

# Coca-Cola Holdings (United Kingdom) Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2016



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## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

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## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

### **Corporate Information**

**Registered number:** 01724995

**Directors** J Woods  
S Roche  
D Kearney (resigned 28 February 2017)  
B Hofmann (resigned 30 September 2016)  
D Canham  
S Hutton  
A Beadle (appointed 6 July 2016)  
A Rajbhandary (appointed 6 July 2016)  
The following director was appointed after the year end:  
R Rutten (appointed 28 February 2017)

**Registered office** 1A Wimpole Street  
London  
W1G 0EA

**Auditors** Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast  
BT2 7DT

## COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

### Strategic Report

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

#### Fair review of the business

The profit for the year, after taxation, is £7,801,784 (2015: £2,997,666).

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

	2016 £	2015 £	Change
Turnover (continuing operations)	25,623,292	23,112,361	11 %
Operating profit	9,724,763	3,785,342	157 %
Profit for financial year	7,801,784	2,997,666	160 %
Shareholder's equity	159,686,149	151,884,365	5 %

Operating profit increased by 157% during the year. This increase was a result of the increase in turnover of 11% against the previous year and increased foreign exchange gains in administrative expenses.

#### Principal risks and uncertainties

The principal risks of the Company are a) the material amount of stock on hand which if not saleable by the Company could result in material losses and b) termination of agreements or a change in business relationships with the principal external customers of the Company, which could result in a decrease in turnover of the Company by a material amount.

Approved by the Board on 28 September 2017 and signed on its behalf by:

R. Rutten  
Director

## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

### **Directors' Report**

Registered No. 01724995

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

#### **Directors of the Company**

The current directors are shown on page 1.

On 28th February 2017 Ruben Rutten was appointed as a director of the Company.

#### **Principal activities**

The Company's activities continue to be that of an intermediate investment holding company. The Company directly holds 100% of the ordinary share capital of Beverage Services Limited and Coca-Cola International Sales Limited, both companies are incorporated in the United Kingdom. The Company's also blends and sells ingredients.

#### **Future developments**

It is anticipated that Coca-Cola Holdings (United Kingdom) Limited will continue as an investment holding company.

#### **Events since the balance sheet date**

Details of important events since the year end are set out in Note 15 to the financial statements.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risk are described in the Strategic Report on pages 2.

After making enquiries, the directors have a reasonable expectation that the Company has 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.

#### **Political and charitable contributions**

No charitable donations were made during the year (2015: £nil).

#### **Company's policy for payment of creditors**

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, providing that all terms and conditions have been complied with.

At 31 December 2016, the Company had an average of 8 days purchases outstanding in trade creditors (2015:15 days).

#### **Research and development**

Due to the nature of the Company, the Company does not currently incur expenditure on research or development activities. Should the nature of the business change, the Company will disclose the nature of such in accordance with Companies Act requirements.

## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

### **Directors' Report**

#### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### **Auditors**

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

#### **Disclosure of information to the auditors**

The directors who were members of the board at the time of approving the directors' report are listed on page 2. 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.

Approved by the Board on 28 September 2017 and signed on its behalf by:

R. Rutten  
Director



## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, 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 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), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

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

## **Independent Auditor's Report to the Members of Coca-Cola Holdings (United Kingdom) Limited**

We have audited the financial statements of Coca-Cola Holdings (United Kingdom) Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. 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 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 5), 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 (APB's) Ethical Standards for Auditors to the financial statements.

### **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 and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**Independent Auditor's Report (continued) to the Members of Coca-Cola Holdings  
(United Kingdom) Limited**

**Opinion on the financial statements**

In our opinion the financial statements:

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

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

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

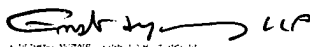
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**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

  
.....  
Ian Gibson  
(Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast

Date: 29 September 2017

# COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

## Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	Continued Operations 2016 £	Continuing Operations 2015 £
Turnover	3	25,623,292	23,112,361
Cost of sales		<u>(23,565,570)</u>	<u>(20,988,272)</u>
<b>Gross profit</b>		<b>2,057,722</b>	<b>2,124,089</b>
Administrative expenses		(35)	(51)
Foreign exchange gains		<u>7,667,076</u>	<u>1,661,304</u>
<b>Operating profit</b>	4	<b>9,724,763</b>	<b>3,785,342</b>
Interest receivable and similar income	6	57,961	21,268
Interest payable and similar charges	7	<u>(84,139)</u>	<u>(77,830)</u>
<b>Profit before tax</b>		<b>9,698,585</b>	<b>3,728,780</b>
Tax on profit	8	<u>(1,896,801)</u>	<u>(731,114)</u>
<b>Profit for the year</b>		<b>7,801,784</b>	<b>2,997,666</b>
Other comprehensive income		<u>—</u>	<u>—</u>
<b>Total comprehensive income</b>		<b><u>7,801,784</u></b>	<b><u>2,997,666</u></b>

There were no items of other comprehensive income during the year.

The notes on pages 11 to 20 form an integral part of these financial statements.

# COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

## Balance Sheet as at 31 December 2016

	Note	31 December 2016 £	31 December 2015 £
<b>Fixed assets</b>			
Tangible assets	9	5,290,622	5,761,848
Investments	10	<u>124,224,118</u>	<u>124,224,118</u>
		<u>129,514,740</u>	<u>129,985,966</u>
<b>Current assets</b>			
Stocks	11	41,993,598	35,009,791
Debtors	12	81,418	1,167,978
Cash at bank and in hand		<u>4,480,243</u>	<u>3,142,080</u>
		46,555,259	39,319,849
<b>Creditors: Amounts falling due within one year</b>	13	<u>(15,999,119)</u>	<u>(17,009,974)</u>
<b>Net current assets</b>		<u>30,556,140</u>	<u>22,309,875</u>
<b>Total assets less current liabilities</b>		<u>160,070,880</u>	<u>152,295,841</u>
<b>Provisions for liabilities</b>	8	<u>(384,731)</u>	<u>(411,476)</u>
<b>Net assets</b>		<u>159,686,149</u>	<u>151,884,365</u>
<b>Capital and reserves</b>			
Called up share capital	14	200,003	200,003
Share premium reserve		117,599,999	117,599,999
Profit and loss account		<u>41,886,147</u>	<u>34,084,363</u>
<b>Shareholders' funds</b>		<u>159,686,149</u>	<u>151,884,365</u>

Approved by the Board on 28 September 2017 and signed on its behalf by:

R. Ratten  
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

# COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

## Statement of Changes in Equity for the Year Ended 31 December 2016

	Called up share capital £	Share premium reserve £	Profit and loss account £	Total £
At 1 January 2015	200,003	117,599,999	31,086,697	148,886,699
Profit for the year			2,997,666	2,997,666
Other comprehensive income				
At 31 December 2015	200,003	117,599,999	34,084,363	151,884,365
	Called up share capital £	Share premium reserve £	Profit and loss account £	Total Equity £
At 1 January 2016	200,003	117,599,999	34,084,363	151,884,365
Profit for the year			7,801,784	7,801,784
Other comprehensive income				
At 31 December 2016	200,003	117,599,999	41,886,147	159,686,149

The notes on pages 11 to 20 form an integral part of these financial statements.

## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **1 Authorisation of financial statements & statement of compliance with FRS 101**

The financial statements of Coca-Cola Holdings (United Kingdom) Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the board on 12 September 2016 and the balance sheet was signed on the board's behalf by Ruben Rutten. Coca-Cola Holdings (United Kingdom) Limited is a private limited company limited by shares, incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016. The financial statements are prepared in Pound Sterling and are rounded to the nearest Pound (£).

The Company claims exemption from preparing group financial statements under section 400 of the Companies Act 2006 as it is included in the group financial statements of The Coca Cola Company, incorporated in Delaware, USA. Therefore these financial statements present information about the Company as an individual undertaking and not as a group.

#### **2 Accounting policies**

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

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; and

## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

### **Notes to the Financial Statements** for the Year Ended 31 December 2016 (continued)

#### **2 Accounting policies (continued)**

- (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.

#### **Judgments 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.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

##### *Estimation of useful lives of assets*

The Company determines the estimated useful lives and related depreciation charges for its tangible fixed assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated, or have been written down in value.

##### *Provisions*

The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the balance sheet date, after taking account of the risks and uncertainties surrounding the obligation.

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

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Factors that management must estimate include, among others, the economic life of the asset, sales volume, pricing, cost of raw materials, delivery costs, inflation, cost of capital, marketing spending, foreign currency exchange rates, tax rates, capital spending and proceeds from the sale of assets. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value. We use a variety of methodologies to determine the fair value of property, plant and equipment, including appraisals and discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use.

##### *Taxation*

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 9.

#### **Trade and other debtors**

Trade debtors, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made 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.

## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

### **Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)**

#### **2 Accounting policies (continued)**

##### **Income tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

##### **Foreign currencies**

The Company's functional currency and presentation currency is Pounds Sterling. Transactions in foreign currencies are initially recorded in the 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 profit and loss account.

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.

##### **Investments**

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

## **COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**

### **Notes to the Financial Statements** for the Year Ended 31 December 2016 (continued)

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

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

Interest income is recognised as interest accrues using the effective interest method.

##### **Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at fair value 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 respectively in interest income and interest expense.

##### **Called up share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Share premium reserve**

The share premium reserve is used to record the excess of proceeds over the nominal value on the issue of shares.

##### **Profit and loss account**

Profit and loss account is accumulated profits of the Company.

##### **Cash-settled transactions**

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Black-Scholes model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in profit or loss for the period.



## COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 3 Turnover

The whole of the Company's turnover is attributable to one continuing activity, the blending and selling of ingredients.

##### *Turnover by geographical area*

Turnover, all of which results from continuing operations, arises worldwide. An analysis of turnover by geographical market is as follows:

	2016 £	2015 £
Europe	25,292,020	23,099,881
Rest of world	331,272	12,480
	<u>25,623,292</u>	<u>23,112,361</u>

Turnover by origin and destination are not materially different.

#### 4 Operating profit

Operating profit is stated after charging/(crediting)

	2016 £	2015 £
<i>Included in administrative expenses:</i>		
Depreciation of tangible fixed assets (refer to Note 9)	543,027	529,674
Foreign exchange gains	(7,667,076)	(1,661,303)
<b>Auditors' remuneration</b>		
- Audit services	45,977	37,856

#### 5 Staff costs and directors' remuneration

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	587,389	540,650
Social welfare costs	76,347	72,515
Pension costs	<u>117,457</u>	<u>180,975</u>
	<u>781,193</u>	<u>794,140</u>

## COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 5 Staff costs and directors' remuneration (continued)

The average number of employees (including directors) during the year was made up as follows:

2016 No.	2015 No.
9	9

All employees are employed in the production division (2015: production).

#### Directors' remuneration

In the current and previous year, none of the directors received any remuneration for their services as a director, or for the management of the affairs of the Company.

#### 6 Interest receivable and similar income

	2016 £	2015 £
Interest receivable and similar income	57,961	21,268
	<u>57,961</u>	<u>21,268</u>

#### 7 Interest payable and similar charges

	2016 £	2015 £
Interest payable and similar charges	84,139	77,830
	<u>84,139</u>	<u>77,830</u>

#### 8 Taxation

	2016 £	2015 £
<b>Tax charged/(credited) in the profit and loss account</b>		
<b>Current income tax</b>		
UK corporation tax on profits for the period	1,981,393	820,060
UK corporation tax adjustment to prior periods	(57,847)	2,872
Total current tax	<u>1,923,546</u>	<u>822,932</u>
<b>Deferred tax</b>		
Increase/(decrease in deferred tax provision	(17,881)	(41,127)
Impact of rate change on opening balance	(25,123)	(50,289)
Adjustments in respect of previous periods	16,259	(402)
Total deferred tax	<u>(26,745)</u>	<u>(91,818)</u>
Tax expense in the profit and loss account	<u>1,896,801</u>	<u>731,114</u>

# COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

### 8 Taxation (continued)

	31 December 2016 £	31 December 2015 £
<b>The deferred tax included in the balance sheet is as follow:</b>		
<b>Deferred tax liability</b>		
Accelerated capital allowances	384,731	411,476
Net liability disclosed in the balance sheet	384,731	411,476

	£
<b>Net deferred tax liability at 1 January 2015</b>	503,294
Deferred tax charge in the income statement	(91,818)
<b>Net Deferred tax asset 31 December 2015</b>	411,476
Deferred tax charge in the income statement	(26,745)
<b>Net Deferred tax assets 31 December 2016</b>	384,731

### Reconciliation of the total tax charge

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	9,698,585	3,728,780
Corporation tax at standard rate	1,939,717	755,078
Rate change in deferred tax		(50,289)
Disallowed expenses and non-taxable income	20,640	18,715
Adjustments in respect of previous periods	(41,588)	2,470
Deferred tax movement at lower rate	3,155	5,140
Deferred tax expense (credit) relating to changes in tax rates or laws	(25,123)	
<b>Total tax charged reported in the income statement</b>	<b>1,896,801</b>	<b>731,114</b>

The main UK corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017. A further reduction in the rate to 17% was substantively enacted with effect from 1 April 2020. Deferred tax has therefore been recognised at a rate of 17%, being the substantively enacted rate at the balance sheet date.

## COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 8 Taxation (continued)

##### HMRC enquiry

The group is currently responding to an enquiry by HMRC with regard to its Corporation Tax position. Due to inherent uncertainties around the outcome as the enquiry is at a preliminary stage, no accurate quantification of cost, if any, or timing of such uncertain cost which may arise from the enquiry, no provision has been made in the financial statements.

#### 9 Tangible fixed assets

	Land	Leasehold Improvements	Plant & Machinery	Total
<i>Cost:</i>	£	£	£	£
At 1 January 2015	256,245	7,509,011	6,578,765	14,344,021
Additions	-	68,854	80,090	148,944
At 31 December 2015	256,245	7,577,865	6,658,855	14,492,965
Additions	-	-	71,997	71,997
Disposal	-	-	(177,650)	(177,650)
At 31 December 2016	<u>256,245</u>	<u>7,577,865</u>	<u>6,553,202</u>	<u>14,387,312</u>
<i>Depreciation and impairment:</i>				
At 1 January 2015	-	3,989,159	4,212,284	8,201,443
Provided during the year	-	196,471	333,203	529,674
At 31 December 2015	-	4,185,630	4,545,487	8,731,117
Provided during the year	-	223,515	319,512	543,027
Disposal	-	-	(177,454)	(177,454)
At 31 December 2016	<u>-</u>	<u>4,409,145</u>	<u>4,687,545</u>	<u>9,096,690</u>
<i>Carrying amount:</i>				
At 31 December 2016	256,245	3,168,720	1,865,657	5,290,622

# COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

## Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

### 10 Financial fixed assets

	31 December 2016 £	31 December 2015 £
Investments in subsidiaries	<u>124,224,118</u>	<u>124,224,118</u>

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2016	2015
Coca-Cola International Sales Limited	Manufacture and procurement of soft drinks	UK 1A Wimpole Street London W1G 0EA	100%	100%
Beverage Services Limited	Provision of marketing, promotion and technical services for the development of soft drinks in the UK and various European markets	UK 1A Wimpole Street London W1G 0EA	100%	100%

### 11 Stock

	31 December 2016 £	31 December 2015 £
Ingredients	<u>41,993,598</u>	<u>35,009,791</u>
Total	<u>41,993,598</u>	<u>35,009,791</u>

### 12 Debtors

	2016 £	2015 £
Amounts owed by undertakings in which the Company has participating interest		671,163
VAT receivable	<u>81,418</u>	<u>496,815</u>
	<u>81,418</u>	<u>1,167,978</u>

## COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 13 Creditors

	2016 £	2015 £
Trade creditors	-	4
Accrued expenses and deferral income	433,177	445,226
Amounts owed to subsidiaries	14,524,083	16,259,947
Corporation tax	1,041,859	304,797
	<u>15,999,119</u>	<u>17,009,974</u>

#### 14 Called up share capital

##### Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>200,003</u>	<u>200,003</u>	<u>200,003</u>	<u>200,003</u>

#### 15 Post balance sheet event

There have been no significant events or developments since the balance sheet date.

#### 16 Other related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

#### 17 Ultimate parent undertaking

The ultimate parent undertaking is the Coca-Cola Company, incorporated in Delaware, USA.

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is The Coca-Cola Company and the parent undertaking of the smallest such group is Refreshment Product Services Inc., a company incorporated in the USA. These financial statements are available upon request from The Coca-Cola Company, Po Box 1734, Atlanta, Georgia 30301, United States of America.