

# **Quaker Oats Limited**

## **Directors' report and financial statements**

**Registered number 00064262**

**Period ended 31 December 2016**

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## Directors' report

The directors present their annual report and the audited financial statements for the 53 week period ended 31 December 2016.

### Principal activities

The company's principal activity was that of an investment holding company.

### Business review

The profit before taxation for the period was £11,130,000 (2015: £11,176,000). The profit after taxation for the period was £8,904,000 (2015: £9,764,000) principally relates to royalties and dividends received from a fellow group company in current and prior periods.

### Principal risks and uncertainties

The principal risks to the company relate to adverse changes in interest rates and in the value of its investments.

The company anticipates, measures and manages its exposure to risk through strategic planning and management reporting. Further information on these risks, and their potential impact, can be found in the PepsiCo, Inc. Annual Report for 2016 which may be obtained from their registered office as detailed in note 13.

### Proposed dividend

The directors do not recommend the payment of a dividend for the period (2015: £nil).

### Directors

The directors who served during the period and subsequently were as follows:

J K Averiss  
V E Evans  
J L Silverberg  
C Stone

### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



C Stone

Director

01 August 2017

450 South Oak Way  
Green Park  
Berkshire  
RG26UW

## **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 101 Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
Arlington Business Park  
Theale  
Reading  
RG7 4SD

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUAKER OATS LIMITED**

We have audited the financial statements of Quaker Oats Limited for the period ended 31 December 2016 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including *FRS 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 2, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUAKER OATS LIMITED** *(continued)*

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

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

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



**Simon Haydn-Jones (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Arlington Business Park  
Theale,  
Reading  
RG7 4SD

02 August 2017

**Profit and loss account and other comprehensive income**  
*for the 53 week period ended 31 December 2016*

	<i>Note</i>	<b>53 week period ended 31 December 2016 £000</b>	<b>52 week period ended 26 December 2015 £000</b>
Other operating income	3	6,427	5,902
<b>Operating profit</b>		<b>6,427</b>	<b>5,902</b>
Interest receivable and similar income	6	5,621	1,197
Dividends received from subsidiary undertakings	5	-	4,207
Interest payable and similar charges	7	(918)	(130)
<b>Profit on ordinary activities before taxation</b>		<b>11,130</b>	<b>11,176</b>
Tax charge on profit on ordinary activities	8	(2,226)	(1,412)
<b>Profit for the period</b>		<b>8,904</b>	<b>9,764</b>
Other comprehensive income/(loss)		-	(45)
<b>Total comprehensive profit for the period</b>		<b>8,904</b>	<b>9,719</b>

All gains and losses in the current and prior period are derived from continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

## Balance sheet

as at 31 December 2016

	<i>Note</i>	<b>31 December 2016 £000</b>	<b>26 December 2015 £000</b>
<b>Fixed assets</b>			
Investments	9	4,784	4,784
<b>Current assets</b>			
Debtors	10	126,469	126,197
		<u>126,469</u>	<u>126,197</u>
<b>Creditors: amounts falling due within one year</b>	11	(105,400)	(114,032)
<b>Net current assets</b>		<u>21,069</u>	<u>12,165</u>
<b>Total assets less current liabilities</b>		<u>25,853</u>	<u>16,949</u>
<b>Net assets</b>		<u>25,853</u>	<u>16,949</u>
<b>Capital and reserves</b>			
Called up share capital	12	500	500
Share premium account		4,785	4,785
Profit and loss account		20,568	11,664
<b>Shareholders' funds</b>		<u>25,853</u>	<u>16,949</u>

The financial statements of Quaker Oats Limited, company number 00064262, were approved by the board of directors on 01 August 2017 and were signed on their behalf by:

*Claire Stone*

C Stone  
 Director

The notes on pages 8 to 13 form part of these financial statements.

**Statement of changes in equity**  
 for the 53 week period ended 31 December 2016

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 28 December 2014	500	4,785	6,152	11,437
<i>Total comprehensive income for the year</i>				
Profit and loss	-	-	9,764	9,764
Payment to parent company in relation to share options exercised	-	-	(45)	(45)
Total comprehensive income	-	-	9,719	9,719
<i>Transactions with owners, recorded directly in equity</i>				
Dividends	-	-	(4,207)	(4,207)
Total contributions by and distributions to owners	-	-	(4,207)	(4,207)
<b>Balance at 26 December 2015</b>	<b>500</b>	<b>4,785</b>	<b>11,664</b>	<b>16,949</b>

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 27 December 2015	500	4,785	11,664	16,949
<i>Total comprehensive income for the year</i>				
Profit and loss	-	-	8,904	8,904
Payment to parent company in relation to share options exercised	-	-	-	-
Total comprehensive income	-	-	8,904	8,904
<i>Transactions with owners, recorded directly in equity</i>				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
<b>Balance at 26 December 2015</b>	<b>500</b>	<b>4,785</b>	<b>20,568</b>	<b>25,853</b>

The notes on pages 8 to 13 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the company's financial statements except as noted below.

#### ***Basis of preparation***

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

By virtue of section 401 of the Companies Act 2006 the company, being the wholly owned subsidiary undertaking of PepsiCo, Inc., an undertaking incorporated in the United States of America, is exempt from the requirement to prepare and deliver group financial statements. Copies of the PepsiCo, Inc. Consolidated financial statements are available from its registered office as disclosed in Note 13.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 15.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of PepsiCo, Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.
- The requirements in IAS 24 Related party disclosures to disclose related party transactions entered into between two or more members of a group.

#### ***Going concern***

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report. The financial position of the company, its cash flows, liquidity position and borrowing facilities are directly related to the consolidated position of PepsiCo, Inc. As such, details of this Group wide position are described in the consolidated financial statements of PepsiCo, Inc., available to the public from the address in Note 13.

In addition, the notes to the consolidated financial statements of PepsiCo, Inc. include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of PepsiCo, Inc., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **Notes (continued)**

### ***Fixed asset investment***

Fixed asset investments in subsidiaries are stated at cost less any provision for impairment.

### ***Impairment of financial assets***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account within interest receivable or payable.

### ***Non-derivative financial instruments***

Non-derivative financial instruments comprise other debtors, cash and cash equivalents, loans and borrowings, and other creditors.

#### ***Other debtors***

Other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

#### ***Other creditors***

Other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

#### ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

## ***Expenses***

### ***Interest income and Interest payable***

Interest payable and similar charges include interest payable recognised in profit or loss using the effective interest method and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

## ***Taxation***

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

## 2 Profit on ordinary activities before taxation

The auditor's remuneration has been borne in both periods by a fellow group company. The audit fee allocated to Quaker Oats Ltd for the period is £4,950 (2015: £4,940), and no additional non-audit services were received during the period (2015: £nil).

## 3 Other operating income

	Period ended 31 December 2016 £000	Period ended 26 December 2015 £000
Royalty income	6,427	5,902

## 4 Staff numbers and costs and directors emoluments

The company had no employees (other than directors) in either period.

The directors principally work for other group companies and there were no qualifying services attributable to the company. Their emoluments, in both periods, have been borne by the group company where the majority of the director's time is expended.

## 5 Income from shares in group undertakings

	Period ended 31 December 2016 £000	Period ended 26 December 2015 £000
Dividend income receivable from group undertakings	-	4,207

## 6 Interest receivable and similar income

	Period ended 31 December 2016 £000	Period ended 26 December 2015 £000
Interest receivable on loans to group undertakings	5,621	1,197
	5,621	1,197

## 7 Interest payable and similar charges

	Period ended 31 December 2016 £000	Period ended 26 December 2015 £000
Bank interest payable	918	130

## Notes (continued)

### 8 Taxation

	Period ended 31 December 2016 £000	Period ended 26 December 2015 £000
<i>Analysis of credit in period</i>		
<i>UK corporation tax</i>		
Current tax charge on profit for the period	2,226	1,412
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	2,226	1,412
	<hr/>	<hr/>

#### *Factors affecting the tax charge for the current period*

The total tax charge for the period is same as (2015: lower) the aggregated standard rate of corporation tax in the UK for the period ended 31 December 2016 of 20.00% (2015: 20.25%).

	Period ended 31 December 2016 £000	Period ended 26 December 2015 £000
<i>Total tax reconciliation</i>		
Profit on ordinary activities before tax	8,904	9,764
Total tax expense	2,226	1,412
	<hr/>	<hr/>
Profit excluding taxation	11,130	11,176
	<hr/>	<hr/>
Total tax at 20.00% (2015: 20.25%)	2,226	2,264
	<hr/>	<hr/>
Tax exempt revenues	-	(852)
	<hr/>	<hr/>
Total tax expense	2,226	1,412
	<hr/>	<hr/>

#### *Factors that may affect future tax credits*

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

## Notes (continued)

### 9 Fixed asset investments

#### Shares in group undertakings

	£000
<b>Cost</b>	
At beginning and end of the period	4,784
	<hr/>
<b>Net book value</b>	
At 31 December 2016	4,784
	<hr/>
At 26 December 2015	4,784
	<hr/>

As at 31 December 2016 the company owned the ordinary share capital in the following company: :

Name	Ordinary share capital owned by the company	Country of incorporation and registered address	Principal activity
<b>Held directly</b>			
Quaker Oats BV	100%	The Netherlands (1)	Manufacturing
(1) The registered office is Brielselaan 7, 3081 AA Rotterdam, The Netherlands			

### 10 Debtors

	31 December 2016 £000	26 December 2015 £000
Amounts owed by fellow group undertakings	126,469	126,197
	<hr/>	<hr/>
	126,469	126,197
	<hr/>	<hr/>

### 11 Creditors: amounts falling due within one year

	31 December 2016 £000	26 December 2015 £000
Amounts owed to fellow group undertakings	4,744	4,700
Corporation tax	2,226	1,412
Bank overdraft	98,430	107,920
	<hr/>	<hr/>
	105,400	114,032
	<hr/>	<hr/>

## Notes (continued)

### 12 Called up share capital

	31 December 2016 £000	26 December 2015 £000
<i>Allotted, issued, called up and fully paid</i>		
500,002 Ordinary shares of £1 each	500	500
	<hr/>	<hr/>
	500	500
	<hr/>	<hr/>

### 13 Ultimate holding company and parent undertaking of a larger group of which the company is member

The company is a subsidiary undertaking of Quakers Holdings (UK) Limited. The ultimate parent company is PepsiCo, Inc. which is registered and incorporated in the United States of America.

The largest group in which the results of the Company are consolidated is that headed by PepsiCo, Inc., whose registered office is at 700 Anderson Hill Road, Purchase, New York 10577, United States of America.

The consolidated financial statements of this group are available to the public and may be obtained from their registered office as noted above.

No other group financial statements include the results of the company.

### 14 Accounting estimates and judgements

In preparing these financial statements in conformity with FRS 101, no significant judgements or estimates were required that may effect the reported amount of assets, liabilities, income or expense.

### 15 Explanations of transition to FRS 101

In the transition to FRS 101 from UK GAAP, the Company has made no measurement and recognition adjustments.

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies as set out in note 1 have been applied in preparing the financial statements for the period ended 31 December 2016 and the comparative information presented in these financial statements for the period ended 26 December 2015.

In preparing the transitional financial statement from old UK GAAP to FRS 101 financial statements, no adjustments or restatements were required. As such, no restatements have been made to the prior period comparatives. Additionally, transitioning from old UK GAAP to FRS 101 has not affected the Company's financial position and financial performance.