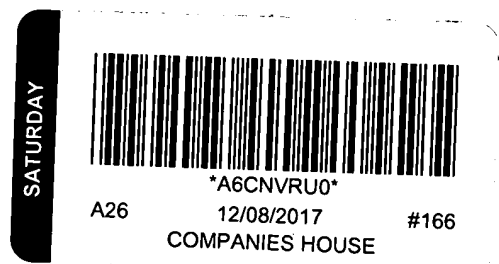


# **Coca-Cola European Partners Great Britain Limited**

## **Report and Financial Statements**

**31 December 2016**



## Contents of the financial statements

Corporate Information	1
Strategic Report	2 to 3
Directors' Report	4 to 6
Statement of Directors' responsibilities	7
Independent Auditor's report	8
Statement of comprehensive income	9
Statement of changes in equity	10
Statement of financial position	11
Notes to the Financial Statements	12 to 36

## Corporate information

### Directors

L. Den Hollander  
F. Govaerts  
J. Marshall  
M. Clark  
P. van Reesch  
E. Walker

### Secretary

P. van Reesch

### Registered office

Pemberton House  
Bakers Road, Uxbridge  
England UB8 1EZ

### Registered number

27173 (England and Wales)

### Auditors

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

## Strategic report

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

### 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 the business

The profit on ordinary activities for the year, after taxation, is £217.2m (2015: £204.4m).

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

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

	2016 £000	2015 £000	Change %
Turnover	1,752,355	1,754,152	(0.1%)
Gross profit	668,063	634,840	5.2%
Operating profit	265,495	248,833	6.7%
Profit after tax	217,225	204,448	6.3%
Shareholder's funds	480,277	484,020	(0.8%)
Average number of employees	3,541	3,541	

Turnover decreased by 0.1% during the year. The shareholders' funds have decreased by 0.8%, mainly due to the fact that the Company paid more dividends in 2016 £170m (2015: £160m). In the current year the shareholders' funds were affected by an unfavourable movement in the pension scheme – loss of £61.1m (2015: loss of £42.1m).

These Financial Statements have been prepared in compliance with FRS 101 - Reduced Disclosure Framework and the Company has taken advantage of the disclosure exemptions allowed under this standard.

On 28<sup>th</sup> May 2016 a Merger was completed between legacy business of Coca-Cola Enterprises Inc., Coca-Cola Iberian Partners and Coca-Cola Erfrischungsgetränke and Coca-Cola European Partners plc was officially formed. CCEP's shares are listed and traded on the Euronext Amsterdam, the New York Stock Exchange, the Euronext London (Standard Listing) and various Spanish stock exchanges.

Following the completion of the merger on 28<sup>th</sup> May 2016, the ultimate parent of Coca-Cola European Partners Great Britain Limited became Coca-Cola European Partners plc. Coca-Cola European Partners plc is incorporated and domiciled in England and Wales.

On 21<sup>st</sup> November 2016 the name of the Company was officially changed from Coca-Cola Enterprises Limited to Coca-Cola European Partners Great Britain Limited.

## Strategic report

### 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. Coca-Cola European Partners Plc. (previously Coca-Cola Enterprises Inc.) has entered into a 10-year bottling agreement with TCCC which extends through 2<sup>nd</sup> October 2020, and contains the right for Coca-Cola European Partners Plc. to request a 10-year renewal. Coca-Cola European Partners Plc (previously Coca-Cola Enterprises Inc.) and TCCC reached an understanding on a new incidence-based concentrate pricing model and funding programme which was effective on 1<sup>st</sup> January 2016. The terms of this new understanding are tied to the term of the bottling agreement, which expires on 2<sup>nd</sup> October 2020.
- Legislative or regulatory changes that affect our products, distribution, or packaging could reduce demand for our products or increase our costs. Our business is part of the wider GB economy and 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, impose additional costs on our products or those that limit our ability to design new packages or market certain packages, could negatively impact our financial results.

On behalf of the Board



M. Clark - Director

21<sup>st</sup> July, 2017

## Directors' report

### Registered No. 27173 (England and Wales)

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

### Directors

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

F. Govaerts

J. Marshall

P. van Reesch

L. Den Hollander

E. Walker

Other changes in directors holding office are as follows:

M Clark – appointed 20 July 2016

R Peters – resigned 20 July 2016

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

### Dividends

Dividends of £170m were declared and paid in 2016 (2015: £160m).

### Future developments

The directors are satisfied with the results for the year and expect the present level of activity to be sustained for the foreseeable future.

### Financial instruments

The Company finances its activities with a combination of loans from group companies, finance leases and hire purchase contracts, cash and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. The Company also enters into derivative transactions, including principally forward currency and commodity contracts and options to manage the cash flows and currency risks arising from the Company's underlying business activities operation.

Financial instruments give rise to price, credit, currency, liquidity and cash flow risks.

Information on how these risks arise and the objectives, policies and processes for their management and the methods used to measure each risk is set out below.

The Company, as part of the Coca-Cola European Partners Plc. group, has established a risk and financial management framework whose primary objectives are to protect the companies within the group from events that hinder the achievement of the Group's performance objective. The objectives aim to limit undue counterparty risks, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its trade receivables. In order to manage credit risk the Company performs an individual risk assessment based upon independent credit references, financial position, past experiences and other factors to incorporate the latest developments and qualitative information.

To maintain the relationships with key customers, the Company also strives to work in partnership with key distributors to deliver the products required whilst through the use of bank guarantees, trade insurance and payments in advance attempting to minimise the risk of being unable to recover a debt.

## Directors' report

### Financial instruments (continued)

#### *Price risk*

The Company is exposed to the risk of changes in commodity prices in relation to its purchase of certain raw materials.

The Company uses commodity forward contracts to hedge against this risk. All commodity forward contracts hedge future purchases of raw materials and the contracts are settled by physical delivery.

#### *Currency risks*

The Company is exposed to currency risks in respect of its purchases of raw materials and borrowings from group companies. The Company manages currency exposures within prescribed limits, mainly through the use of forward foreign currency exchange contracts.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets for key accounts and using the intercompany borrowing facilities available to the Company. Details of outstanding borrowing and their terms are included in note 19.

#### *Cash flow risk*

Cash flow risk is the risk or exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The Company manages this risk (where significant) by use of derivatives.

#### *Use of derivatives*

The Company uses forward foreign currency contracts and options to manage the exposure arising on forecast payments as explained above.

### Research and development

Research in the beverages field is undertaken on behalf of the Company by The Coca-Cola Company (TCCC). From time to time the Company engages third parties to undertake marketing research on its behalf.

### Events since the balance sheet date

No significant events after the balance sheet date have taken place.

### Charitable contributions

During the year, contributions within Great Britain to charities amounted to £45,000 (2015: £17,000).

## Directors' report

### 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.

### Directors' liabilities

At the date of signing these financial statements, the Company does not have any indemnity provisions to or in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

### Going Concern

After making enquires, the directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

### 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 Group is not required to hold an Annual General Meeting or annually reappoint the auditors.

### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 4. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



M. Clark - Director

21<sup>st</sup> July, 2017



## Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK 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 for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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.

On behalf of the Board



M. Clark - Director

21<sup>st</sup> July, 201

## Independent Auditor's report

We have audited the financial statements of Coca-Cola European Partners Great Britain Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 30. 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 the Directors' Responsibilities Statement set out on page 7, 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

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

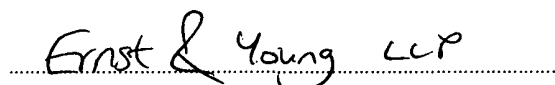
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

- adequate accounting records have not been kept, 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

Ben Marles (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

21 July 2017

## Statement of comprehensive income

for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
<b>TURNOVER</b>	3	1,752,355	1,754,152
Cost of sales		<u>(1,084,292)</u>	<u>(1,119,312)</u>
<b>GROSS PROFIT</b>		<b>668,063</b>	<b>634,840</b>
Distribution costs		(215,005)	(196,638)
Administrative expenses		(175,227)	(153,277)
Other operating expenses		<u>(12,336)</u>	<u>(36,092)</u>
<b>OPERATING PROFIT</b>	4	<b>265,495</b>	<b>248,833</b>
Gain/ (Loss) on disposal of fixed assets		(1,165)	4,503
Interest receivable and similar income	7	1,645	2,835
Interest payable and similar cost	8	<u>(3,755)</u>	<u>(4,291)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>262,220</b>	<b>251,880</b>
Tax on profit on ordinary activities	9	<u>(44,995)</u>	<u>(47,432)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>217,225</u></b>	<b><u>204,448</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT OR LOSS:</b>			
Actuarial losses on defined benefit pension plan	27	(61,186)	(42,113)
Tax on items relating to components of other comprehensive income	9	10,402	7,579
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u>(50,784)</u>	<u>(34,534)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>166,441</u></b>	<b><u>169,914</u></b>

The notes on pages 12 to 36 form part of these financial statements

# Statement of changes in equity

for the year ended 31 December 2016

	<i>Note</i>	<i>Called up share capital</i>	<i>Share premium</i>	<i>Share based payment reserve</i>	<i>Other reserves</i>	<i>Retained earnings</i>	<i>Total Equity</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<b>At 1 January 2015</b>		<b>204</b>	<b>228,967</b>	<b>5,775</b>	<b>72,453</b>	<b>166,307</b>	<b>473,706</b>
Profit for the financial year		-	-	-	-	204,448	204,448
Other comprehensive income		-	-	-	-	(34,534)	(34,534)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169,914</b>	<b>169,914</b>
Share-based payment transactions	23	-	-	4,051	-	(4,194)	(143)
Tax effect on share-based payments transactions	9	-	-	-	-	543	543
Equity dividends paid	10	-	-	-	-	(160,000)	(160,000)
<b>At 31 December 2015</b>		<b>204</b>	<b>228,967</b>	<b>9,826</b>	<b>72,453</b>	<b>172,570</b>	<b>484,020</b>
Profit for the financial year		-	-	-	-	217,225	217,225
Other comprehensive income		-	-	-	-	(50,784)	(50,784)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166,441</b>	<b>166,441</b>
Share-based payment transactions	23	-	-	2,621	-	(2,780)	(159)
Tax effect on share-based payments transactions	9	-	-	-	-	(25)	(25)
Equity dividends paid	10	-	-	-	-	(170,000)	(170,000)
<b>At 31 December 2016</b>		<b>204</b>	<b>228,967</b>	<b>12,447</b>	<b>72,453</b>	<b>166,206</b>	<b>480,277</b>

The notes on pages 12 to 36 form part of these financial statements

## Statement of financial position

for the year ended 31 December 2016

		2016	2015
		Total	Total
	Notes	£000	£000
<b>FIXED ASSETS</b>			
Intangible assets	11	1,730	1,610
Tangible assets	12	452,962	422,464
Derivatives	13	639	831
<b>Total Fixed Assets</b>		<b>455,331</b>	<b>424,905</b>
<b>CURRENT ASSETS</b>			
Stocks	15	88,454	90,308
Debtors	16	680,907	732,107
Derivatives	14	8,818	1,523
Cash at bank and in hand		21,451	47,751
<b>Total Current Assets</b>		<b>799,630</b>	<b>871,689</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors: amounts falling due within one year	17	(677,323)	(753,435)
<b>NET CURRENT ASSETS</b>		<b>122,307</b>	<b>118,254</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>577,638</b>	<b>543,159</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Creditors: amounts falling due within more than one year	18	(3,034)	(8,083)
Provisions for liabilities	21	(20,607)	(12,357)
Deferred tax liability	9	(9,688)	(18,134)
Defined benefit pension plan deficit	27	(64,032)	(20,565)
<b>NET ASSETS</b>		<b>480,277</b>	<b>484,020</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	204	204
Other reserves		72,453	72,453
Share premium		228,967	228,967
Share based payment reserve		12,447	9,826
Retained earnings		166,206	172,570
<b>TOTAL EQUITY</b>		<b>480,277</b>	<b>484,020</b>



M. Clark - Director  
21<sup>st</sup> July, 2017

The notes on pages 12 to 36 form part of these financial statements

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

The financial statements of Coca-Cola European Partners Great Britain Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the board of directors on 21 July 2017 and the balance sheet was signed on the board's behalf by M. Clark. Coca-Cola European Partners Great Britain Limited is a private limited company 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 Pounds and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

## Preparation of consolidated financial statements

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Coca-Cola European Partners Plc. Consequently, the financial statements represent information about the Company as an individual undertaking rather than the group.

The results of Coca-Cola European Partners Great Britain Limited are included in the consolidated financial statements of Coca-Cola European Partners Plc. which are available from Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ.

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

## 2. Accounting policies

### 2.1 Basis of preparation

The Company has prepared its financial statements in compliance with FRS 101. The accounting policies set below are applied in preparing the financial statements for the year ended 31 December 2016.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- f) the requirements of IAS 7 Statement of Cash Flows;
- g) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- h) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- i) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- j) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

## 2. Accounting policies (continued)

### 2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

#### *a) Judgements*

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

##### *Lease classification*

The Company has entered into property and equipment leases as the lessee. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

#### *b) Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### *Pension*

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the plan, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 27.

##### *Impairment of trade debtors*

Coca-Cola European Partners Great Britain Limited strictly monitors its exposure to losses on trade receivables and maintains allowances for potential losses or adjustments. The allowances are determined by evaluating the aging of the receivables, analysing the history of adjustments, reviewing high-risk customers. Past due receivable balances are written off when the efforts have been unsuccessful in collecting the amounts due.

##### *Impairment of assets*

Coca-Cola European Partners Great Britain Limited assesses the recoverability of the carrying amount of its property, plant and equipment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If it is determined that the carrying amount of an asset or asset group is not recoverable based upon the expected discounted future cash flows of the respective asset or asset group, an impairment loss is recorded equal to the excess of the carrying amount over the estimated recoverable amount.

##### *Customer marketing programmes*

Coca-Cola European Partners Great Britain Limited participates in various programmes and arrangements with customers designed to increase the sale of its products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed-upon sales levels or participating in specific marketing programmes. The estimated amount of these sales incentives is based on the programme's contractual terms, expected customer performance, and/or estimated sales volumes. These estimates are determined using historical customer experience and other factors, which sometimes require significant judgements.

## 2. Accounting policies (continued)

### 2.3 Significant accounting policies

#### a) Foreign currency translation

The Company's financial statements are presented in Great British Pounds (£000), which is also the Company's functional currency.

##### *Transactions and balances*

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange rates used are:

	2016	2015
	€:£	€:£
Average rate	0.81742	0.72606
Closing rate	0.85618	0.73711

#### b) Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

#### c) Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate 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. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

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

Short leasehold properties are depreciated over the life of the lease.

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 de-recognised 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 de-recognition of the asset is included in the Statement of other comprehensive income in the period of de-recognition.



## 2. Accounting policies (continued)

### 2.3 Significant accounting policies (continued)

#### *d) Intangible assets*

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

Amortisation is provided on a straight-line basis over the expected useful life as follows:

Computer software	– 20%
Customer list	– 33.3%

#### *e) Impairment of non-financial assets*

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

#### *f) 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.

#### *g) Leases*

##### *Company as a lessee*

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term (including incentives and fixed escalation clauses)

Determining whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset) and whether the arrangement conveys a right to use the asset.

##### *Company as a lessor*

Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

## 2. Accounting policies (continued)

### 2.3 Significant accounting policies (continued)

#### *h) Financial instruments*

##### **i) Financial assets**

###### **Initial recognition and measurement**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash, trade and other receivables, loan notes and derivative financial instruments.

###### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

###### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in other operating income and expenses in the income statement.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable and similar income in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

##### **ii) Financial liabilities**

###### **Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

###### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

**2. Accounting policies (continued)****2.3 Significant accounting policies (continued)*****h) Financial instruments (continued)******ii) Financial liabilities (continued)*****Subsequent measurement (continued)*****Interest bearing loans and borrowings***

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in interest receivable and similar income and interest payable and similar costs respectively.

**De-recognition of financial liabilities**

A liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

***iii) Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

***iv) Fair values***

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

***v) Derivative financial instruments and hedging***

The Company uses derivative financial instruments such as forward currency forward contracts and options to hedge its foreign exchange exposures arising on forecast payments in foreign currencies. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement.

***i) Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost equals purchase price or production cost in the case of products manufactured by the Group. 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.

***j) Trade and other debtors***

Trade debtors 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.

***k) 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.

**2. Accounting policies (continued)****2.3 Significant accounting policies (continued)*****l) 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.

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 amounts of deferred income tax assets are reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable 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.

***m) 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.

***n) Pensions and other post-employment benefits***

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 credit 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 obligation) and is based on actuarial advice. Past service costs are recognised in the Statement of comprehensive income on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), 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 restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

## 2. Accounting policies (continued)

### 2.3 Significant accounting policies (continued)

#### *(o) 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 receivable, 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 goods.

##### *Rendering of services*

Revenue from the sale of services is recognised when the outcome of a transaction can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a) the amount of revenue can be measured reliably;
- b) it is probable that the economic benefits associated with the transaction will flow to the entity;
- c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

##### *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.

#### *p) Share-based payments*

##### **Equity-settled transactions**

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by an external actuary using an appropriate pricing model. Fair value is determined 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.

In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided that all other non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above.

Performance share units are only recognised when it becomes probable that the performance criteria specified in the plan will be achieved.

The movement in cumulative expense since the previous balance sheet date is recognised in the income statement. As the Company's share-based payments involve equity instruments of the ultimate parent company, Coca-Cola European Partners Plc, a corresponding increase is recognised in equity as a contribution from the parent with a corresponding entry in equity.

**2. Accounting policies (continued)****2.3 Significant accounting policies (continued)*****(p) Share-based payments (continued)*****Equity-settled transactions (continued)**

The Company pays a charge to CCEP, Plc 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.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

***r) Government grants***

Government grants are recognised when it is reasonable to expect that the grants will be received and that all grant related conditions will be met, usually on submission of a valid claim for payment. Grants of revenue nature are credited to income so as to match them with the expenditure to which they relate.

**3. Turnover**

Turnover is analysed as follows:

	2016	2015
	£000	£000
Sale of goods	1,741,788	1,741,655
Rendering of services	10,567	12,497
	<u>1,752,355</u>	<u>1,754,152</u>

***Deferred revenue***

	2016	2015
	£000	£000
At 1 January	(2,747)	(3,751)
Deferred during the year	(2,747)	(2,747)
Released to the income statement	2,747	3,751
At 31 December	<u>(2,747)</u>	<u>(2,747)</u>
Current	(2,747)	(2,747)
Non-current	-	-

The deferred revenue refers to the accrual and release of transactions related to consignment sales of production. As at 31 December 2016, the estimated liability was approximately £2.7m (2015: £2.7m).

**4. Operating profit**

This is stated after charging/(crediting):

	2016	2015
	£000	£000
Depreciation of property, plant and equipment (Note 12)	56,166	55,380
Amortisation of intangible assets (Note 11)	992	742
Cost of stocks recognised as an expense (included in cost of sales)	883,118	888,041
Including: – write-down of stocks to net realisable value	2,814	558
Net foreign currency exchange differences	(2,322)	(12,518)
Net (profit)/loss on financial assets and financial liabilities at fair value through profit and loss	(24,858)	7,867
Government grants	(52)	(52)
Operating lease payments – minimum lease payments	13,968	13,605
	<u>929,826</u>	<u>953,623</u>

**5. Auditor's remuneration**

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company. Another part of the auditor's remuneration for the period ended 31 December 2016 is borne by a fellow group undertaking.

	2016	2015
	£000	£000
Audit of the financial statements	<u>301</u>	<u>247</u>
	<b>301</b>	<b>247</b>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of its ultimate parent Coca-Cola European Partners Plc.

**6. Staff costs and Directors' remuneration**

(a) Staff costs

	2016	2015
	£000	£000
Wages and salaries	159,873	141,819
Social security costs	21,674	19,181
Other pension costs	37,317	35,791
	<u>218,864</u>	<u>196,791</u>

Included in other pension costs are £28.8m (2015: £27.9m) in respect of defined benefit schemes and £8.4m (2015: £7.9m) in respect of the defined contribution scheme.

Included in wages and salaries is a total expense of share-based payments of £8.6m (2015: £6.1m), all of which arise from transactions, accounted as equity-settled share-based payments transactions.

**6. Staff costs and Directors' remuneration (continued)**

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

	2016 Number	2015 Number
Production	1,123	1,085
Distribution and marketing	2,056	2,099
Administration	362	357
	<u>3,541</u>	<u>3,541</u>

**(b) Directors' remuneration**

	2016 £000	2015 £000
Directors' remuneration	1,497	1,474
Company contributions paid to a pension scheme	135	142
	<u>1,632</u>	<u>1,616</u>
Amounts receivable under long term incentive plans	-	-
Number of directors accruing benefits under defined benefit schemes	<u>1</u>	<u>1</u>
Number of directors who received shares in respect of qualifying services	<u>4</u>	<u>4</u>
Number of directors who exercised share options	<u>4</u>	<u>3</u>

	2016 £000	2015 £000
In respect of the highest paid director:		
Aggregate remuneration	<u>765</u>	<u>777</u>
Accrued pension at the end of the year	-	-
Accrued lump sum at the end of the year	-	-

The highest paid director exercised share options during the year.

**7. Interest receivable and similar income**

	2016 £000	2015 £000
Interest receivable from direct and intermediate parents	1,537	1,245
Short-term loans and deposits third parties	108	186
<b>Total interest income for financial assets measured at amortised cost</b>	<u>1,645</u>	<u>1,431</u>
Interest income from pension assets (note 27)	-	1,404
<b>Total interest receivable and similar income</b>	<u>1,645</u>	<u>2,835</u>



**8. Interest payable and similar costs**

	2016	2015
	£000	£000
Interest payables to intermediate parents	(2,704)	(3,645)
Interest payables to other group undertakings	(309)	(283)
Ultimate parent company interest payable	(33)	(1)
Finance charges payable under finance leases and hire purchase contracts	(143)	(217)
(Less) Capitalized borrowing costs	171	33
<b>Total interest expense</b>	<b>(3,018)</b>	<b>(4,113)</b>
Unwinding of discount on provisions (note 21)	(444)	(178)
Interest expense from pension assets (note 27)	(293)	-
<b>Total interest payable and similar costs</b>	<b>(3,755)</b>	<b>(4,291)</b>

**9. Taxation****(a) Tax charged in the profit or loss**

	2016	2015
	£000	£000
<b>Current income tax:</b>		
Current income tax charge	(43,825)	(51,361)
Amounts overprovided in previous years	478	95
Total current income tax expense	(43,347)	(51,266)
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(2,655)	892
Impact of change in tax laws and rates	1,007	2,942
Total deferred tax	(1,648)	3,834
<b>Tax expense in the profit or loss</b>	<b>(44,995)</b>	<b>(47,432)</b>

**(b) Tax relating to items credited to other comprehensive income****Deferred tax:**

Actuarial losses on defined benefit pension plans	10,402	7,579
Total deferred tax	10,402	7,579
<b>Tax benefit in the other comprehensive income</b>	<b>10,402</b>	<b>7,579</b>

**c) Tax relating to items credited directly to equity****Current tax:**

Tax benefit on share-based payment transactions	283	676
Total current income tax benefit	283	676

**Deferred tax:**

Tax on share-based payment transactions	(308)	(133)
Total deferred tax expense	(308)	(133)
<b>Tax benefit credited directly to equity</b>	<b>(25)</b>	<b>543</b>

**9. Taxation (continued)****(d) Reconciliation of the total tax charge**

The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 20 % (2015:20.25%). The differences are reconciled below:

	2016	2015
	£000	£000
Profit from continuing operations before taxation	262,220	251,880
Tax calculated at UK standard rate of corporation tax of 20% (2015: 20.25%)	(52,444)	(50,997)
Expenses not deductible for tax purposes	(561)	(390)
Group relief	7,275	767
Adjustment for tax in respect of previous periods	478	95
Change in tax laws and rate	257	3,093
<b>Total tax expense reported in the profit or loss</b>	<b>(44,995)</b>	<b>(47,432)</b>

**(e) Change in Corporation Tax rate**

The UK corporation tax rate is 20% effective from 1 April 2015. The corporation tax will be further reduced to 19% for the financial year beginning 1 April 2017. Another reduction to 17% corporation tax was enacted in September 2016 for the financial year beginning 1 April 2020. Any deferred tax expected to reverse in subsequent years has been re-measured using the rates substantively enacted at 31 December 2016.

**(f) Deferred tax**

The deferred tax included in the Company's balance sheet is as follows:

	2016	2015
	£000	£000
<b>Deferred tax liability</b>		
Accelerated capital allowances	(25,278)	(27,231)
Rolled over gains	(535)	(566)
	<b>(25,813)</b>	<b>(27,797)</b>
<b>Deferred tax asset</b>		
Pensions benefits	10,885	3,702
Share based payments	1,482	2,602
Losses carried forward per hedge transactions	1,378	1,641
Other provisions and lease incentives	2,380	1,592
Other losses carried forward	-	126
	<b>16,125</b>	<b>9,663</b>
<b>Disclosed on the balance sheet</b>		
Deferred tax liability	<b>(9,688)</b>	<b>(18,134)</b>

**9. Taxation (continued)***(f) Deferred tax (continued)*

	2016	2015
	£000	£000
<b>Deferred tax in the profit or loss</b>		
Accelerated capital allowances	1,952	4,800
Tax losses carried forward	(126)	(14)
Other provisions and lease incentives	788	(373)
Rolled over gains	31	63
Share-based payment	(811)	511
Pension plans	(3,219)	(741)
Losses carried forward per hedge transactions	(263)	(385)
Other losses carried forward due to change in accounting policies	-	(18)
Capital losses	-	(9)
Total deferred tax (credit)/expense	(1,648)	3,834
Of which due to:		
Change in tax laws and rates	1,007	2,941
Deferred tax credit	(1,648)	3,834

**10. Dividends paid and proposed**

	2016	2015
	£000	£000
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
Final dividend for 2016: £474.9 (2015: £446.8)	170,000	160,000
Dividends paid	170,000	160,000

**11. Intangible assets**

	Software	Customer List	Assets under construction	Total
	£000	£000	£000	£000
<i>Cost:</i>				
<b>At 1 January 2016</b>	1,966	1,069	-	3,035
Additions	378	-	734	1,112
Transfers	650	-	(650)	-
Disposals	(221)	-	-	(221)
<b>At 31 December 2016</b>	2,773	1,069	84	3,926
<i>Depreciation and impairment:</i>				
<b>At 1 January 2016</b>	(904)	(521)	-	(1,425)
Amortisation during the year	(517)	(475)	-	(992)
Disposals	221	-	-	221
<b>At 31 December 2016</b>	(1,200)	(996)	-	(2,196)
<i>Carrying amount:</i>				
<b>at 31 December 2016</b>	1,573	73	84	1,730
<b>at 31 December 2015</b>	1,062	548	-	1,610

**12. Tangible fixed assets**

	<i>Land and buildings</i>	<i>Plant and equipment</i>	<i>In course of construction</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Cost:</i>				
<b>At 1 January 2016</b>	<b>267,936</b>	<b>692,663</b>	<b>13,755</b>	<b>974,354</b>
Additions	5,088	45,808	37,310	88,206
Transfer on completion	1,152	6,725	(7,877)	-
Disposals	(1,984)	(87,479)	-	(89,463)
<b>At 31 December 2016</b>	<b>272,192</b>	<b>657,717</b>	<b>43,188</b>	<b>973,097</b>
<i>Depreciation and impairment:</i>				
<b>At 1 January 2016</b>	<b>(111,758)</b>	<b>(440,132)</b>	-	<b>(551,890)</b>
Depreciation during the year	(7,640)	(48,526)	-	(56,166)
Disposals	933	86,988	-	87,921
<b>At 31 December 2016</b>	<b>(118,465)</b>	<b>(401,670)</b>	-	<b>(520,135)</b>
<i>Carrying amount:</i>				
<b>At 31 December 2016</b>	<b>153,727</b>	<b>256,047</b>	<b>43,188</b>	<b>452,962</b>
<b>At 31 December 2015</b>	<b>156,178</b>	<b>252,531</b>	<b>13,755</b>	<b>422,464</b>

The net book value of land and buildings comprises:

	<i>2016</i>	<i>2015</i>
	<i>£000</i>	<i>£000</i>
Freehold	137,660	139,274
Leasehold improvements	16,067	16,884
<b>Net book value</b>	<b>153,727</b>	<b>156,158</b>

**Capitalised borrowing costs**

The aggregate amount of borrowing costs capitalised during the year ended 31 December 2016 was £0.2m (2015: £0.03m). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.05% (2015: 1.79%) which is the effective rate of the general borrowing pool used to finance the construction.

**Assets held under finance leases**

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 31 December 2016 was £3.2m (2015: £1m). In 2016 the amount of additions of property, plant and equipment under finance lease and hire purchase contracts was £ 3.2 m (2015: nil)

**Assets Retirement Obligation**

The carrying value of assets retirement obligation, included in Land and Buildings at 31 December 2016 was £2.7m (2015: £2m).

**13. Derivatives – non-current**

	2016 £000	2015 £000
Non-current forward commodity derivative contracts	639	-
Non-current forward currency derivative contracts	-	831
	<u>639</u>	<u>831</u>

**(a) Forward currency contracts**

The fair value of forward currency derivative contracts was determined using quoted forward exchange rates matching the maturity of the contracts.

**(b) Forward commodity contracts**

The fair value of forward commodity derivative contracts was determined using quoted prices of the respective commodity.

**(c) Investments in subsidiaries**

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of Business</i>
Coca-Cola European Partners Pension Scheme Trustees Limited	Ordinary shares	100%	Other activities auxiliary to insurance and pension funding

The registered capital of Coca-Cola European Partners Pension Scheme Trustee Limited as of 31 December 2016 is £2 (2015: £2).

**14. Derivatives– current**

	2016 £000	2015 £000
<b>Financial assets – current</b>		
Forward currency derivative contracts	6,889	1,377
Forward commodity derivative contracts	1,929	146
	<u>8,818</u>	<u>1,523</u>

**Forward currency contracts**

The fair value of forward currency derivative contracts was determined using quoted forward exchange rates matching the maturity of the contracts.

The fair value of forward commodity derivative contracts was determined using quoted prices of the respective commodity.

**15. Stocks**

	2016 £000	2015 £000
Raw materials and consumables	24,159	20,715
Finished goods and goods for resale	47,491	50,665
Sundry stocks	16,804	18,928
	<u>88,454</u>	<u>90,308</u>

**16. Trade and other receivables**

	2016	2015
	£000	£000
Trade debtors	375,062	413,664
Amounts owed by related parties (note 29)	10,185	9,979
Amounts owed by immediate parent company	289,658	302,564
Corporate income tax receivable	593	509
Prepayments	5,319	5,391
Other debtors	90	-
	<b>680,907</b>	<b>732,107</b>

**17. Creditors: amounts falling due within one year**

	2016	2015
	£000	£000
Loans due to intermediate parent companies (note 19)	(250,055)	(220,796)
Loans due to group undertakings (note 19)	-	(20,002)
Obligations under finance leases	(1,107)	(603)
Trade creditors	(169,254)	(132,890)
Amounts due to related parties (note 29)	(9,120)	(10,661)
Amounts due to group undertakings	(2,585)	(57,836)
Amounts due to the ultimate parent company	(6,169)	(67)
Income tax payable	(17,842)	(25,684)
Other taxes and social security costs	(6,382)	(5,545)
VAT	(24,850)	(34,618)
Accruals	(184,617)	(228,271)
Forward currency derivative contracts (note 19)	(2,131)	(5,379)
Forward commodity derivative contracts (note 19)	(464)	(8,336)
Deferred revenue (note 3)	(2,747)	(2,747)
	<b>(677,323)</b>	<b>(753,435)</b>

Trade creditors are non-interest bearing and are normally settled as per creditor's payment terms. Other creditors are non-interest bearing and have an average term of six months.

**18. Creditors: amounts falling due after more than one year**

	2016	2015
	£000	£000
Obligations under finance leases	(3,032)	(1,447)
Forward currency derivative contracts (note 19)	-	(1,246)
Forward commodity derivative contracts (note 19)	(2)	(5,390)
	<b>(3,034)</b>	<b>(8,083)</b>

**19. Financial liabilities**

	2016	2015
	£000	£000
<b>Current</b>		
Forward currency derivative contracts (note 17)	(2,131)	(5,379)
Forward commodity derivative contracts (note 17)	(464)	(8,336)
	<u>(2,595)</u>	<u>(13,715)</u>
<b>Non-current</b>		
Forward currency derivative contracts (note 18)	-	(1,246)
Forward commodity derivative contracts (note 18)	(2)	(5,390)
	<u>(2)</u>	<u>(6,636)</u>
<b>Loans</b>		
Current	(250,055)	(240,798)
	<u>(250,055)</u>	<u>(240,798)</u>

As at 31 December 2016 current loans comprise the following borrowings from other group entities:

Lender	Currency	Principal	Interest rate %	Start date	Maturity date
Bottling Great Britain Limited	GBP	110,000,000	0.81	12-Dec-2016	09-Jan-2017
Bottling Great Britain Limited	GBP	70,000,000	0.80	30-Dec-2016	23-Jan-2017
Bottling Great Britain Limited	GBP	70,000,000	0.81	30-Dec-2016	30-Jan-2017

As at 31 December 2015 current loans comprise the following borrowings from other group entities:

Lender	Currency	Principal	Interest rate %	Start date	Maturity date
Bottling Great Britain Limited	GBP	100,000,000	1.57	10-Jul-2015	8-Jul-2016
Bottling Great Britain Limited	GBP	100,000,000	1.13	18-Dec-2015	18-Mar-2016
Bottling Holdings Luxembourg SARL	GBP	20,000,000	1.04	30-Dec-2015	6-Jan-2016
Coca-Cola Enterprises Norge	GBP	20,000,000	1.04	30-Dec-2015	8-Jan-2016

**20. Obligations under leases and hire purchase contracts**

The Company uses finance leases contracts to acquire property and vehicles. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum lease payments under finance leases are as follows:

	2016	2015
	£000	£000
Future minimum lease payments due:		
Not later than one year	1,236	705
After one year but not more than five years	2,784	975
More than five years	736	840
	<u>4,756</u>	<u>2,520</u>
Less: finance charges allocated to future periods	(617)	(470)
Present value of minimum lease payments	<u>4,139</u>	<u>2,050</u>

The present value of minimum lease payments is analysed as follows:

Not later than one year	1,107	603
After one year but not more than five years	2,437	786
More than five years	595	661
	<u>4,139</u>	<u>2,050</u>

**20. Obligations under leases and hire purchase contracts (continued)*****Operating lease agreements where the Company is lessee***

The Company has entered into commercial leases on certain properties, motor vehicles and items of machinery. These leases have an average duration of between 1 and 15 years. Only the property lease agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
Not later than one year	12,674	11,963
After one year but not more than five years	28,949	22,070
After five years	19,325	20,179
	<b>60,948</b>	<b>54,212</b>

***Operating lease agreements where the Company is lessor***

The Company has entered into a sub leasing arrangement. This non-cancellable lease is usually signed for a period of one year and can be renewed for another 1-year period after expiry.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2016 £000	2015 £000
Not later than one year	26	13
After one year but not more than five years	15	-
After five years	-	-

**21. Provisions for liabilities**

	Environ- mental costs £000	Insurance claims £000	Customer claims £000	Asset retirement obligation £000	Restructuring /termination provision £000	Total £000
At 1 January 2016	(1,669)	(2,154)	(2,995)	(4,121)	(1,418)	(12,357)
Current	(1,669)	(988)	(868)	(350)	(1,418)	(5,293)
Non-current	-	(1,166)	(2,127)	(3,771)	-	(7,064)
Arising during the year	(1,240)	(391)	(1,014)	(1,344)	(11,935)	(15,924)
Utilised	1,792	522	1,480	352	2,876	7,022
Reversal of unused amounts	-	-	-	-	1,356	1,356
Unwinding of discount	-	-	-	(444)	-	(444)
Change in estimations	-	-	-	(260)	-	(260)
At 31 December 2016	<b>(1,117)</b>	<b>(2,023)</b>	<b>(2,529)</b>	<b>(5,817)</b>	<b>(9,121)</b>	<b>(20,607)</b>
Analysed as:						
Current	(1,117)	(522)	(2,352)	-	(9,097)	(13,088)
Non-current	-	(1,501)	(177)	(5,817)	(24)	(7,519)
	<b>(1,117)</b>	<b>(2,023)</b>	<b>(2,529)</b>	<b>(5,817)</b>	<b>(9,121)</b>	<b>(20,607)</b>



## 21. Provisions for liabilities (continued)

### Environmental costs

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

### Insurance claims

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.

### Customer claims

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.

### Assets retirement obligation provision

Provisions for assets retirement obligations are recognised on a lease by lease basis, in accordance with our lease contracts.

### Restructuring/termination provisions

The restructuring provisions relate to employee termination payments expected to be made redundant in respect of various ongoing restructuring projects.

## 22. Authorised, issued and called up share capital

	2016 thousands	2015 thousands	2016 £000	2015 £000
<i>Authorised, allotted, called up and fully paid</i>				
Ordinary shares of £0.01 each	358	358	4	4
Deferred shares of £1.0 each	200	200	200	200

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.

## 23. Share-based payments

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 shareowners. 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 2016 for all non -Employee Share Plan awards was £8.6m (2015: £6.1m) and the recharge by Coca-Cola European Partners Plc. (previous Coca-Cola Enterprises Inc.) recognised directly in the Share Based Payment Reserve was £8.8m (2015: £6.2m).

### 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 ultimate 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 £1,800 per year (£1,500 per year before December 2014). For each share purchased by the employee the Company provides a free matching share. This right of the employees for the purchasing of partnership shares was kept under the transformation of Coca-Cola Enterprise Inc. to Coca-Cola European Partners Plc, which occurred in May 2016. During the 2016 financial year 78,751 (2015: 75,753) matching shares were purchased by the Trustee of the Plan at a cost to the Company of £2.42m (2015: £2.32m).

**23. Share-based payments (continued)**

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

	2016 No.	2016 WAEP(£)	2015 No.	2015 WAEP(£)
Exercised	35,839	30.20	31,594	30.30
Outstanding at 31 December	419,498	31.40	387,439	33.66

**Share Options**

Share options (1) are granted with exercise prices equal to or greater than the fair value of CCEP, Plc. 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, CCEP, Plc issue new shares, rather than issuing treasury shares. Options are normally treated as forfeited if the employee leaves the Company before the options vest.

As a result of the Merger between legacy business of Coca-Cola Enterprises Inc., Coca-Cola Iberian Partners and Coca-Cola Erfrischungsgetränke and the formation of CCEP Plc., there was an option conversion of all existing share options. The option conversion was 1 share pre-merger for 1.3267 shares post-merger. Consequently, the grant prices of the share options and the Black-Scholes values were adjusted at ratio 0.7537.

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

	2016 No.	2016 WAEP(£)	2015 No.	2015 WAEP(£)
Exercised	27,283	14.47	227,855	13.30
Outstanding at 31 December	1,451,489	23.91	1,121,383	28.20

**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 whereas 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.

Upon completion of the Merger, each unvested restricted share unit of CCE ordinary shares were converted into a cash payment of US\$14.50 and one restricted share unit of Company ordinary shares. The cash payment and restricted share unit both vest concurrently and under the same schedule as the original CCE restricted share unit. Thus, it is considered as a continuation of the existing Restricted Share Unit plan. Further, the CCEP Group determined that the total fair value of the cash payment and the new restricted share unit immediately after the Merger equalled the fair value of the original restricted share unit immediately prior the Merger; thus no incremental expense was recognised. The additional US\$14.50 will be paid upon vesting by the ultimate parent Company CCEP Plc and would not be recharged to CCEP GB Limited. Therefore no additional transfer from equity to non-current and current liabilities was deemed necessary.

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

	2016 No.	2016 WAEP(£)	2015 No.	2015 WAEP(£)
Exercised	264,538	31.31	103,159	30.90
Outstanding at 31 December	438,244	36.22	729,631	31.33

**24. Reserves****Share –based payment reserve**

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 23 for further details of these plans.

**25. Post balance sheet event**

No significant events after the balance sheet date have taken place.

**26. Contingent liabilities**

As at 31 December 2016 the Company has a duty deferment guarantee of £275k (2015: 275k) with HMRC – Customs and Excise for the import of raw materials and consumables.

As at 31 December 2016 there is a claim by HMRC involving the tax treatment of some van vehicles provided to CCE employees for the performance of their duties. The Company and counsels consider this claim to be out of time and the likelihood of incurring such a payment obligation in the future to be remote.

**27. Pensions and other post-employment benefits**

The Coca-Cola European Partners Pension Scheme ("the Scheme") is a defined benefit arrangement. A full actuarial valuation was carried out as at 31 December 2016 by a qualified independent actuary.

The assets and liabilities of the schemes at 31 December are:

	2016 £000	2015 £000
<i>Scheme assets at fair value</i>		
Equities	653,039	546,056
Bonds	356,028	264,511
Properties	105,612	92,974
Other	25,152	20,573
Fair value of scheme assets	1,139,831	924,114
Present value of scheme liabilities	(1,203,863)	(944,679)
<b>Defined benefit pension plan (deficit)</b>	<b>(64,032)</b>	<b>(20,565)</b>

The pension schemes have not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The amounts recognised in the Statement of Comprehensive Income for the year are analysed as follows:

	2016 £000	2015 £000
<i>Recognised in the profit or loss</i>		
Current service cost	28,862	27,864
Administrative expenses	1,459	1,459
Recognised in arriving at operating profit	<b>30,321</b>	<b>29,323</b>
Net interest expense/(income) on plan assets (note 7)	293	(1,404)
<b>Total recognised in the profit or loss</b>	<b>30,614</b>	<b>27,919</b>
<i>Taken to the Other Comprehensive Income</i>		
Actuarial losses arising from changes in financial and demographic assumptions	61,186	42,113
<b>Total recognised in other comprehensive income</b>	<b>61,186</b>	<b>42,113</b>

**27. Pensions and other post-employment benefits (continued)**

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2016	2015
	£000	£000
At 1 January	(944,679)	(875,778)
Current service cost	(28,862)	(27,864)
Interest cost	(35,200)	(32,561)
Benefits paid	18,918	14,966
Actuarial losses due to change in financial and demographic assumptions	(236,648)	(22,397)
Actuarial (losses)/gains due to plan experience	22,618	(1,033)
Contributions paid by participants	(10)	(12)
<b>Defined benefit obligation</b>	<b>(1,203,863)</b>	<b>(944,679)</b>

Changes in the fair value of plan assets are analysed as follows:

	2016	2015
	£000	£000
At 1 January	924,114	901,180
Interest income on plan assets	34,907	33,965
Contributions by employer	48,333	24,065
Contributions by employees	10	12
Benefits paid	(18,918)	(14,966)
Actuarial gains and (losses)	152,844	(18,683)
Administrative expenses	(1,459)	(1,459)
<b>Fair value of plan assets at 31 December</b>	<b>1,139,831</b>	<b>924,114</b>

Pension contributions are determined with the advice of independent qualified actuaries, Aon Hewitt, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

	2016	2015
	%	%
<i>Main assumptions:</i>		
Rate of salary increases	3.25	3.25
Rate of increase in pensions in payment		
- Pension accrued before 6 July 2010	3.13	3.13
- Pension accrued after 5 July 2010	2.25	2.25
Discount rate	2.63	3.75
Inflation assumption	2.13	2.13
Post-retirement mortality (in years)		
Current pensioners at 65 – male	87.1	87.30
Current pensioners at 65 – female	89.5	89.80
Future pensioners at 65 – male	88.3	88.90
Future pensioners at 65 – female	90.9	91.60

Many of the key financial assumptions are derived directly from the yields on AA-rated or high quality corporate bonds. The assumptions for inflation and for increases in pensions are based on the yield gap between long-term index-linked and long-term fixed interest gilt securities. Mortality rates are based on S1 Normal Base Tables adjusted to reflect recent experience in the scheme.

The post-retirement mortality assumptions allow for expected increases in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 2035.

**27. Pensions and other post-employment benefits (continued)**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	Increase by 0.5%	Decrease with £133.1m
Inflation assumption	Increase by 0.5%	Increase with £136.5m
Rate of salary increases	Increase by 0.5%	Increase with £31.1m
Life expectancy	Increase by 1 year	Increase with £32m

**28. Off-balance sheet arrangements**

The Company enters into operating lease arrangements for the hire of buildings and plant & equipment as these arrangements are a cost effective way of obtaining the short-term benefits of these assets. The annual commitments under these arrangements are disclosed in note 20. There are no other material off-balance sheet arrangements.

**29. Related party transactions**

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are described below:

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

<b>Company</b>	<b>Nature of transaction</b>	2016	2015	2016	2015
		£'000	£'000	£'000	£'000
		<b>Purchases from related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to (note 17)</b>	<b>Amounts owed to (note 17)</b>
Atlantic Industries Limited	Product concentrate	-	(214)	-	-
Coca-Cola Midi SAS(Varoise de Concentres SAS)	Product concentrate	(4,812)	(4,908)	(304)	(450)
European Refreshments Limited	Product concentrate	(494,574)	(493,833)	(5,548)	(5,300)
Coca-Cola International Sales Limited	Raw Materials	(2,020)	(2,303)	(63)	(202)
Waters & Robson Limited	Raw Materials	(654)	(927)	(61)	(131)
Coca-Cola International Sales Ltd (Malvern)	Raw Materials	(317)	(282)	(103)	-
European Refreshments Limited	Finished goods	(10,574)	(9,827)	(485)	(834)
Coca-Cola Bottlers' Sales & Services Company LLC	Marketing support	(306)	(105)	(105)	-
SA Coca-Cola Services NV	Marketing Support	(2,598)	(3,917)	(2,362)	(3,744)
Coca-Cola Swaziland	Raw Materials	(630)	-	-	-
Beverage Partners Worldwide Europe	Raw Materials	(627)	-	-	-
Coca-Cola HBC Italia SRL	Finished goods	(62)	-	(48)	-
The Coca Cola Company	Marketing support	(14)	-	(21)	-
Coca-Cola USA	Marketing support	(325)	-	(20)	-
		<u>(517,513)</u>	<u>(516,316)</u>	<u>(9,120)</u>	<u>(10,661)</u>

**29. Related party transactions (continued)**

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

Company	Nature of transaction	2016	2015	2016	2015
		£'000	£'000	£'000	£'000
		Sales to related parties	Sales to related parties	Amounts owed by (note 16)	Amounts owed by (note 16)
Atlantic Industries Limited	Wholesales	2	3	1	4
Coca-Cola Holdings Ltd	Wholesales	2	2	-	-
SA Coca-Cola Services NV	Marketing Support	23,895	10,504	6,580	7,518
Beverages Services Limited	Wholesales	431	243	329	150
Coca-Cola International Sales Limited	Marketing Support	21,046	20,144	2,483	2,103
Waters & Robson	Marketing Support	249	189	249	203
Coca-Cola Bottlers Sales and Service Company LLC	Marketing support	-	-	-	1
European Refreshments Limited	Marketing support	543	-	543	-
		<u>46,168</u>	<u>31,085</u>	<u>10,185</u>	<u>9,979</u>

Sales and purchases between related parties are made on an arm's length basis. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2016, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2015: nil).

**30. Ultimate Group undertaking**

The immediate parent of the Company is Coca-Cola European Partners Holdings Great Britain Limited. The Company's ultimate parent undertaking and controlling party is Coca-Cola European Partners plc., a company incorporated in England. Copies of the group financial statements of Coca-Cola European Partners plc. are available from Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ.