company's ultimate parent undertaking and controlling party is Coca-Cola Enterprises, Inc., a corporation incorporated in the United States of America. Copies of the group financial statements of Coca-Cola Enterprises Inc. are available from 2500 Windy Ridge Parkway, Atlanta, Georgia 30339.

**19 CONTINGENT LIABILITIES**

As at 31 December 2012 the Company has a duty deferment guarantee of £200k (2011: £200k) with HMRC - Customs and Excise for the import of raw materials and consumables.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20 RELATED PARTY DISCLOSURES**

In accordance with Financial Reporting Standard 8, Related Party Disclosures, The Coca-Cola Company is considered to be a related party, as a consequence of its franchisor relationship with Coca-Cola Enterprises, Inc

The Company has not disclosed transactions with related parties that are part of the Bottling Great Britain group of companies as permitted by the above standard

Material transactions during the year with The Coca-Cola Company and its subsidiary and associate undertakings are detailed below

Company	Nature of transaction	2012	2011
		£'000	£'000
		Income/ (Expenditure)	Income/ (Expenditure)
Atlantic Industries Limited	Product concentrate	(487,667)	(497,194)
Varoise de Concentres S A S	Product concentrate	(7,107)	(7,160)
Coca-Cola International Sales Limited	Raw Materials	(3,375)	(2,735)
Waters & Robson Limited	Raw Materials	(1,800)	(1,427)
European Refreshments Limited	Finished goods	(10,333)	(11,005)
Coca-Cola Bottlers' Sales & Services Company LLC	Marketing support	(75)	(67)
Beverage Services Limited	Finished goods	-	155
SA Coca-Cola Services NV	Marketing Support	62,852	49,777

**21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2012	2011
	£'000	£'000
Profit for the financial year	218,725	217,133
Dividends	(186,000)	(227,098)
	32,725	(9,965)
Other recognised (losses) and gains relating to the year (net)	(34,892)	(54,986)
FRS 20 Share based payments equity contribution from ultimate parent	4,057	4,421
FRS 20 Repayment of equity contribution	(6,661)	(7,318)
FRS 20 Distribution to ultimate parent company	(8,404)	-
<b>Net addition to shareholders' funds</b>	<b>(13,175)</b>	<b>(67,848)</b>
Opening shareholders' funds	490,693	558,541
<b>Closing shareholders' funds</b>	<b>477,518</b>	<b>490,693</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****22 SHARE-BASED PAYMENT****Share-Based Payment Awards Prior to the Transaction**

The Company participated in the Coca-Cola Enterprises Inc (Legacy CCE) share-based compensation plans that provided for the granting of non-qualified share options and restricted shares (units) to certain executives and management level employees. Some of these awards contained performance or market conditions that were based on the stock price or performance of the Legacy CCE.

On the effective date of the Transaction, where Coca-Cola Enterprises Limited became a subsidiary of the new ultimate parent company, Coca-Cola Enterprises, Inc ("CCE, Inc"), employees had their Legacy CCE share-based awards converted into share-based payment awards in new CCE, Inc. Such awards were converted in a manner that provided the employee with the same intrinsic value as the Legacy CCE shares had immediately prior to the effective date of the Transaction. Service vesting requirements of converted share-based awards still need to be satisfied for the awards to vest. On October 1, 2010, the outstanding Legacy CCE awards were converted to approximately 0.7 million share options and 0.6 million restricted shares (units) in CCE, Inc.

**Share-Based Payment Awards following the Transaction**

The Company maintains share-based compensation plans that provide for the granting of non-qualified share options and restricted shares (units), some with performance conditions, to certain executive and management level employees. We believe that these awards better align the interests of our employees with the interests of our shareholders. The share based payment schemes in place are an Employee Share Plan, a Share Options Plan, and a Restricted Shares Plan. The charge for the year ended 31 December 2012 for all non Employee Share Plan awards was £4.1m (2011: £5.9m) and the recharge by Coca-Cola Enterprises, Inc. recognised directly in the Share Based Payment Reserve was £15.1m (2011: £7.3m).

**Employee Share Plan**

The former Coca-Cola Enterprises Limited UK Employee Share Plan which had operated since March 2001 and had been approved by HM Revenue and Customs was closed in September 2010 as a result of the corporate restructure connected to the transaction between the Coca-Cola Company and Coca-Cola Enterprises, Inc., Coca-Cola Enterprises Limited's parent company.

In November 2010 HM Revenue and Customs approval was received to open a new Share Plan, the Coca-Cola Enterprises Limited UK Employee Share Plan. The plan was opened to employees in December 2010 and operates in the same way as the former plan. Under the new plan employees have the opportunity to purchase Coca-Cola Enterprise, Inc. shares (partnership shares) out of pre-tax salary up to a maximum value of £1,500 per year. For each share purchased by the employee the Company provides a free matching share. During the 2012 financial year, 128,042 (2011: 153,345) matching shares were purchased by the Trustee of the Plan at a cost to the Company of £2.3m (2011: £2.6m).

The following table illustrates the number of, and movements in, matching shares during the year

	2012 Number	2011 Number
<b>Outstanding as at 1 January</b>	155,648	6,782
<b>Movements during the year</b>		
Purchased	128,042	153,345
Forfeited	(10,258)	(3,200)
Sold	(5,111)	(1,120)
Transferred	(300)	(159)
<b>Outstanding as at 31 December</b>	<u>268,021</u>	<u>155,648</u>
Exercisable at 31 December	-	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****22 SHARE-BASED PAYMENT (continued)****Share Options**

Share options (1) are granted with exercise prices equal to or greater than the fair value of CCE, Inc. stock on the date of grant, (2) generally vest over a period of 36 months, and (3) expire 10 years from the date of grant. Some of the share options granted contained market conditions that require the share price to increase for a defined period (25 percent for one-half of the award to vest and 50 percent for the other one-half of the award to vest). Generally, when options are exercised, CCE, Inc. issue new shares, rather than issuing treasury shares. Options are normally treated as forfeited if the employee leaves the Company before the options vest.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2012 Number	WAEP (1)	2011 Number	WAEP (1)
<b>Outstanding as at 1 January</b>	1,105,630	\$23.09	735,223	\$22.11
<b>Movements during the year</b>				
Converted from the old plan	-		-	
Granted	224,432	\$30.79	637,596	\$26.10
Forfeited	(1,724)	\$25.39	(2,299)	\$21.80
Exercised (2)	(359,053)	\$21.90	(258,328)	\$21.80
Expired	(875)	\$21.80	(6,562)	\$21.80
Cancelled	(239)	\$26.10	-	
<b>Outstanding as at 31 December</b>	<u>968,171</u>	<u>\$25.31</u>	<u>1,105,630</u>	<u>\$23.09</u>
<b>Exercisable at 31 December (3)</b>	541,719	\$22.92	679,883	\$22.02

(1) Weighted Average Exercise Price at date of grant

(2) Weighted Average Share Price at date of exercise was \$28.76 (2011: \$26.32)

(3) Weighted Average Remaining Contractual Life at 31 December 2012 was 7.80 (2011: 7.60)

**Restricted Shares (Units) & Performance Shares (Units)**

Restricted shares (units) generally vest upon continued employment for a period of at least 42 months and the attainment of certain share price or performance targets. Certain of the restricted shares (units) expire five years from the date of grant if the share price or performance targets have not been met. The restricted share awards entitle the participant to full dividends and voting rights where as restricted share unit awards entitle the participant to hypothetical dividends (which vest, in some cases, only if the restricted share units vest), but not voting rights. Unvested restricted shares (units) are restricted as to disposition and subject to forfeiture.

Some of the restricted shares (units) granted were performance share units for which the ultimate number of shares earned will be determined at the end of a three-year performance period. These performance share units are subject to the performance criteria of compounded annual growth in net income per share over the performance period, as adjusted for certain items detailed in the plan document. The purpose of the adjustments is to ensure a consistent year-over-year comparison of the specified performance criteria.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****22 SHARE-BASED PAYMENT (continued)**

The following table illustrates the number and weighted average prices (WAP) of, and movements in, share awards during the year

	2012 Number	WAP (1)	2011 Number	WAP (1)
<b>Outstanding as at 1 January</b>				
Granted	1,374,607		721,246	
Restated as at 1 January 2012	-		378,044	
	<u>1,374,607</u>	\$23 00	<u>1,099,290</u>	\$22 44
<b>Movements during the year</b>				
Converted from the old plan	-		-	
Granted	190,785	\$30 86	655,086	\$23 53
Forfeited	(15,780)	\$23 12	(18,737)	\$22 82
Vested (2)	(575,255)	\$22 13	(361,032)	\$21 80
Cancelled	(53,041)	\$26 05	-	
	<u>921,316</u>	\$24 99	<u>1,374,607</u>	\$23 00
<b>Outstanding as at 31 December</b>				

(1) Weighted Average Price at date of award

(2) Weighted Average Price at date of vesting was \$30 25 (2011 \$27 11)