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Registered number: 02255846

Danone Holdings (UK)
Annual Report and Financial Statements
For the year ended 31 December 2015

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Danone Holdings (UK)

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Danone Holdings (UK)

Directors and advisors for the year ended 31 December 2015

Directors

C D Bombled

S M House

Company Secretary

Abogado Nominees Limited

Registered Office

100 New Bridge Street

London

EC4V 6JA

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

2 Glass Wharf

Avon Street

Bristol

BS2 0FR

Bankers

HSBC Bank plc

Regional Services Centre Europe

PO Box 61004

62-76 Park Street – 2nd Floor

London

SE1 9RX

Danone Holdings (UK)

Strategic report for the year ended 31 December 2015

Principal activity

Danone Holdings (UK) is the top UK holding company of the Danone group, with subsidiaries in all four divisions of Danone (Dairy, Water, Baby and Medical), principally in the UK and the Far East.

Business review

Danone Holdings (UK) performs the strategic overarching management function of Danone SA Group's businesses in the UK.

Results and dividends

The results for the financial year and the financial position of the company as at 31 December 2015 are shown in the attached financial statements on pages 8 through 26. The profit for the financial year amounted to €116,195,000 (2014: €1,189,271,000 loss). The directors have not recommended the payment of a dividend up to and including the date of signing the financial statements (2014: €nil).

Principal risks and uncertainties

As the company acts as a holding company for its subsidiaries, its business is not exposed to any external risks or uncertainties other than through its subsidiaries' operations.

Financial risk management

The company's operations do not expose it to significant risk with regards to price or credit, as it does not carry out any trading activities.

The primary risks facing the company are: foreign exchange risk, liquidity risk, and interest rate cash flow risk.

Foreign exchange risk

The company is exposed to foreign exchange risk in respect of transactions and balances held in US dollars and pounds sterling, primarily in respect of retranslating the company's US dollar loans into Euros, the company's functional currency. These balances are unhedged, resulting in the potential for material foreign exchange gains and losses.

Danone Holdings (UK)

Strategic report for the year ended 31 December 2015 (continued)

Liquidity risk

Debt and cash balances predominantly relate to amounts payable to and receivable from fellow group undertakings. Such balances are managed to ensure the company has sufficient available funds for its operations.

The directors will revisit the appropriateness of this policy should the company's operations significantly change in size or nature.

Interest rate cash flow risk

The company has an interest bearing liability in the form of a loan from a fellow group undertaking, which incurs interest at a fixed rate. The company also has an interest bearing asset in the form of a loan to a fellow group undertaking, which incurs interest at a fixed rate. The company has no variable rate loans.

Key performance indicators

Given the nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not appropriate in helping understand the development, performance or position of the business.

By Order of the Board on 7th June 2016



S M House
Director

Danone Holdings (UK)

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements of the company for the year ended 31 December 2015. The Strategic Report contains disclosure regarding dividends.

Dividends

No dividends were paid during the year (2014: €nil).

Directors

The following persons acted as directors of the company during the year and up to the date of signing the financial statements:

C D Bombled
S M House

Directors' indemnities

Third party indemnity insurance is provided by the ultimate parent company and was in place for all directors during 2015 and continues to be in place at the date of signing the financial statements.

Future developments

The directors expect the company to offer business services to the UK and Ireland operations of Danone from 2016. From this point the directors believe the change in foreign currency risk will result in the company adopting 'pounds sterling' as its functional currency.

Danone Holdings (UK)

Directors' report for the year ended 31 December 2015 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

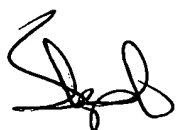
Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board on

7th June 2016



S M House

Danone Holdings (UK)

Director Independent auditors' report to the members of Danone Holdings (UK)

Report on the financial statements

Our opinion

In our opinion, Danone Holdings (UK)'s financial statements (the "financial statements"):

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

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Income statement and Statement of Comprehensive Income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Danone Holdings (UK)

Independent auditors' report to the members of Danone Holdings (UK) (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Paul Nott (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

9 June 2016

Danone Holdings (UK)

Income Statement for the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Administrative income/(expenses)		383	(1,300,256)
Analysed as:			
Administrative expenses excluding exceptional items		383	(256)
Exceptional administrative expenses		-	(1,300,000)
Operating profit/(loss) on ordinary activities before finance charges		383	(1,300,256)
Income from shares in group undertakings		29,239	29,076
Interest receivable and similar income	4	127,177	124,153
Interest payable and similar charges	4	(32,871)	(32,800)
Profit/(loss) on ordinary activities before taxation		123,928	(1,179,827)
Tax on profit/(loss) on ordinary activities	5	(7,733)	(9,444)
Profit/(loss) for the financial year		116,195	(1,189,271)

All of the company's activities are continuing in both the current and prior year.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above and their historical cost equivalents in both the current and prior year.

Danone Holdings (UK)

Statement of comprehensive income for the year ended 31 December 2015

	Note	2015 €'000	2014 €'000
Profit/(loss) for the financial year		116,195	(1,189,271)
Total comprehensive income/(expense) for the year		116,195	(1,189,271)

Danone Holdings (UK)

Balance sheet as at 31 December 2015

	Note	2015 €'000	2014 €'000
Fixed assets			
Investments	6	4,314,313	4,033,813
Current assets			
Debtors	7		
- due within one year		121,309	88,263
- due after one year		860,782	771,874
		982,091	860,137
Creditors: amounts falling due within one year	8	(13,608)	(8,067)
Net current assets		968,483	852,070
Total assets less current liabilities		5,282,796	4,885,883
Creditors: Amounts falling due after more than one year	9	(800,000)	(800,000)
Provisions for liabilities	10	(3,507)	(3,289)
Net assets		4,479,289	4,082,594
Capital and reserves			
Called up share capital	11	1,021,360	740,860
Share premium account		5,923,830	5,923,830
Profit and loss account		(2,465,901)	(2,582,096)
Total shareholders' funds		4,479,289	4,082,594

The financial statements on pages 8 to 26 were approved and authorised for release by the board of directors on 7th June 2016 and were signed on its behalf by:



S M House
Director

Danone Holdings (UK)

Statement of changes in equity

For the year ended 31 December 2015

	Called up share capital €'000	Share Premium account €'000	Profit & loss account €'000	Total shareholders funds €'000
At 1 January 2014	147,241	5,923,830	(1,392,825)	4,678,246
Loss and total comprehensive expense for the financial year	-	-	(1,189,271)	(1,189,271)
Issue of new shares	593,619	-	-	593,619
At 31 December 2014	740,860	5,923,830	(2,582,096)	4,082,594
Profit and total comprehensive profit for the financial year	-	-	116,195	116,195
Issue of new shares	280,500	-	-	280,500
At 31 December 2015	1,021,360	5,923,830	(2,465,901)	4,479,289

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015

1 General information

The principal activity of the company during the year was to act as a holding company within the Danone S.A group.

The company is a private company and is incorporated and domiciled in the UK. The address of its registered office is 100 New Bridge Street, London, EC4V 6JA

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)

IFRS 7, 'Financial Instruments: Disclosures'

Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)

Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:

paragraph 79(a)(iv) of IAS 1;

paragraph 73(e) of IAS 16 Property, plant and equipment;

paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)

The following paragraphs of IAS 1, 'Presentation of financial statements':

–10(d), (statement of cash flows)

–10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),

–16 (statement of compliance with all IFRS),

–38A (requirement for minimum of two primary statements, including cash flow statements),

–38B-D (additional comparative information),

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

–40A-D (requirements for a third statement of financial position),

–111 (cash flow statement information), and

–134-136 (capital management disclosures)

IAS 7, 'Statement of cash flows'

Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)

Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)

The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group

2.1 Going concern

The Company holds investments in group undertakings and meets its ongoing working capital requirements through the receipt of dividends and the receipt of interest on inter-company loans. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

2.2 Consolidation

The company is a subsidiary of Nutricia International BV and of its ultimate parent, Danone SA. It is included in the consolidated financial statements of Danone SA which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Euro' (€), which is also the company's functional currency

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

2.4 Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date

2.5 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables in the balance sheet.

2.6 Derivative financial instruments and hedging activities

The company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

2.7 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities

2.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

2.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

2.13 Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

2.15 Dividend income Dividend income is recognised when the right to receive payment is established.

2.16 Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2.17 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.18 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

3 Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

- (a) Carrying value of investments. The carrying value of investments in subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment review calculations require the use of estimates related to the future profitability and cash-generating ability of the acquired businesses and the pre-tax discount rate used in discounting these projected cash flows.
- (b) The assessment of the tax charge may include uncertain tax positions where the tax treatment has not yet been agreed with the taxation authorities. Management make an estimate of the taxation charge based on discussions with taxation authorities, advice from taxation advisors, and other available evidence, including taking account of any mitigating or compensating tax uncertainties in other group entities or other factors that may impact on the level of group relief that may be available.

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

4 Profit/(loss) on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2015 €'000	2014 €'000
a) Auditors' remuneration:		
- audit of statutory financial statements	16	16
b) Interest receivable and similar income:		
- foreign exchange gains	(88,318)	(90,500)
- interest receivable from fellow group undertakings	(38,859)	(33,653)
	(127,177)	(124,153)
c) Interest payable and similar charges:		
- interest payable to fellow group undertakings	32,374	32,800
- provision: unwinding of discount	497	-
	32,871	32,800
d) Operating leases:		
- Lease rental of warehouse	625	520
- Income received from sublet of warehouse	(625)	(520)
	-	-

Directors' emoluments

The directors received no emoluments through this company (2014: €nil).

The emoluments of the directors are paid by other group undertakings and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries.

Employee costs

The company has no members of staff (2014: none).

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

5 Tax on profit/(loss) on ordinary activities

	2015 €'000	2014 €'000
Current tax:		
– UK Corporation tax on profit/(loss) for the year	8,175	9,461
– Adjustment in respect of prior years	(442)	(17)
Tax on profit/(loss) on ordinary activities	7,733	9,444

Tax expense for the year is lower (2014: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014:21.5%). The differences are explained below:

	2015 €'000	2014 €'000
Profit/(loss) on ordinary activities before taxation	123,928	(1,179,827)
Profit/(loss) multiplied by the standard rate of tax in the UK of 20.25% (2014: 21.5%)	25,091	(253,663)
Effects of:		
– Income not taxable	(13,283)	(13,991)
– Non-taxable dividends	(5,998)	(6,251)
– Adjustments in respect of prior years	(442)	(17)
– Expenses not deductible for tax purposes	2,365	283,366
Tax charge	7,733	9,444

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Act (No.2) 2015 on 17 November 2015. These reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

There are no deferred tax balances (2014: nil).

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Investments

Investments in subsidiary undertakings

	2015 €'000	2014 €'000
Cost		
At 1 January	6,833,813	6,240,195
Additions made in the year	280,500	593,618
Cost at 31 December	7,114,313	6,833,813
Impairment		
At 1 January	(2,800,000)	(1,500,000)
Impairment of UK Holdings CAP Ltd	-	(1,300,000)
Impairment at 31 December	(2,800,000)	(2,800,000)
Carrying value at 31 December	4,314,313	4,033,813

Additions made in the year represent additional investment made in UK Holdings CAP (Commonwealth, Asia and Pacific) Limited.

The directors believe that the carrying value of the investments are supported by their future cash flows or net assets.

In supporting the carrying value of certain of the investments, management has applied a value in use calculation based on the future cash flows of the businesses.

The cash flows used to determine the value in use of the cash generating units ("CGUs") are derived from the annual budgets and strategic plans of the CGUs, which are drawn up by management and cover a period of four years, and are extended, on the basis of the most recent forecasts, to:

- nine years for the Early Life Nutrition and Medical Nutrition divisions. The company use projections over nine years to better reflect the division's growth over this period, as the actual growth rate of the CGUs exceeds the long-term grow rate that the company applies to each of these GCUs. This is in line with the Danone SA group policy.

Future cash flows beyond these periods are extrapolated using a long-term growth for the division as a whole:

- the operational assumptions used to calculate the terminal value are in line with the projections above in terms of cash flows; and
- the long-term growth rate is determined for each CGU, taking into account its average growth rate in recent years and its geographic area (macro-economic environment, demographics etc).

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Investments (continued)

Sensitivities

The sensitivity analyses below have been determined on the basis of reasonably possible changes in assumptions applied.

The weighted average terminal growth rate applied is 2.5%. A 0.5% increase/decrease in the terminal growth rate would increase/decrease the value in use calculation by €248 million and €207 million respectively.

The post-tax weighted average cost of capital applied ("WACC") is 8.0%. A 0.5% increase/decrease in the WACC would decrease/increase the value in use calculation by €306 million and €400 million respectively.

Details of subsidiary undertakings

Name of Company	Country of incorporation or registration	Class of shares held	Nature of Business	Proportion of class held	
				Direct	Indirect
Danone Limited	England & Wales	Ordinary	Importers and distributors of dairy and other products	100%	
Danone Waters (UK & Ireland) Limited	England & Wales	Ordinary	Importers, distributors and producer of mineral water	100%	
UK Holdings CAP (Commonwealth, Asia and Pacific) Limited	England & Wales	Ordinary	Holding	100%	
Complan Foods Limited	England & Wales	Ordinary	Distributor of nutritional food supplements	100%	
Nutricia (Cow & Gate, Milupa) Holdings Limited	England & Wales	Ordinary	Holding		100%
Nutricia Limited	England & Wales	Ordinary	Baby and advanced medical nutrition products		100%
Cow & Gate Pension Trustees Limited	England & Wales	Ordinary	Pension Trustee Company		100%
Nutricia Trustees Limited	England & Wales	Ordinary	Pension Trustee Company		100%
Scientific Hospital Supplies Holdings Limited	England & Wales	Deferred	Holding		100%
SHS International Limited	England & Wales	Ordinary	Advanced medical nutrition products		100%
Scientific Hospital Supplies (UK) Limited	England & Wales	Ordinary	Dormant		100%
Danone Asia Pacific Holdings Pte Limited	Singapore	Ordinary	Holding		100%
Danone Asia Pacific Manufacturing Pte Limited	Singapore	Ordinary	Non-trading		100%

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Investments (continued)

Details of subsidiary undertakings

Name of Company	Country of incorporation or registration	Class of shares held	Nature of Business	Proportion of class held	
				Direct	Indirect
PTNIS Holding Singapore Pte Limited	Singapore	Ordinary	Holding		100%
PTSH Holding Singapore Pte Limited	Singapore	Ordinary	Holding		100%
Dumex Nutrition Limited A/S	Denmark	Ordinary	Holding		100%
INC Shanghai (Holding) Limited A/S	Denmark	Ordinary	Holding		100%
International Nutrition Co Limited A/S	Denmark	Ordinary	Holding		100%
Dumex Baby Food Co Limited	China	Ordinary	Dairy, juice and similar products		100%
Dumex Limited	Thailand	Ordinary	Nutritional products		98.9%
Danone Dumex (Malaysia) Sdn Bhd	Malaysia	Ordinary	Nutritional products		100%
Danone Information Services – Asia Pacific Sdn Bhd	Malaysia	Ordinary	IT-related services		100%
INC Contract Manufacturers Sdn Bhd	Malaysia	Ordinary	Contract manufacturing services		100%
PT Nutricia Indonesia Sejahtera	Indonesia	Ordinary	Infant foods and related products		99.99%
PT Sari Husada	Indonesia	Ordinary	Nutritional products		99.97%
PT Sugizindo	Indonesia	Ordinary	Nutritional products		99.85%
Danone Vietnam Co Limited	Vietnam	Ordinary	Nutritional products		100%
Dumex Nutrition Limited	Hong Kong	Ordinary	Non-trading		100%
Nutricia International Pte Limited	India	Ordinary	Infant foods and related products		99.9%
Nutricia Early Life Nutrition (Shanghai) Co Ltd	China	Ordinary	Infant foods and related products		100%

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Debtors

	2015 €'000	2014 €'000
Amounts owed by group undertakings		
- Current non-trading amounts receivable falling due within one year	120,607	88,002
- Current non-trading amounts receivable falling due after more than one year	860,782	771,874
Other debtors	702	261
	982,091	860,137

Amounts owed by fellow group undertakings due within one year are unsecured and repayable on demand. The amounts owed by group undertakings include €120,607,000 (2014: €88,002,000) which bears no interest.

The amounts owed by fellow group undertakings due after more than one year are repayable in four tranches each with different interest rates with interest payable annually. The amounts are not secured.

- \$300,000,000 is repayable on 16 December 2019, with a fixed interest rate of 4.00%.
- \$250,000,000 is repayable on 16 December 2020, with a fixed interest rate of 4.45%.
- \$200,000,000 is repayable on 16 December 2021, with a fixed interest rate of 4.73%.
- \$187,133,000 is repayable on 16 December 2022, with a fixed interest rate of 4.97%.

8 Creditors: amounts falling due within one year

	2015 €'000	2014 €'000
Trade creditors	8	-
Amounts owed to group undertakings		
- Current non-trading amounts payable	12,866	8,038
Taxation and social security	565	-
Accruals	169	29
	13,608	8,067

Amounts payable to group undertakings are unsecured and repayable on demand. Interest is not payable on trading balances held with group undertakings. Non-trading balances incur interest at a variable rate of 0.75% above LIBOR.

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

9 Creditors: amounts falling due after one year

	2015 €'000	2014 €'000
Amounts owed to group undertakings		
- Current non-trading amounts payable	800,000	800,000
	800,000	800,000

The amounts owed to fellow group undertakings are repayable on 25 July 2019, with a fixed interest rate of 4.1% (2014: 4.1%) payable annually on the last business day at the end of the accounting period. The amounts are not secured.

10 Provision for liabilities

	Property lease provision €'000
At 1 January 2015	3,289
Unwinding of discounting	497
Utilised	(279)
At 31 December 2015	3,507

Provision on subleased warehouse

The company is the tenant on a warehouse lease expiring in 2031, the property is sublet until 2021 (with break clauses in 2017 and 2019) and a provision is recorded for the differences in terms on the head lease and sublease.

11 Called up share capital

	2015 €'000	2014 €'000
Authorised		
800,928,233 (2014: 601,273,944) Ordinary shares of £1 each	1,021,360	740,860
Allotted and fully paid		
800,928,233 (2014: 601,273,944) Ordinary shares of £1 each	1,021,360	740,860

On 15 July 2015 the company issued 199,654,289 shares for a consideration of €280,500,000 to existing shareholders.

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

12 Financial commitments

Company as lessee

At the balance sheet date the company had the following outstanding commitments for future minimum lease payments under a non-cancellable operating property lease which fall due as follows:

	2015 €'000	2014 €'000
Within 1 year	625	589
Between 2 and 5 years	2,501	2,357
After 5 years	6,567	6,773
At 31 December	9,693	9,719

Company as lessor

At the balance sheet the company has contracted with a tenant for the following minimum property non-cancellable lease payments as follows:

	2015 €'000	2014 €'000
Within 1 year	625	589
Between 2 and 5 years	156	737
After 5 years	-	-
At 31 December	781	1,326

13 Ultimate parent undertaking

The immediate parent undertaking is Nutricia International BV, a company incorporated in the Netherlands.

The smallest and largest group in which the results of the company are consolidated is that headed by Danone SA, which is the ultimate parent undertaking incorporated in France. The directors regard Danone SA as the ultimate holding company and controlling party.

The consolidated financial statements of Danone SA are available to the public and may be obtained from Danone, 17 Boulevard Haussman, 75009 Paris, France or alternatively at www.danone.com.

Danone Holdings (UK)

Notes to the financial statements for the year ended 31 December 2015 (continued)

14 Post Balance Sheet Event

On 24 May 2016 the company completed a £4,300,000,000 reduction in its share premium account which was credited to the profit and loss account.

15 Changes in accounting policies

(a) Adoption of FRS101

This is the first year that the company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the period ended 31 December 2014 and the transition date to FRS 101 was therefore 1 January 2014. There was no impact on equity or the profit or total comprehensive income for the year then ended as a result of this change.