

Carlsberg Supply Company UK Limited

Annual report and financial statements

Registered number 8626420

31 December 2015

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Strategic Report

Introduction

Carlsberg Supply Company UK Limited has completed its second period of operating following the restructuring of the supply chain activities across Western Europe within the Carlsberg Group. The Company was incorporated on 23 July 2013 and began operating on 3 March 2014, having acquired the supply chain business from its immediate parent company, Carlsberg UK Limited, on 2 March 2014. The financial results reflect the period from 1 January 2015 to 31 December 2015.

Business review

The year to December 2015 was the Company's first full year operating within the Western European BSP1 model. During the year both supply chain functions, production and logistics, were able to further develop and enhance processes, utilising the functionality within the new system to drive improvements, whilst accessing best-practice solutions from across the Western Europe region to identify further opportunities.

For logistics, although the cost base was higher than anticipated this was in part driven by higher secondary volumes, offset by favourable savings, such that the overall performance was deemed satisfactory. In production, underlying production costs per hectolitre were ahead of expectations for the year.

On 11 November 2015 the Company announced proposals to restructure the production function in line with forecast volumes. Following consultation with employees, the restructuring proposal was implemented from January 2016, after the balance sheet date. Whilst this decision by the Company had some far reaching impacts, it was necessary to maintain production efficiency into the future. On the same date the Company also announced it would conduct a review of the logistics supply chain function. On 29 June 2016, following this review, the Company announced it would no longer provide portage services and as a consequence proposed to transfer the remaining secondary logistics operations to DHL Tradeteam.

Operating profit for the period was £8.5m and net assets were £124.8m at the balance sheet date.

Health and safety performance was maintained throughout the year, whilst customer service levels returned to the usual high standard following the challenges of BSP1 implementation in 2014, testament to the hard work and dedication of Carlsberg employees across the UK.

Principal risks and uncertainties

The continuing weakness in the global economy drives uncertainty within commodity markets putting pressure on a variety of costs. Within the UK marketplace the ongoing decline in beer consumption adversely affects volumes and volume related efficiencies within the Company's operational structure. In addition, the result of the EU referendum in June 2016 has increased this level of uncertainty and although the direct impacts are still unknown for Carlsberg's UK business the directors continue to monitor developments in the wider macro economic environment.

Financial key performance indicators

The principal measures used in the business relate to total cost metrics and cost per hectolitre produced and delivered. The directors remain pleased with the overall performance in the year.

Other performance indicators

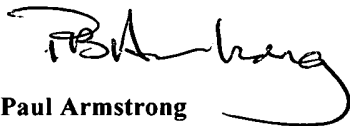
In addition to financial measures the Company also monitors various other information within the business including Health & Safety performance, employee absence rates, product quality, equipment and labour utilisation and efficiency measures and industry standard 'On Time, In Full' statistics.

Strategic Report *(continued)*

Future developments

Looking forward into 2016 and beyond, the Company will aim to maintain operational excellence as it delivers its restructuring proposals, continuing to brew a great range of beers as well as supply a strong portfolio of products, delivered to Carlsberg's customers in accordance with agreed service levels.

By order of the board



Paul Armstrong
Director
140 Bridge Street
Northampton
Northamptonshire
NN1 1PZ

Date: 11th October 2016

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Principal activities

The Company's principal business activity is that of a supply chain company which produces and delivers beer and other alcoholic beverages in the UK primarily for its immediate parent company, Carlsberg UK Limited..

Financial instruments

The profit for the year, after taxation, amounted to £7,349,000 (2014: £3,318,000).

Proposed dividend

The directors do not recommend the payment of a dividend (2014: £nil).

Directors

The directors who held office during the year were as follows:

Matthew Callan (appointed 26 July 2013, resigned 14 June 2016)

Bjarke Roost (appointed 26 July 2013, resigned 31 March 2016)

David Gow (appointed 14 June 2016)

Paul Armstrong (appointed 1 February 2016)

Employees

The Company's policy is to consult and discuss with employees, at meetings and conferences, matters likely to affect the employees interests. Information on matters of concern and interest to employees is given through information bulletins, intranet sites and reports (including monthly briefing and a quarterly newspaper) which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Company's performance.

Disabled employees

The Company values the talents and abilities of its diverse workforce and is committed to ensure that they work together to secure the success of the business. The contribution made by the employees is valued irrespective of their sex, age, disability, sexuality, ethnic or national origin. Disabled people, whether registered or not, receive full and fair consideration for all job vacancies for which they are suitable applicants. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2014: £nil).

Directors' Report *(continued)*

Research and development

The Company will continue its policy of investing in research and development in order to remain in a positive competitive position in the market.

Disclosure of information to auditor

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

Post balance sheet events

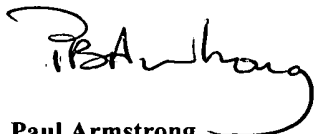
On 6 April 2016 the defined benefit pension scheme was closed to future accrual.

On the 29 June 2016 the Company provided an update on the supply chain operation review first announced on 11 November 2015. The Company has decided to no longer provide portering services and as a consequence is proposing to transfer the remaining secondary logistics operations to DHL Tradeteam. It is anticipated that the transfer to DHL Tradeteam will take place during 2017 and 2018, albeit this proposal remains subject to employee consultation.

Auditor

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

By order of the board



Paul Armstrong

Director

140 Bridge Street
Northampton
Northamptonshire
NN1 1PZ

Date: 11th October 2016

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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



Altius house
One North Fourth Street
Milton Keynes
MK9 1NE

Independent auditors report to the members of Carlsberg Supply Company UK Limited

We have audited the financial statements of Carlsberg Supply Company UK Limited for the year ended 31 December 2015 set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters 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.

Independent auditors report to the members of Carlsberg Supply Company UK Limited (continued)

Matters on which we are required to report by exception

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

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



Aimie Keki (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Altius house
One North Fourth Street
Milton Keynes
MK9 1NE

Date: 12 / 10 / 16

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2015

	Note	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
		£000	£000
Turnover	2	181,826	153,532
Cost of sales		(149,470)	(128,416)
Gross profit		32,356	25,116
Operating expenses		(19,204)	(19,796)
Impairment of fixed assets	10	(4,672)	
Administrative expenses		(23,876)	(19,796)
Operating profit	3	8,480	5,320
Other interest receivable and similar income	7	2,378	2,088
Interest payable and similar charges	8	(3,594)	(2,834)
Profit on ordinary activities before taxation		7,264	4,574
Tax on profit on ordinary activities	9	85	(1,256)
Profit for the financial year		7,349	3,318
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension scheme	15	925	(16,458)
Deferred tax movement relating to the pension liability	9	(1,847)	3,292
Other movements in comprehensive income	16	(1)	51
Other comprehensive loss for the year, net of income tax		(923)	(13,115)
Total comprehensive income/(loss) for the year		6,426	(9,797)

All of the above relate to continuing activities.

The notes on pages 11 to 28 form part of these financial statements.

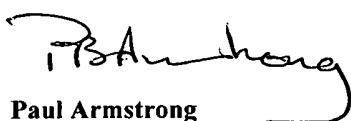
Balance Sheet

At 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	10	133,461	148,250
Current assets			
Debtors	11	79,316	63,683
Creditors: amounts falling due within one year	12	(44,215)	(54,900)
Net current assets		35,101	8,783
Total assets less current liabilities		168,562	157,033
Provisions for liabilities			
Deferred tax liability	13	-	(208)
Other provisions	14	(6,252)	(2,238)
Pensions and similar obligations	15	(37,535)	(36,238)
		(43,787)	(38,684)
Net assets		124,775	118,349
Capital and reserves			
Called up share capital	16	1,000	1,000
Share premium account		127,146	127,146
Profit and loss account		(3,371)	(9,797)
Shareholders' funds		124,775	118,349

The notes on pages 11 to 28 form part of these financial statements.

These financial statements were approved by the board of directors on 11th October 2016 and were signed on its behalf by:



Paul Armstrong
Director

Company registered number: 8626420

Statement of Changes in Equity

	Called up Share capital	Share Premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Total comprehensive income for the period				
Profit for the period ended 31 January 2014	-	-	3,318	3,318
Actuarial losses on pension scheme (net of deferred tax)	-	-	(13,166)	(13,166)
Net charge in respect of share based payments	-	-	51	51
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(9,797)	(9,797)
	<hr/>	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners				
Shares issued during the period ended 31 January 2014	1,000	127,146	-	128,146
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	1,000	127,146	-	128,146
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2014	1,000	127,146	(9,797)	118,349
	<hr/>	<hr/>	<hr/>	<hr/>

	Called up Share capital	Share Premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2015	1,000	127,146	(9,797)	118,349
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period				
Profit for the year ended 31 December 2015	-	-	7,349	7,349
Actuarial losses on pension scheme (net of deferred tax)	-	-	(922)	(922)
Net charge in respect of share based payments	-	-	(1)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	6,426	6,426
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	1,000	127,146	(3,371)	124,775
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 28 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Carlsberg Supply Company UK Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company’s ultimate parent undertaking, Carlsberg A/S includes the Company in its consolidated financial statements. The consolidated financial statements of Carlsberg A/S are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from The Information Centre, Carlsberg A/S, 100 Ny Carlsberg Vej, DK-1799 Copenhagen V, Denmark. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Carlsberg A/S include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.14.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company’s business activities, together with the factors likely to affect its future development, performance and position are described in the Strategic Report. The Company is expected to continue to generate positive cash flows from its long-term contract with a group entity for toll manufacturing and logistics services and has a strong balance sheet. The group, of which the Company is part of, is also well financed and highly profitable. The directors, therefore, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- land and buildings 10 - 30 years
- plant and machinery 15 years
- vehicles and sundry equipment 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Assets under construction are not depreciated until they are ready to use and transferred to the relevant classification.

Engineering spares are not depreciated and are accounted for on a first in first out basis.

Revaluation

Plant and machinery are stated at fair value less any subsequent accumulated depreciation and impairment losses.

Gains on revaluation are recognised in other comprehensive income and accumulated in revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

1.7 Intangible assets

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.8 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company together with Carlsberg UK Ltd operated a defined benefit plan for certain employees which is now closed to future accrual. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is based on matching projected cash flows due from the Scheme to the Bank of America Merrill Lynch AA corporate bond curve as at 31 December 2015. Buck Consultants' AA corporate bond spot yield curve was used to derive the discount rate as at 31 December 2014. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Notes (continued)

1 Accounting policies (continued)

1.9 Employee benefits (continued)

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 15.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Notes (continued)

1 Accounting policies (continued)

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.13 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

1.14 Judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

- Provisions for restructuring. Management have based the calculations for these provisions based upon their professional judgement of all available information.
- Impairment of fixed assets. Management have based the calculations for these impairments based upon their professional judgement of all available information.

Notes (continued)

2 Turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
Income for services provided to other group companies	181,826	153,532
Total turnover	181,826	153,532

Analysis of turnover by country of destination:

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
UK	1,153	723
Switzerland	180,673	152,809
	181,826	153,532

3 Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
Impairment of tangible fixed assets	4,672	-
Depreciation of tangible fixed assets	13,165	9,925

On 11 November 2015 the Company announced proposals to restructure the production function in line with forecast volumes. As part of this restructuring the directors conducted an impairment review and determined that an impairment provision of £4,672,000 was required in relation to tangible fixed assets.

4 Auditor's remuneration:

All auditor's fees including non-audit fees are billed to Carlsberg UK Limited, the amount recharged from Carlsberg UK Limited to the Company in respect of 2015 was £27,600 (2014: £63,500). There were no non-audit fees recharged (2014: £nil).

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
Production	289	299
Logistics	1,001	953
	<u>1,290</u>	<u>1,252</u>

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
Wages and salaries	43,978	36,851
Social security costs	4,013	3,400
Contributions to defined contribution plans	1,235	982
Expenses related to defined benefit plans	5,158	2,950
	<u>54,384</u>	<u>44,183</u>

6 Directors' remuneration

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
Directors' remuneration	<u>407</u>	<u>244</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £224,000 (2014: £133,000).

Notes (continued)

6 Directors' remuneration (continued)

	Number of directors	
	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	1	1
	<hr/>	<hr/>
The number of directors in respect of whose qualifying services shares were received or receivable under long term incentive schemes was	2	2
	<hr/>	<hr/>

7 Other interest receivable and similar income

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
Interest receivable from group companies	110	18
Net foreign exchange gain	53	27
Expected return on defined benefit plan assets	2,215	2,043
	<hr/>	<hr/>
	2,378	2,088
	<hr/>	<hr/>

8 Interest payable and similar charges

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
Bank interest payable	17	14
Net interest expense on defined benefit liabilities	3,577	2,820
	<hr/>	<hr/>
	3,594	2,834
	<hr/>	<hr/>

Notes (continued)

9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 31 December 2015		17 month and 8 day period ended 31 December 2014	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period		1,970		3,008
Total current tax		1,970		3,008
<i>Deferred tax</i>				
Pension scheme deficit charge to other comprehensive income	1,847		(3,292)	
Origination and reversal of timing differences	(1,309)		(1,752)	
Change in tax rate	(746)		-	
Total deferred tax		(208)		(5,044)
Total tax		1,762		(2,036)

	Year ended 31 December 2015			17 month and 8 day period ended 31 December 2014		
	£000	£000	£000	£000	£000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	1,970	(2,055)	(85)	3,008	(1,752)	1,256
Recognised in other comprehensive income	-	1,847	1,847	-	(3,292)	(3,292)
Total tax	1,970	(208)	1,762	3,008	(5,044)	2,036

Analysis of current tax recognised in profit and loss

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
UK corporation tax	1,970	3,008
Total current tax recognised in profit and loss	1,970	3,008

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

	Year ended 31 December 2015	17 month and 8 day period ended 31 December 2014
	£000	£000
Profit for the year	7,349	3,318
Total tax expense	(85)	1,256
Profit before taxation	7,264	4,574
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	1,471	983
Change in deferred tax rate on accelerated capital allowances	114	105
Reduction in tax rate on deferred tax balances	(746)	-
Non-deductible expenses	1	3
Other timing differences in relation to unrecognised deferred tax assets	(925)	165
Group relief utilised	(1,970)	(3,008)
Group relief payment due	1,970	3,008
Total tax expense included in profit or loss	(85)	1,256

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 23% to 21% (effective 1 April 2014) was substantively enacted on 3 July 2012. Further reductions to 20% (effective 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2010. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated bases on the 20% substantively enacted at the balance sheet date.

Notes (continued)

10 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Vehicles and sundry equipment £000	Under construction £000	Engineering spares	Total £000
Cost						
Balance at 1 January 2015	81,297	62,713	4,318	5,924	3,224	157,476
Additions	-	853	130	2,544	1,378	4,905
Disposals	-	-	(809)	-	(1,649)	(2,458)
Transfer between classes	1,728	3,281	560	(5,569)	-	-
Balance at 31 December 2015	83,025	66,847	4,199	2,899	2,953	159,923
Depreciation and impairment						
Balance at 1 January 2015	2,334	5,779	1,113	-	-	9,226
Depreciation charge for the year	2,918	9,020	1,227	-	-	13,165
Impairment losses	-	4,229	-	-	443	4,672
Disposals	-	-	(601)	-	-	(601)
Balance at 31 December 2015	5,252	19,028	1,739	-	443	26,462
Net book value						
At 1 January 2015	78,963	56,934	3,206	5,923	3,224	148,250
At 31 December 2015	77,773	47,819	2,460	2,899	2,510	133,461

Notes (continued)

11 Debtors

	2015 £000	2014 £000
Trade debtors	164	-
Amounts owed by group undertakings	74,323	51,529
Other debtors	3,622	10,068
Prepayments and accrued income	1,207	2,086
	<u>79,316</u>	<u>63,683</u>
Due within one year	79,316	63,683
Due after more than one year	-	-
	<u>79,316</u>	<u>63,683</u>

12 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	34,130	33,177
Amounts owed to group undertakings	4,081	15,738
Taxation and social security	4,978	3,008
Accruals and deferred income	1,026	2,977
	<u>44,215</u>	<u>54,900</u>

13 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets £000	2015 Liabilities £000	Net £000	Assets £000	2014 Liabilities £000	Net £000
Accelerated capital allowances	-	(5,800)	(5,800)	-	(7,456)	(7,456)
Employee benefits	5,800	-	5,800	7,248	-	7,248
	<u>5,800</u>	<u>-</u>	<u>(5,800)</u>	<u>7,248</u>	<u>-</u>	<u>7,248</u>
Tax assets / (liabilities)	5,800	-	(5,800)	7,248	-	7,248
Net of tax (liabilities)/assets	-	(5,800)	5,800	-	(7,456)	(7,456)
	<u>5,800</u>	<u>(5,800)</u>	<u>-</u>	<u>7,248</u>	<u>(7,456)</u>	<u>(208)</u>

In addition to the deferred tax above, the Company has additional unrecognised deferred tax assets of £956,000 arising on the pension deficit (2014: £nil).

Notes (continued)

14 Provisions

	Property provision £000	Restructuring provision £000	Total £000
Balance at 1 January 2015	2,238	-	2,238
Provisions made during the year	207	4,077	4,284
Provisions used during the year	-	(271)	(271)
Balance at 31 December 2015	2,446	3,806	6,252

The property provision relates to onerous leases and dilapidation provisions expected to unwind between 2017-2020.

The restructuring provision relates to the restructuring of the production function in line with forecast volumes.

15 Employee benefits

The Company participates in a defined benefit pension scheme in the UK which is a final salary scheme and provides benefits linked to salary at retirement or earlier date of leaving service. The scheme is funded by regular contributions assessed every three years in line with UK legislation and regulatory guidance.

The latest comprehensive actuarial valuation was carried out as at 6 April 2013. The disclosures provided have been based on the results of that valuation appropriately adjusted to 31 December 2015 allowing for benefit accrual, membership movements, pay and pension increases, outgoing benefits and changes in financial and demographic assumptions.

Carlsberg UK Limited also participates in the defined benefit pension scheme and therefore the Company and Carlsberg UK Limited share risks. The pension costs are apportioned to the Company on a pro-rata approach based on the pension liabilities of the Company's employees and the pension liabilities of the total membership of the scheme.

The regular contributions paid by the Company are determined based on the Pensionable Salary roll for the Company and a total contribution rate calculated for both the Company and Carlsberg UK Limited. Any shortfall contributions are allocated on a pro-rata approach based on the respective accrued pension liabilities.

Net pension liability

	2015 £000	2014 £000
Defined benefit obligation	(103,589)	(98,202)
Plan assets	66,054	61,964
Net pension liability	(37,535)	(36,238)

Notes (continued)

15 Employee benefits (continued)

Movements in present value of defined benefit obligation

	2015 £000	2014 £000
At 1 January	(98,202)	-
Acquired employer pension obligations	-	(74,362)
Current service cost	(4,090)	(2,641)
Past service cost	(934)	-
Interest expense	(3,577)	(2,820)
Actuarial gains/(losses)	3,011	(18,562)
Benefits paid	203	183
	<hr/>	<hr/>
At 31 December	(103,589)	(98,202)
	<hr/>	<hr/>

Movements in fair value of plan assets

	2015 £000	2014 £000
At 1 January	61,964	-
Acquired share of scheme assets	-	54,863
Interest income	2,215	2,043
Return on scheme assets less interest income	(2,086)	2,104
Contributions by employer	3,686	2,939
Contributions by members	1,075	874
Benefits paid	(203)	(183)
Administration expenses	(597)	(676)
	<hr/>	<hr/>
At 31 December	66,054	61,964
	<hr/>	<hr/>

Amounts recognised in other comprehensive income

	2015 £000	2014 £000
Return on Scheme assets in excess of interest income	(2,086)	2,104
Experience losses on liability	(224)	(80)
Change in assumptions	3,235	(18,482)
	<hr/>	<hr/>
Total expense recognised in other comprehensive income	925	(16,458)
	<hr/>	<hr/>

Expense recognised in the profit and loss account

	2015 £000	2014 £000
Current service cost	4,090	2,641
Employee contributions to the Scheme	(1,075)	(874)
Past service cost	934	-
Net interest on net defined benefit liability	1,362	777
Administration expenses	597	676
	<hr/>	<hr/>
Total expense recognised in profit or loss	5,908	3,220
	<hr/>	<hr/>

Notes (continued)

15 Employee benefits (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2015 Fair value £000	2014 Fair value £000
Equities	24,120	31,430
Corporate bonds	16,735	16,303
Property	4,256	3,735
Diversified growth funds	12,088	2,120
Index-linked gilts	8,772	8,297
Other	83	78
	66,054	61,963
Actual return on plan assets	129	4,147

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2015 %	2014 %
Discount rate	3.80	3.50
Future salary increases	2.65	2.60
Other material assumptions (e.g. future pension increases, inflation(RPI,CPI))	3.05	3.05
	1.95	1.80

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated below:

- Year of birth improvements using CMI_2013_M [1.25%] for males and CMI_2013_F [1.00%] for females (rebased to start 2008).

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 23.3 years (male), 25.5 years (female).
- Future retiree upon reaching 65: 25.2 years (male), 27.0 years (female).

Defined contribution plans

The Company operates a defined contribution pension scheme for new starters from 1 April 2004. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1.2m (2014: £1m). The value of the fund is held separately from the Company.

Notes (continued)

15 Employee benefits (continued)

Share based payments

The Company is a member of a group share-based payments plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis for reasonable allocation is the time of service rendered by employee per entity within the vesting period. The charge to the profit and loss account in respect of share based payments in the period was £25,000 (2014: £51,000) with the difference between the expenses and the recharge from the ultimate parent undertaking being recorded in equity.

The share-based payment plans in the Company consist of the long-term incentive programme and the long-term incentive plan (performance shares). The equity settled schemes are settled in performance share units (PSUs). The participants in the programmes receive a number of PSUs, each giving the right to receive Carlsberg A/S B shares. The exact number of PSUs granted is determined after the publication of the Annual Report. The vesting conditions for the long-term incentive programme are 3 years of service and the Group's financial performance for the grant year. The vesting conditions for the long-term incentives plan (performance shares) are 3 years of service and achievement of 4 KPIs in the vesting period. Shares are transferred to the employee immediately after they have been vested.

Further details in relation to the plans can be found in the Carlsberg A/S financial statements.

16 Share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The ordinary shares are voting and carry rights to receive dividends and return of capital on winding up.

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015			2014		
	Property £000	Vehicles £000	Total £000	Property £000	Vehicles £000	Total £000
Less than one year	3,604	5,354	8,958	3,170	5,723	8,893
Between one and five years	10,031	10,968	20,999	10,060	13,337	23,397
More than five years	2,279	130	2,409	4,101	2,082	6,183
	<u>15,914</u>	<u>16,452</u>	<u>32,366</u>	<u>17,331</u>	<u>21,142</u>	<u>38,473</u>

During the year £8,958,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £8,893,000).

Notes (continued)

18 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Carlsberg UK Limited located in Great Britain. The directors regard Carlsberg A/S (incorporated in Denmark) as the Company's ultimate parent company. Copies of Carlsberg A/S's consolidated financial statements may be obtained from The Information Centre, Carlsberg A/S, 100 Ny Carlsberg Vej, DK-1799 Copenhagen V, Denmark.

19 Post balance sheet events

On 6 April 2016 the defined benefit pension scheme was closed to future accrual.

On the 29 June 2016 the Company provided an update on the supply chain operation review first announced on 11 November 2015. The Company has decided to no longer provide portage services and as a consequence is proposing to transfer the remaining secondary logistics operations to DHL Tradeteam. It is anticipated that the transfer to DHL Tradeteam will take place during 2017 and 2018, albeit this proposal remains subject to employee consultation.