

Company registered no: 02836071

Cott Beverages Limited
Annual report and financial statements
for the 52 week period ended 02 January 2016



Cott Beverages Limited

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Cott Beverages Limited

Directors and advisers for the 52 week period ended 02 January 2016

Directors

Jeremy Hoyle
Trevor Cadden
Matthew Vernon
Mark Grover
Jason Ausher
Andrew Swarbrick

Company Secretary

Squire Patton Boggs Secretarial Services Limited (formerly known as Squire Sanders (UK) LLP)

Company number

02836071

Registered office

Citrus Grove
Side Ley
Kegworth
Derby
DE74 2FJ

Bankers

JP Morgan Chase Bank NA
125 London Wall
London
EC2Y 5AJ

Independent auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Strategic Report for the 52 week period ended 02 January 2016

The directors present their strategic report and the audited financial statements of Cott Beverages Limited for the 52 week period ended 02 January 2016.

Review of the business

The principal activity of the Company during the period was the manufacture and sale of soft drinks.

During the year the overall soft drinks market showed a slight increase in volume and a slight decrease in value. Own label soft drinks showed a slight decline in volume but a larger single digit decline in value. The Company has sought to continue to protect its core retail and Sports & Energy business, develop its own brand portfolio, broaden its channel presence and also its co-packing business. In the continued challenging market environment, revenue declined 7.8% over the previous year (note that the previous year ended 03 January 2015 contained 53 weeks). The company received notification during the year that a major retail customer would not be renewing a contract to manufacture private label soft drinks, effective February 2016. As a result of this, the company has undertaken a cost reduction programme.

Gross margins increased to 18.0% (53 weeks ended 03 January 2015: 16.9%), due to improved mix of products and reduced input costs. Input costs are managed tightly and our strategy to fix input prices of key commodities has continued to provide certainty of costs for ourselves and our customers. At the same time the business has continued to deliver cost or efficiency savings, wherever possible, working collaboratively with key suppliers to unlock opportunities.

Our selling and distribution expenses at £22,299,000 were lower than the previous year of £23,760,000, as a result of delivering efficiency programmes, and lower transport costs associated with lower sales volumes. Administration expenses increased versus the prior year, due to costs associated with the implementation of a new ERP system and one-time restructuring expenses associated with the cost reduction programme.

The company continues to generate cash from its trading activities and invests time on the careful management of cash throughout the year, in particular the prompt collection of debts and the timing of capital investments. Through this the company is well placed to continue to invest in growth opportunities and also benefits from the wider resources and strength of the Cott group to support growth. During the year the Company focussed its capital investment on increasing capacity at our can facility, implementing new PET blowmoulding technology, improving agility across its PET production capacity to cope with fluctuations in demand and improving production quality.

In June 2014 the company, through an intermediate holding company, acquired the Aimia Foods business as part of our continued drive to diversify our business beyond the traditional soft drinks categories. Aimia is predominantly engaged in packing and selling powdered hot beverages, in particular chocolate and coffee products to a diverse range of customers. It has production and packing capabilities in pouch, stick, jar and tin formats and has a strong presence in the Food Service and Vending channels. Aimia has its own trade brands and also has long term relationships with major national brand owners to sell and/or manufacture consumer brands in powdered categories. During the year, Aimia continued to deliver volume growth, and was successful in adding a number of new long term relationships with major brand owners to sell and manufacture consumer brands in a number of categories and formats.

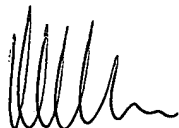
Principal Risks & Uncertainties

The principal risks facing the business are the continuing challenges in the Own Label soft drinks market, loss of major customer contracts due to increasingly competitive environment, implementation of government levies on soft drinks in the form of a "sugar tax", and the fluctuation of prices of key commodities, in particular those against

Strategic Report for the 52 week period ended 02 January 2016 (continued)

which we cannot buy forward to give us certainty in our customer pricing. With some commodities this is further complicated by currency fluctuations. We continue to work with our key suppliers to manage this risk and wherever possible to obtain certainty in our cost prices over the short term.

By order of the board

A handwritten signature in black ink, consisting of several vertical strokes followed by a wavy line.

Matthew Vernon
Director

23 September 2016

Directors Report for the 52 week period ended 02 January 2016

The directors present their report and the audited financial statements of the company for the year ended 02 January 2016.

Future developments

The Company will continue with its strategy to support and develop its core retail business, invest in and develop new distribution channels, seek opportunities to increase presence in growing categories, build its portfolio of brands, whilst also strengthening relationships with major brand owners in the provision of co-packing services. As referenced in the strategic report, the company received notification during the year that a major retail customer would not be renewing a contract to manufacture private label soft drinks, effective February 2016. As a result of this, the company has impaired two production lines and undertaken a cost reduction programme.

The Company will continue to make further investments in capacity and flexibility at its production sites in order to allow it to continue to grow sales and to secure contracts with customers and will also make selective investments in new formats or capabilities, to meet proven customer demand.

The Company will continue to seek opportunities to generate growth in revenues, profit and cash flow through strategic acquisitions which support its objectives to continue to diversify its product and format capabilities, along with its customer channels.

The Company will seek to mitigate the impact of the sugar tax by working collaboratively with customers and suppliers to reformulate products.

The directors remain committed to delivering excellent service, stringent cost control and manufacturing efficiency, whilst making selective capital investments.

Results and dividends

The profit and loss account for the period is set out on page 10. The profit before tax for the financial period is £37,639,000 (53 weeks ended 03 January 2015: £16,456,000).

The directors have approved a dividend of £30,023,000 in respect of the current period, see note 11 for details of the date paid. (53 weeks ended 03 January 2015: £nil).

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate cash flow risk. The Company is a participant in the Cott Corporation global credit facility which provides the Company with extra funding capacity. Management also has access to Cott Corporation's Treasury Department that assists in the monitoring and managing of financial risk.

Price risk

The Company's primary risk is its exposure to commodity price risk as a result of its operations. If the Company's operations change in size or nature, the directors revisit price risk to ensure the risks are still being managed appropriately. The Company has no exposure to equity securities price risk as it holds no listed investments.

Credit risk

The Company has in place policies that require appropriate credit checks on potential customers before sales are made and regularly review changes in risk within its customer base.

Directors Report for the 52 week period ended 02 January 2016 (continued)

Liquidity risk

The company manages UK liquidity risk through regular monitoring of cash performance against forecasts and have regular discussions with the ultimate parent company (Cott Corporation) to ensure appropriate funding is in place to meet its commitments.

Foreign exchange risk

The company sells to a number of customers in Europe in currencies other than Sterling; however this is still a small proportion of the overall sales of Cott Beverages Limited and is balanced by purchases of ingredients and packaging from European suppliers which means the foreign exchange risk is considered to be immaterial to the business.

Interest rate cash flow risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at floating rates. The interest bearing liabilities relate to group liabilities which are managed by a Treasury team within the ultimate parent company (Cott Corporation).

Directors

The directors, who held office during the period and up to the date of signing these financial statements, unless otherwise stated, are given below:

Greg Leiter – Resigned 14th August 2015
Jason Ausher – Appointed 14th August 2015
Trevor Cadden
Jeremy Hoyle
Matthew Vernon
Mark Grover
Steve Corby – Resigned 30th November 2016
Joanne Lloyd-Davies – Resigned 31st March 2016
Andrew Swarbrick – Appointed 1st December 2015

Qualifying third-party indemnity insurance was held by all the directors during the period and currently continues to be held by all directors.

Research and development

We continue to invest in developing new products within all markets in which the Company trades. The directors regard innovation as integral to the continuing success of the business and the ongoing growth of all our businesses.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. All necessary assistance with initial training courses is given, and, in common with all employees, a career plan is prepared so as to maximise individual development opportunities. In the event of members of staff becoming disabled, arrangements are made where possible for retraining, to enable them to perform work identified as appropriate to their aptitudes and abilities. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does have a disability.

Directors Report for the 52 week period ended 02 January 2016 (continued)

Consultation with employees or their representatives has continued at all levels, through staff consultation committees and at meetings with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with employees continues through monthly and quarterly briefs and through the use of staff notice boards. The company encourages employees to participate in the ownership of shares in the company through a HMRC approved share incentive plan.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and 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 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 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

In accordance with section 418 of the Companies' Act 2006, the directors confirm that the auditors have been provided with appropriate information, and that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors Report for the 52 week period ended 02 January 2016 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board



Matthew Vernon
Director

29 September 2016

Independent auditors' report to the members of Cott Beverages Limited

Report on the financial statements

Our opinion

In our opinion, Cott Beverage Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 2 January 2016 and of its profit for the 52 week period (the "period") 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 2 January 2016;
- the Profit and loss account and Statement of comprehensive income for the period then ended;
- the Statement of changes in equity for the period 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 period 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.

Independent auditors' report to the members of Cott Beverages Limited (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 6, 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

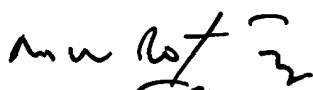
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.



Mike Robinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

29 September 2016

Cott Beverages Limited

Profit and loss account for the 52 week period ended 02 January 2016

	Note	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Turnover	5	265,994	288,437
Cost of sales		(218,234)	(239,780)
Gross profit		47,760	48,657
Selling and distribution expenses		(22,299)	(23,760)
Administrative expenses		(13,858)	(11,700)
Operating Profit	6	11,603	13,197
Income from shares in group undertakings	10	32,080	9,587
Profit on ordinary activities before interest and taxation		43,683	22,784
Interest receivable and similar income	8	21	146
Interest payable and similar charges	9	(6,065)	(6,474)
Net interest expense		(6,044)	(6,328)
Profit on ordinary activities before taxation		37,639	16,456
Tax on profit on ordinary activities	12	(608)	692
Profit for the financial period		37,031	17,148

All items dealt with in arriving at the profit on ordinary activities before taxation relate to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial periods stated above, and their historical cost equivalents.

Cott Beverages Limited

Statement of comprehensive income for the 52 week period ended 02 January 2016

	Note	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Profit for the financial period		37,031	17,148
Other comprehensive income:			
Re-measurement of net defined benefit obligation	21	1,748	(1,467)
Cash flow hedges			
- Fair value gains / (losses) in hedging instruments		(2,093)	-
- (Gains) / losses reclassified to inventory		737	-
Total tax on components of other comprehensive income	12	(79)	386
Other comprehensive income for the year, net of tax		313	(1,081)
Total comprehensive income for the period		37,344	16,067

Cott Beverages Limited

Balance Sheet as at 02 January 2016

	Note	02 January 2016 £'000	03 January 2015 £'000
Fixed assets			
Intangible assets	13	231	284
Tangible assets	14	51,979	55,506
Investments	15	437,313	321,939
		489,523	377,729
Current assets			
Inventories	16	18,601	20,044
Debtors (including £66,000 (2014: £92,000) due after one year)	17	72,444	75,176
Cash at bank and in hand		15,105	12,406
		106,150	107,626
Creditors: amounts falling due within one year	18	(60,823)	(60,783)
Net current assets		45,327	46,843
Total assets less current liabilities		534,850	424,572
Creditors: amounts falling due after more than one year	19	(68,002)	(68,002)
Post-employment benefits	21	(1,937)	(4,347)
Net assets		464,911	352,223
Capital and reserves			
Called up share capital	23	94,809	94,809
Share premium accounts		253,984	148,617
Cash flow hedge reserve		(1,081)	-
Other reserve		51,001	51,001
Retained earnings		66,198	57,796
Total equity		464,911	352,223

The notes on pages 14 to 46 are an integral part of these financial statements.

The financial statements on pages 10 to 46 were approved by the board of directors on 29 September 2015 and were signed on its behalf by:



Matthew Vernon
Director
Cott Beverages Limited
Registered company number: 2836071

Cott Beverages Limited

Statement of changes in equity

	Called Up Share Capital £'000	Share premium account £'000	Cash flow hedge reserve £'000	Other reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 29 December 2013	94,809	137,227	-	51,001	41,729	324,766
Profit for the period	-	-	-	-	17,148	17,148
Other comprehensive income for the period	-	-	-	-	(1,081)	(1,081)
Total comprehensive income for the year	-	-	-	-	16,067	16,067
Proceeds from shares issued	-	11,390	-	-	-	11,390
Total transactions with owners, recognised directly in equity	-	11,390	-	-	-	11,390
Balance as at 03 January 2015	94,809	148,617	-	51,001	57,796	352,223
Balance as at 04 January 2015	94,809	148,617	-	51,001	57,796	352,223
Profit for the period	-	-	-	-	37,031	37,031
Other comprehensive income for the period	-	-	(1,081)	-	1,394	313
Total comprehensive income for the year	-	-	(1,081)	-	38,425	37,344
Dividends	-	-	-	-	(30,023)	(30,023)
Proceeds from shares issued	-	105,367	-	-	-	105,367
Total transactions with owners, recognised directly in equity	-	105,367	-	-	(30,023)	75,344
Balance as at 02 January 2016	94,809	253,984	(1,081)	51,001	66,198	464,911

The other reserve shown above contains capital contributions made directly from the company's parent, Cott Retail Brands Limited.

No ineffectiveness (2014: Nil) was noted on cash flow hedges during the period.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016

1. General Information

Cott Beverages Limited manufactures and sells soft drinks. The company has manufacturing plants in the UK and sells primarily to the UK and the rest of Europe.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ.

2. Statement of compliance

The individual financial statements of Cott Beverages Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. 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. The company has adopted FRS102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 28.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 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 4.

(b) Consolidated financial statements

These financial statements contain information about Cott Beverages Limited as an individual company and do not contain consolidated financial information. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is a wholly owned subsidiary of Cott Corporation, a company incorporated in Canada, and it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent, which are publicly available.

(c) Exemptions for qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

- (i) a reconciliation of the number of shares outstanding at the beginning and end of the period. [FRS 102 para 4.12 (a) (iv)] ;
- (ii) the requirement to prepare a statement of cash flows. [section 7 of FRS 102 and para 3.17 (d)] ;
- (iii) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. [FRS 102 paras 11.39 -11.48A, 12.26 – 12.29].

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102 (continued)

- (iv) certain disclosure requirements of section 26 in respect of share based payments provided that (i) for a subsidiary the share based payment concerns equity instruments of another group entity; or (ii) for an ultimate parent the share based concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group: and in both cases the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. [FRS 102 paras 26.18 (b), 26.19 – 26.21, 26.23]
- (v) the non disclosure of key management personnel compensation in total [FRS 102 para 33.7]

The company has taken advantage of these exemptions on the basis that it is a qualifying entity and its ultimate parent company Cott Corporation, includes this information about the company in its own consolidated financial statements which can be obtained from the Company Secretary at 6525 Viscount Road, Mississauga, Ontario, L4V 1H6, Canada.

(d) Revenue recognition

Revenue, which excludes value added tax, represents the invoiced amounts derived from the manufacture and sale of soft drinks after deductions have been made for trade discounts. Revenue is recognised when the goods are despatched, which is deemed to be the point at which the significant risks and rewards of ownership have been transferred to the buyer.

Interest income is recognised when it is credited to the bank.

Dividend income is recognised when the dividends are approved and cash received.

(e) Research and development

Costs incurred in respect of research and development are expensed to the profit and loss account in the period in which they are incurred.

(f) Employee benefits

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the payment has been made the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

(iii) Defined benefit pension plans

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

Summary of significant accounting policies (continued)

(f) Employee benefits (continued)

factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit liability arising from employee service during the period; and

(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense', within interest payable and similar charges

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution plans,

(iv) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation made.

(v) Share-based payments

Where the company participates in a share based payment arrangement established by a group company the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share based payment expense based on allocation of its share of the groups total expense, calculated in proportion to the number of participating employees.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

3 Summary of significant accounting policies (continued)

(g) Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the term of the lease.

Leasing arrangements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible fixed assets and the capital element of the leasing commitments is shown as an obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms or the useful lives of equivalent owned assets.

(h) Foreign currencies

The company's functional and presentational currency is the pound sterling.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange prevailing at that date, or if appropriate, at the forward contract rate and differences recognised in Cost of Sales.

Intercompany balances denominated in foreign currencies are translated at each balance sheet date using the rates prevailing at that date. Differences are recognised within administrative expenses.

Foreign exchange gains and losses resulting from the settlement of transactions and the translation of period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account.

(j) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

3 Summary of significant accounting policies (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(k) Tangible assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Land and buildings

Land and buildings include freehold factories and offices. Buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land is stated at cost and is not depreciated.

(ii) Plant and machinery and fixtures and fittings.

Plant and machinery and fixtures and fittings, are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Freehold buildings – over periods up to 40 years
- Plant and machinery – up to 12 years
- Fixtures and fitting – 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(l) Capitalisation of finance costs

Financing fees in relation to the cost of raising debt are capitalised and written off on a straight line basis over the life of the financing arrangement.

(m) Intangible assets

Intangible assets are amortised over its estimated useful life of 10 years and are stated at historic cost net of amortisation and any provision for impairment.

Computer software is stated at historic cost and amortised over a useful life of 3-5 years.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

3 Summary of significant accounting policies (continued)

(n) Impairment of goodwill, intangible and tangible assets

In accordance with FRS102, the Company performs impairment reviews where there is an indication that the carrying amount of goodwill, intangible or tangible assets may not be recoverable. The impairment review involves using measurement techniques to estimate the asset's recoverable amount, based upon the higher of post-tax net realisable value and value in use, and comparing that with the carrying value of the asset.

Where it is established that an asset has been impaired, then an amount equal to the impairment is charged to the profit and loss account in the period of the impairment. Where an impairment review has been carried out and the recoverable amount has been based on value in use, the Company monitors the results of the review of the next five periods. If, during this monitoring period, the results of the original impairment review are no longer considered to be appropriate, then a reversing credit or increased charge is made to the profit and loss account.

(o) Share based payments

The company operates a share based compensation scheme where the ultimate parent company issues equity-settled share based payments to certain employees of Cott Beverages Limited. Shares issued to employees have been measured at fair value at the date of the grant. The fair value of equity settled share based payments is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the group's estimate of when shares or share options will eventually vest and adjusted for the effect of non-market conditions.

(p) Investments

Investments are stated at cost less provisions for impairment.

(q) Leased Assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2013) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

(j) Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to complete and sell cost being determined on the first-in, first-out (FIFO) basis, in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. At the

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

3 Summary of significant accounting policies (continued)

end of each reporting period, inventories are assessed for impairment and where necessary, provision is made for obsolete, slow moving or defective inventories.

(k) 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. Bank overdrafts are shown within borrowings in current liabilities

(l) Provisions and contingencies

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

(i) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(ii) Provision is not made for future operating losses.

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 a finance cost.

(iii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(m) Financial Instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

Financial Instruments (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

iii) Hedging Arrangements

The company has elected to apply hedge accounting in respect of forward commodity contracts held to manage the cash flow exposures of forecast purchases of aluminium used within the production process. Forward commodity contracts are designated as cash flow hedges of the highly probable forecast transactions.

Changes in the fair values of derivatives designated as cash flow hedges, which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in the fair value of the hedging instrument since the inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable or the hedging instrument is terminated.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

3 Summary of significant accounting policies (continued)

(n) 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.

(o) Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

(p) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. Critical accounting judgements and estimation uncertainty

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.

(a) Critical judgements in applying the entity's accounting policies

(i) Share-based payments

The company's employees have been granted share options by the ultimate parent company, Cott Corporation. The company makes use of the exemption in Section 26 of FRS 102 to account for the expense based on a reasonable allocation of the parent company's total expense. The company has calculated its allocation of the parent company's total expense based on the number of participating employees in the company compared to the number of participating employees in the group.

(b) 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.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment, and note (k) for the useful economic lives for each class of assets.

(ii) Inventory provisioning

The company manufactures and sells soft drinks and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required.

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

usage of raw materials. See note 16 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 17 for the net carrying amount of the debtors and associated impairment provision.

(iv) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 21 for the disclosures relating to the defined benefit pension scheme.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

5. Turnover

The directors consider there to be one class of business. The analysis by geographical area of destination of the Company's turnover is set out below:

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
United Kingdom and Ireland	256,683	276,538
Europe	9,139	11,729
Rest of the World	172	170
Total	265,994	288,437

All the Company's assets and liabilities are held in the UK.

6. Operating Profit

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Operating profit is stated after charging:		
Wages and salaries	31,420	31,679
Social security costs	3,309	3,424
Other pension costs	1,903	1,344
Share based compensation (note 22)	187	208
Staff costs	36,819	36,655
Amortisation of intangible assets (included within administrative expenses)	53	194
Operating lease charges	741	601
Loss on disposal of tangible assets	313	78
Research and development	549	573
Impairment of trade receivables	(825)	296
Impairment of Property, plant & equipment	852	-
Inventory recognised as an expense	198,471	223,644
Impairment of inventory (included in 'cost of sales')	(176)	582
Audit fees payable to the company's auditor	187	176

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

7. Employees and directors

Directors

The directors emoluments are as follows:

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Aggregate emoluments	946	1,180
Compensation for loss of office	348	73
Company pension contributions to defined contribution pension schemes	62	64
	1,356	1,317

Emoluments for the services of G Leiter were paid by other subsidiaries of the Cott Corporation group of companies and accordingly his emoluments are disclosed in the financial statements of Cott Corporation. No recharge is made to Cott Beverages Limited.

Retirement benefits are accruing to six directors (53 weeks ending 03 January 2015: eight) under defined contribution pension schemes. Retirement benefits are not accruing to any directors (53 weeks ending 03 January 2015: one) under defined benefit pension schemes. No directors exercised share options in Cott Corporation during the period (53 weeks ending 03 January 2015: none).

Six directors received shares under long term incentive schemes (53 weeks ending 03 January 2015: nine).

Highest paid director	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	226	306
Compensation for loss of office	348	-
Company pension contributions to defined contribution pension schemes	16	17
	590	323

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

7 Employees and directors (continued)

Employees

The average monthly number of persons (including executive directors) employed by the Company during the period was:

	52 week period ended 02 January 2016	53 week period ended 03 January 2015
By activity		
Production	772	776
Selling and distribution	73	68
Administration	139	126
	984	970

8. Interest receivable and similar income

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Bank Interest received	21	17
Interest receivable from other group undertakings	-	129
Total interest receivable and similar income	21	146

9. Interest payable and similar charges

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Interest payable on overdrafts and bank loans	216	494
Interest payable to other group undertakings	5,629	5,737
Net finance costs in respect of defined benefit pension schemes	142	164
Amortisation of financing costs	78	79
Total interest payable and similar charges	6,065	6,474

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

10. Income from shares in group undertakings

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Income from shares in group undertakings	32,080	9,587

On 2 June 2015 a dividend of £4,988,000 was received from Cott Luxembourg SARL, a subsidiary of Cott Beverages Limited

On 3 September 2015 a dividend of £20,324,000 was received from Cott Holdings Inc, a subsidiary of Cott Beverages Limited.

On 8 December 2015 a dividend of £5,083,000 was received from Cott Luxembourg SARL, a subsidiary of Cott Beverages Limited.

On 8 December 2015 a dividend of £1,685,000 was received from Cott Ventures UK Limited, a subsidiary of Cott Beverages Limited.

11. Dividends Paid

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Dividends Paid	30,023	-

On 3 September 2015 a dividend of £20,323,000 was paid to its immediate parent Cott Retail Brands Limited

On 7 December 2015 a dividend of £9,700,000 was paid to its immediate parent Cott Retail Brands Limited

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

12. Income Tax

(a) Tax expense (income) included in profit or loss

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Current tax		
- UK corporation tax on profits of the period	862	-
- Adjustments in respect of previous periods	(41)	(79)
Total current tax	821	(79)
Deferred tax		
- Origination and reversal of temporary differences	(366)	(928)
- Movement on deferred tax relating to pension deficit	157	315
- Effect of tax rate changes	(4)	-
Total deferred tax (note 20)	(213)	(613)
Tax on profit on ordinary activities	608	(692)

(b) Tax expense (income) included in other comprehensive income

	52 week period ended 2 January 2016 £'000	53 week period ended 3 January 2015 £'000
Movement on deferred tax relating to pension deficit	354	(386)
Movement on deferred tax relating to cashflow hedges	(275)	-
Tax expense/income included in other comprehensive income	79	(386)

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

12. Income Tax (continued)

(c) Reconciliation of tax charge

Tax assessed for the period is lower (53 weeks ending 03 January 2015: lower) than the standard rate of corporation tax in the UK for the period ended 02 January 2016 of 20.25% (53 weeks ending 03 January 2015: 21.5%).

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
The differences are explained below		
Profit on ordinary activities before tax	37,639	16,456
Profit multiplied by the standard rate of tax in the UK of 20.25% (53 weeks ending 03 January 2015: 21.49%)	7,622	3,536
Effects of:		
- Income not subject to tax	(5,284)	(1,700)
- Group relief claimed for nil payment	(1,390)	(2,313)
- Effects of deferred tax rate changes – deferred tax	(12)	56
- Adjustments in respect of prior periods – current tax	(41)	(79)
- Adjustments in respect of prior periods – deferred tax	(287)	(192)
Tax (credit)/charge for the year	608	(692)

Factors affecting future and current tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it was applied to the deferred tax balance at the balance sheet date, would be immaterial.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

13. Intangible assets

	Software £'000	Brand £'000
As at 03 January 2015		
Cost	355	2,137
Accumulated amortisation and impairment	(355)	(1,853)
Net book amount	-	284
Year ended 02 January 2016		
Opening net book amount	-	284
Amortisation	-	(53)
Closing net book amount	-	231
At 02 January 2016		
Cost	355	2,137
Accumulated amortisation and impairment	(355)	(1,906)
Net book amount	-	231

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

14. Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
At 03 January 2015				
Cost	35,534	96,818	1,706	134,413
Accumulated depreciation and impairment	(12,843)	(64,473)	(1,236)	(78,907)
Net book amount	22,691	32,345	470	55,506
Period ended 02 January 2016				
Opening net book amount	22,691	32,345	470	55,506
Additions	58	3,870	44	3,972
Disposals	(5)	(336)	-	(341)
Depreciation	(883)	(5,290)	(133)	(6,306)
Impairment	-	(852)	-	(852)
Closing net book amount	21,861	29,737	381	51,979
At 02 January 2016				
Cost	35,587	100,352	1,750	137,689
Accumulated depreciation and impairment	(13,726)	(70,615)	(1,369)	(85,710)
Net book amount	21,861	29,737	381	51,979

The assets are subject to a fixed and floating charge in favour of the Company's bankers.

All land and buildings relate to freehold land and buildings.

Freehold land and buildings includes £6,080,000 (2014: £6,080,000) in respect of land which is not subject to depreciation.

Plant and machinery includes £2,652,000 of assets under construction (2014: £1,904,000)

There are no assets held under finance leases and capitalised within any of the above tangible asset categories (2014: none).

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

15. Fixed asset investments

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Balance brought forward	321,939	300,131
Additions	115,374	21,808
Balance carried forward	437,313	321,939

On 2 June 2015 the Company subscribed for shares in Cott Holdings Inc resulting in an increase to the investment of £10,613,000.

On 3 June 2015 the Company subscribed for shares in Cott Holdings Inc resulting in an increase to the investment of £93,946,000.

On 8 December 2015 the Company subscribed for shares in Cott Holdings Inc resulting in an increase to the investment of £10,815,000.

All fixed asset investments relate to interests in group undertakings, all of which are subsidiaries of Cott Beverages Limited. The directors believe that the carrying values are supported by the recoverable amounts of the subsidiary companies. The share ownership and details of the subsidiary companies is given on the following page.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

15. Fixed asset investments (continued)

Name of subsidiary	Country of incorporation	Principal activity	Description of shares held	Share ownership
Cott Luxembourg S.a.rl*	Luxembourg	Holding Company	Ordinary shares	51%
Cott Nelson (Holdings) Limited*	England and Wales	Dormant	Ordinary shares	100%
Cott (Nelson) Limited	England and Wales	Dormant	Ordinary shares	100%
Cott Private Label Limited*	England and Wales	Dormant	Ordinary shares	100%
Cott Holdings Incorporated*	Delaware, United States of America	Holding Company	Ordinary shares	100%
S&D Coffee Holding Company	North Carolina, United States of America	Manufacture of drinks	Ordinary shares	100%
S&D Coffee Incorporated	North Carolina, United States of America	Manufacture of drinks	Ordinary shares	100%
Cott Beverages Incorporated	Georgia, United States of America	Manufacture of soft drinks	Ordinary shares	100%
Cliffstar LLC	Delaware, United States of America	Manufacture of fruit juice drinks	Ordinary shares	100%
Star Real Property LLC	Delaware, United States of America	Holding Company	Ordinary shares	100%
Interim BCB. LLC	Delaware, United States of America	Holding Company	Ordinary shares	100%
Cott IP Holdings Corporation	Delaware, United States of America	Holding Company	Ordinary shares	100%
Cott Vending Incorporated	Delaware, United States of America	Holding Company	Ordinary shares	100%
Northeast Retailer Brands LLC	Delaware, United States of America	Manufacture of drinks	Ordinary shares	100%
DS Services of America LLC	Delaware, United States of America	Manufacture of drinks	Ordinary shares	100%
DS Customer Care LLC	Delaware, United States of America	Manufacture of drinks	Ordinary shares	100%
Cott Developments Limited*	England and Wales	Holding Company	Ordinary shares	100%
Cooke Bros Holdings Limited	England and Wales	Holding Company	Ordinary shares	100%
Cooke Bros (Tattenhall) Limited	England and Wales	Dormant	Ordinary shares	100%
Mr Freeze (Europe) Limited	England and Wales	Dormant	Ordinary shares	100%
Calypso Soft Drinks Limited	England and Wales	Manufacture of soft drinks	Ordinary shares	100%
Jay Juice Limited	England and Wales	Dormant	Ordinary shares	100%
TT Calco Limited	England and Wales	Dormant	Ordinary shares	100%
Total Water Solutions Limited	England and Wales	Dormant	Ordinary shares	100%
Tip Top Soft Drinks	England and Wales	Dormant	Ordinary shares	100%
Cott Ventures UK Limited*	England and Wales	Holding Company	Ordinary shares	100%
Cott Ventures Limited	England and Wales	Holding Company	Ordinary shares	100%
Aimia Foods Holdings Limited	England and Wales	Holding Company	Ordinary shares	100%
Aimia Foods EBT Company Limited	England and Wales	Employee Benefits Trust	Ordinary shares	100%
Aimia Foods Group Limited	England and Wales	Holding Company	Ordinary shares	100%
Aimia Foods Limited	England and Wales	Food and Beverage manufacture and distribution	Ordinary shares	100%
Stockpack Limited	England and Wales	Dormant	Ordinary shares	100%
Associated Coffee Merchants (International) Limited	England and Wales	Food and Beverage manufacture and distribution	Ordinary Shares	49%

*indicates direct subsidiary

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

16. Inventories

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Raw materials	3,247	3,014
Finished goods	15,354	17,030
	18,601	20,044

There is no significant difference between the replacement cost of raw materials and finished goods and their carrying amounts.

Inventories are stated after provisions for impairment of £1,682,000 (2014: £1,858,000).

17. Debtors

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Trade debtors	39,189	38,119
Amounts owed by group undertakings	29,332	33,621
Other receivables	2,377	1,155
Corporation tax	-	163
Deferred tax (Note 20)	196	62
Prepayments and accrued income	1,350	2,056
	72,444	75,176

Trade debtors includes £66,000 (2014: £92,000) falling due after more than one year.

The amounts owed by group undertakings are unsecured, repayable on demand and are non-interest bearing and have no fixed date of repayment.

Trade debtors are stated after provisions for impairment of £341,000 (2014: £1,167,000).

18. Creditors: amounts falling due within one year

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Trade creditors	35,030	40,220
Amounts owed to group undertakings	9,359	2,756
Taxation and social security	4,297	5,317
Corporation tax	732	-
Derivative financial instruments – Forward contracts	1,356	-
Accruals and deferred income	10,049	12,490
	60,823	60,783

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

Creditors: amounts falling due within one year (continued)

The amounts owed to group undertakings are unsecured, repayable on demand and are non-interest bearing and have no fixed date of repayment.

Derivative financial instruments – Forward contracts

The Group enters into forward commodity contracts to mitigate the exchange rate risk associated with the purchase aluminium to be used within the production process. At 2 January 2016, the outstanding contracts all mature in 11 months (2014: no contracts held) of the year end. The company is committed to purchase 18.1 million lb (2014: no contracts held) at a fixed price and will receive an index-linked price in return.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are forward aluminium contract rates observed from terminal markets, such as the London Metal Exchange (LME).

Forward commodity contracts are held in cash flow hedges. No ineffectiveness (2014: nil) was noted on cash flow hedges during the period.

19. Creditors: amounts falling due after more than one year

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Amounts owed to group undertakings	68,000	68,000
Redeemable preference shares	2	2
	68,002	68,002

Included within amounts owed to other group companies is an amount of £68,000,000 (03 January 2015: £68,000,000) which represents a bond listed on the Channel Island Stock Exchange which is owned entirely by other group companies. Interest is charged on this bond at a fixed rate of 8.3% (03 January 2015: 8.3%) and the bond is redeemable at par on 31 March 2020.

The redeemable (at par) preference shares are undated and are eligible to receive a fixed cumulative dividend of 0.5% payable bi-annually on 25 March and 29 September on the nominal value of the shares. The shares are non-voting and have a preferential right to return of capital upon winding-up of the Company. Since these shares were acquired by Cott Retail Brands Limited, the rights to these dividends have been waived.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

20. Deferred Tax

	Deferred tax £'000
Net deferred tax (asset) liability at 03 January 2015	(62)
Credited to the profit and loss account (note 12)	(213)
Debited to statement of comprehensive income re pension liability	354
Credited to statement of changes in equity re cash flow hedge	(275)
At 02 January 2016 (Note 17)	(196)

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

20. Deferred Tax (continued)

Deferred taxation provided in the financial statements is as follows:

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Tax effect of timing differences because of:		
Accelerated capital allowances	441	588
Other timing differences	(4)	219
Deferred tax liability excluding the asset relating to pension liability and cash flow hedge	437	807
Deferred tax asset on pension scheme liability (note 21)	(358)	(869)
Deferred tax asset on cash flow hedge	(275)	-
Net deferred tax (asset)/liability	(196)	(62)

21. Pension commitments

The Company operates a defined contribution scheme.

The assets of this scheme are held separately from those of the Company in independently administered funds. The pension charge represents contributions payable by the Company, and amounted to £1,903,000 (2014: £1,786,000) for the period.

Defined benefit scheme

The Company sponsors a funded defined benefit pension plan, the Cott Beverages Limited Retirement & Death Benefit Scheme ('the Scheme') with assets held in separately administered funds.

Company contributions to the scheme in 2016 are estimated to be £804,000. Additional company contributions might be required if there are any benefit augmentations during the year.

The financial year starts on 3 January 2015 and ends on 2 January 2016. Assets and liabilities are measured as at 2 January 2016.

The principal assumptions used to calculate the liabilities under FRS102 are set out below.

The plan is administered by a Board of Trustees who are responsible for ensuring the plan is sufficiently funded to meet current and future obligations. The company has agreed a funding plan with trustees to reduce the funding deficit.

A comprehensive actuarial valuation of the company pension scheme, using the projected unit credit method, was carried out at 30 April 2015 by the scheme actuaries updated to 02 January 2016. The scheme closed to new members in 2001 and with effect from 31 May 2014 all future accrual in the scheme ceased.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

21 Pension commitments (continued)

Principal assumptions

The principal actuarial assumptions at the balance sheet date were:

	02 January 2016 %	03 January 2015 %
Discount rate	3.85%	3.60%
Rate of inflation (RPI)	3.05%	3.00%
Rate of inflation (CPI)	1.95%	1.90%
Pension increases (RPI max. 5% p.a.)	3.00%	2.90%
Pension increases (CPI max. 3% p.a.)	1.85%	1.70%

The mortality assumptions used were as follows:

	02 January 2016	03 January 2015
Longevity at age 65 for current pensioners		
- Men	22.4	22.0
- Women	24.5	24.4
-		
Longevity at age 65 for future pensioners		
- Men	24.1	23.8
- Women	26.4	26.2

Main demographic assumptions

	2 January 2016	3 January 2015
Post retirement mortality	100% of the SAPS 'S2' tables with future improvements in longevity in line with the CMI_2014 core projections and a long term rate of improvement of 1.25% p.a.	110% of the PC00 tables, with future improvements in line with "PA92 Medium Cohort" a projections subject to a minimal level of improvement of 1% p.a.
Cash commutation	Members at retirement are assumed to commute the maximum allowed amount of pension for cash.	Members at retirement are assumed to commute the maximum allowed amount of pension for cash.
Dependant's details	80% of members are assumed to be married at date of death. Males are assumed to be 3 years older than their spouse / partner.	90% of members are assumed to be married at date of death. Males are assumed to be 3 years older than their spouse / partner.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

21. Pension commitments (continued)

Scheme assets

	% Holding at 02 January 2016	Value at 02 January 2016	% Holding at 03 January 2015	Value at 03 January 2015
	%	£'000	%	£'000
Equities	20	4,463	21	4,446
Diversified Growth Funds	40	8,825	39	8,411
Gilts	13	2,761	13	2,880
Corporate Bonds	27	5,924	27	5,921
Cash	0	69	0	37
Total market value of assets		22,042		21,695
Present value of scheme liabilities		(23,979)		(26,042)
Deficit in scheme		(1,937)		(4,347)

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
Opening value	21,695	(26,042)	(4,347)
Interest income/(expense)	781	(923)	(142)
Actuarial (losses)/gains	(799)	2,547	1,748
Benefits paid	(439)	439	-
Contributions paid by employer	804	-	804
Closing value	22,042	(23,979)	(1,937)

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

21. Pension commitments (continued)

The actual return on Scheme assets in the period was a loss of £18,000 (2014: gain of £2,256,000).

Analysis of amounts charged to the profit and loss account:

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Current service cost	-	127
Net interest cost	142	161
Curtailment cost	-	(556)
Total	142	(268)

Amounts recognised in Other Comprehensive Income (OCI):

	52 week period ended 02 January 2016 £'000	53 week period ended 03 January 2015 £'000
Actuarial (losses)/gains on assets	(799)	1,368
Actuarial gains/(losses) on liabilities	2,547	(2,852)
Total gain/(loss) recognised in OCI before adjustment for tax	1,748	(1,484)

22. Share based payments

At 02 January 2016, Cott Corporation had the following types of share-based payments in issuance to certain employees of Cott Beverages Limited: Performance based RSU's, Time based RSU's and share options, all in respect of common shares in Cott Corporation.

Time-based RSUs are granted with a \$nil exercise price. The awards have a three year vesting period and employees must remain in the employment of the group for the full three year vesting period to achieve the award. The holder of a RSU is entitled to receive one common share for each vest RSU, with awards considered exercised once vested.

Performance based PSUs are granted with a \$nil exercise price. The awards vest based on the achievement of specified targets established at the time of grant with a condition being that the employees are still employed by the group when the targets are met. The holder of a PSU is entitled to receive one common share for each vest PSU, subject to the achievement of pre-determined performance targets, with awards considered exercised once vested.

The share options are granted with a fixed exercise price, are exercisable after three years after the date of the grant and expire ten years after the date of the grant. Employees are required to remain in the employment of the group.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

22. Share based payments (continued)

Cott Beverages Limited accounts for the above as equity-settled share based payment transactions as the employees are entitled to shares in the ultimate parent company if the vesting conditions are met. The total charge recognised during the period is £187,089 (2014: £207,911). These amounts are recharged to the company directly from the ultimate parent company and therefore a capital contribution is not recognised for these transactions.

All share price values relating to share-based payments are paid in US Dollars. This is due to the fact that all shares issued to Cott Beverages Limited employees are issues from the ultimate parent company, being Cott Corporation, a company incorporated within Canada and listed on the New York Stock Exchange.

23. Called up share capital

	£'000
Allotted and fully paid up	
94,809,318 shares of £1 at 03 January 2015	94,809
Issue of four shares	-
94,809,322 shares of £1 at 02 January 2016	94,809

On 19 June 2015 the Directors voted to issue a share at the nominal value of £1 and at a premium of £5,625,000.

On 19 June 2015 the Directors voted to issue a share at the nominal value of £1 and at a premium of £93,945,000.

On 3 September 2015 the Directors voted to issue a share at the nominal value of £1 and at a premium of £65,000.

On 17 December 2015 the Directors voted to issue a share at the nominal value of £1 and at a premium of £5,732,000.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

24. Contingent liabilities

The company, together with certain other Cott Corporation Group Companies are party to a cross guarantee to secure financing facilities. These are summarised below

Facility	Expiry	Interest Rate (%)	Outstanding Balance (\$m)
Senior notes due in 2020	2020	6.750	625.0
Senior notes due in 2021	2021	10.00	350.0
Senior notes due in 2022	2022	5.375	525.0
ABL Facility	N/a	2.200	122.0

The outstanding aggregate principal amount of the DS Services Notes of \$350.0 million was assumed by Cott Corporation at fair value of \$406.0 million in connection with the DSS Acquisition. The fair value premium of \$56.0 million is being amortized to interest expense using the effective interest method over the remaining contractual term of the DSS Notes.

25. Capital and other commitments

	02 January 2016 £'000	03 January 2015 £'000
Payments due		
Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	1,812	800

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	02 January 2016 £'000	03 January 2015 £'000
Payments due		
No later than one year	552	710
Later than one year and not later than five years	408	828
Later than five years	-	-
	960	1,538

All operating leases relate to plant, machinery and office equipment.

The company had no other off balance sheet arrangements.

26. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

See note 7 for disclosure of directors remuneration.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

27. Controlling parties

The immediate parent undertaking is Cott Retail Brands Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Cott Corporation, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Cott Corporation consolidated financial statements can be obtained from the Company Secretary at 6525 Viscount Road, Mississauga, Ontario, L4V 1H6, Canada.

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

28. Transition to FRS 102

This is the first year that the company has presented its results under FRS102. The last financial statements under UK GAAP were for the year ended 3 January 2015. The date of transition to FRS 102 was 29 December 2013. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 3 January 2015 and total equity as at 29 December 2013 and 3 January 2015 between UK GAAP as previously reported and FRS102.

(a) Balance sheet

	Note	03 January 2015 Previously stated £'000	Effect of transition £'000	03 January 2015 As restated £'000
Fixed assets				
Intangible assets	C	284	-	284
Tangible assets	C	55,506	-	55,506
Investments		321,939	-	321,939
		377,729	-	377,729
Current assets				
Inventories		20,044	-	20,044
Debtors		75,114	62	75,176
Cash a bank and in hand		12,406	-	12,406
		107,564	62	107,626
Creditors: amounts falling due within one year		(60,783)	-	(60,783)
Net current assets		46,781	62	46,843
Total assets less current liabilities		424,510	62	424,572
Creditors: amounts falling due after more than one year		(68,002)	-	(68,002)
Provisions for liabilities	B	(807)	807	-
Net assets excluding pension deficit		355,701	869-	356,570
Post employment benefits	B	(3,478)	(869)	(4,347)
Net assets including pension deficit		352,223	-	352,223
Capital and reserves				
Called up share capital		94,809	-	94,809
Share premium accounts		148,617	-	148,617
Other reserve		51,001	-	51,001
Retained earnings		57,796	-	57,796
Total shareholders' funds		352,223	-	352,223

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

28 Transition to FRS 102 (continued)

(b) Profit and loss account

	Note	03 January 2015 Previously stated £'000	Effect of transition £'000	03 January 2015 As restated
Turnover		288,437	-	288,437
Cost of sales		(239,780)	-	(239,780)
Gross profit		48,657	-	48,657
Administrative expenses		(11,700)	-	(11,700)
Selling and distribution expenses		(23,760)	-	(23,760)
Operating Profit		13,197	-	13,197
Income from subsidiary undertakings		9,587	-	9,587
Profit on ordinary activities before interest and taxation		22,784	-	22,784
Interest receivable and similar income		146	-	146
Interest payable and similar charges		(6,310)	-	(6,310)
Other finance expense	A	164	(328)	(164)
Profit on ordinary activities before taxation		16,784	(328)	16,456
Tax on profit on ordinary activities		692	-	692
Profit for the financial period		17,476	(328)	17,148

(c) Statement of other comprehensive income

	Note	03 January 2015 Previously stated	Effect of transition	03 January 2015 As restated
Profit for the financial period	A	17,476	(328)	17,148
Re-measurement of net defined benefit liability	A	(1,795)	328	(1,467)
Total tax on components of other comprehensive income		386	-	386
Other comprehensive income for the year, net of tax		(1,409)	328	(1,081)
Total comprehensive income for the period		16,067	-	16,067

Cott Beverages Limited

Notes to the financial statements for the 52 week period ended 02 January 2016 (continued)

28 Transition to FRS 102 (continued)

A Defined benefit scheme

Under previous UK GAAP the Group recognised an expected return on defined benefit plan assets in the profit and loss account. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in the profit and loss account. There has been no change in the defined benefit liability at either 3 January 2015. The effect of the change has been to reduce the credit to the profit and loss account in the year to 3 January 2015 by £328,000 and increase the credit in other comprehensive income by an equivalent amount.

B Deferred taxation

Under FRS 102 the deferred tax asset at 3 January 2015 of £869,000, arising on the post employment benefit liability, is now included within deferred tax on the balance sheet. Under the previous UK GAAP, and applying FRSs 17, the deferred tax asset arising on the post employment liability was offset against the liability. This has no effect on the Group's equity or profit for the year.

C Computer Software

Computer software, with a net book value of £nil at 3 January 2015, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the Group's net assets nor on the profit for the year, except that the previous depreciation charge is now described as amortisation. The amount reclassified at 3 January 2015 was £nil.