Company registered no: 02836071

Refresco Drinks UK Limited

Annual report and financial statements

for the 52 weeks ended 31 December 2018

Refresco Drinks UK Limited

Contents

Refresco Drinks UK Limited

Directors and advisers

Directors
David Saint
Aart Duijzer
Hans Roelofs

Company Secretary
Squire Patton Boggs Secretarial Services Limited

Company number
02836071

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Independent auditors
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Refresco Drinks UK Limited
Strategic Report
for the 52 weeks ended 31 December 2018

The directors present their strategic report and the audited financial statements of Refresco Drinks UK Limited for the 52 weeks ended 31 December 2018. Following the acquisition of the Company by Pride Foods Limited, a subsidiary of Refresco Group NV during January 2018, the Company changed its name to Refresco Drinks UK Limited in April 2018.

Review of the business

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

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using non-financial Key performance indicators ("KPIs") is not necessary for an understanding of the development, performance or position of the business. The financial KPIs used to review the business are sales, gross margin and profit before taxation.

During the year the overall soft drinks market showed a further slight increase in both volume and value, in particular with water segments growing. This was mirrored in Own Label soft drinks, driven by the water category, along with a recovery in carbonated soft drinks following a warm summer in the UK, however slightly offset by decline in the Sports & Energy categories. The Company has sought to continue to protect its core Own Label business, develop its own brand portfolio, broaden its channel presence and its contract manufacturing business. During the year it also targeted growth and synergy savings resulting from the Refresco merger, utilising buying power and market influence. The above resulted in sales growing to £284,721,000 (2017: £269,726,000).

Selling and Distribution expenses to customers at £25,039,000 were lower than the previous year of £25,725,000, driven by a reduction in marketing and promotional costs in the year.

Administrative expenses at £20,133,000 are higher than the previous year of £14,303,000 due to one off costs which have been incurred as part of the acquisition by Pride Foods Limited. Further information can be found in Note 6.

As a result of the above factors loss before taxation decreased to £20,817,000 (2017 profit:£9,838,000).

As part of the acquisition of the company by Pride Foods Limited the company had a formal revalution of its tangible fixed assets and the amount of £6,936,000 has been recorded as a revaluation reserve, the Directors of the company will re assess the valuation of assets every five years.

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.

Refresco Drinks UK Limited
Strategic Report
for the 52 weeks ended 31 December 2018 (continued)

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, the impact on sales of the implementation of the Soft Drinks Industry Levy, and the fluctuation of prices of key commodities, in particular those against 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.

Maintaining product quality and efficient manufacturing processes are also a principal risk. Capital investment, researching new production techniques, staff training and internal control processes are utilised to mitigate this risk.

Brexit is a risk to the business in a No Deal Scenario however as the outcome is uncertain the risk cannot be quantified.

On behalf of the board

David Saint
Director
27 September 2019

Refresco Drinks UK Limited
Directors' Report
for the 52 weeks ended 31 December 2018

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 31 December 2018.

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 and build its portfolio of brands, whilst also strengthening relationships with major brand owners in the provision of co-packing services.

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 Soft Drinks Industry Levy 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.

During January 2018 the sale of the Company to Pride Foods Limited, a subsidiary of Refresco Group NV, was completed.

Results and dividends

Following the acquisition of the company there has been a transition from FRS 102 to FRS 101 however this had had a nil impact on the results and comparataives.

The results for the period are, set out on page 12. The loss before tax for the financial period is £20,817,000 (52 weeks ended 31 December 2017: Profit £9.838,000). Net assets are £61,687,000 compared to £583,336,000 in 2017.

The directors have approved and paid a dividend of £509,320,000 in respect of the current period, (2017: £nil). The company had retained profits available for distribution when the dividends were paid.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, foreign exchange risk and interest rate cash flow risk.

Management also had access to Refresco'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.

Refresco Drinks UK Limited
Directors' Report
for the 52 week period ended 31 December 2018 (continued)

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.

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 to ensure appropriate funding is in place to meet its commitments.

Foreign exchange risk
The Company purchases some ingredients and packaging from European & Worldwide suppliers in currencies other than Sterling, which presents a risk of price fluctuations. The Company partially mitigates this risk through selling products to a number of customers in Europe in currencies other than Sterling, although this is a small proportion of the overall sales of Refresco Drinks UK Limited. The Company will also seek to mitigate the impact of any anticipated exchange rate fluctuations by purchasing foreign currency in advance of making payments to suppliers.

The Company also purchases ingredients and packaging that are traded in Sterling, but where the underlying commodity is traded in a currency other than Sterling, which exposes the Company to "indirect foreign exchange risk". The Company seeks to mitigate this risk by working with suppliers to obtain short term cost price certainty where possible.

Interest rate cash flow risk
The Company has interest bearing assets which include only cash balances, all of which earn interest at floating rates.

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:

Trevor Cadden – Resigned 11 June 2018
Matthew Vernon – Resigned 18 June 2018
Mark Grover - Resigned 11 June 2018
Jason Ausher – Resigned 30 January 2018
Claire Duffy –Resigned 30 January 2018
Steven Kitching –Resigned 30 January 2018
David Saint – Appointed 11 June 2018
Aart Duijzer – Appointed 11 June 2018
Hans Roelofs – Appointed 11 June 2018

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

Refresco Drinks UK Limited
Directors' Report
for the 52 weeks ended 31 December 2018 (continued)

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 not have a disability.

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.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 52 week period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Refresco Drinks UK Limited
Directors' Report
for the 52 weeks ended 31 December 2018 (continued)

Statement of directors' responsibilities (continued)

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.

The directors 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 the case of each director in office at the date the Directors' Report is approved:

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

Company Auditors

Ernst & Young LLP have been appointed as auditors during the year and have indicated their willingness to remain in office as the Companies Auditor, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the board

David Saint
Director

27 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REFRESCO DRINKS UK LIMITED

Opinion

We have audited the financial statements of Refresco Drinks UK Limited for the year ended 31 December 2018 which comprise of Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including [FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Paul Mapleston (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor, Bristol

30 September 2019

Profit and loss account
for the 52 week period ended 31 December 2018

	Note	52 weeks ended 31 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Turnover	5	**284,721**	269,726
Cost of sales		**(251,605)**	(233,194)
Gross profit		**33,116**	36,532
Selling and distribution expenses		**(25,039)**	(25,725)
Administrative expenses		**(20,133)**	(14,303)
Operating (loss)	6	**(12,056)**	(3,496)
Income from shares in group undertakings	8	**-**	15,758
Exceptional Items	6	**(8,060)**	3,693
(Loss) / profit before interest and taxation		**(20,116)**	15,955
Interest receivable and similar income	9	**9**	34
Interest payable and similar expenses	10	**(710)**	(6,151)
Net interest expense		**(701)**	(6,117)
(Loss) / profit before taxation		**(20,817)**	9,838
Tax on (loss) / profit	12	**1,473**	1,948
(Loss) / profit for the financial period		**(19,344)**	11,786

Except for the amount shown above as an exceptional item in 2018 all items dealt with in arriving at the (loss) / profit before taxation relate to continuing activities.

There is no difference between the (loss) / profit before taxation and the (loss) / profit for the financial periods stated above, and their historical cost equivalents.

Refresco Drinks UK Limited

Statement of comprehensive income
for the 52 week period ended 31 December 2018

	Note	**52 weeks ended 31 December 2018 £'000**	52 weeks ended 30 December 2017 £'000
(Loss) / profit for the financial period		**(19,344)**	11,786
Other comprehensive income:			
Re-measurement of net defined benefit obligation	22	**1,532**	(1,838)
Cash flow hedges			
- Fair value gains in hedging instruments		**(7)**	192
- (Losses) / gains reclassified to inventory			(185)
Total tax on components of other comprehensive income	21	**(1,439)**	313
Other comprehensive income / (charge) for the period		**86**	(1,518)
Total comprehensive(losses) / income for the period		**(19,258)**	10,268

Refresco Drinks UK Limited

Balance Sheet
as at 31 December 2018

	Note	31 December 2018 £'000	30 December 2017 £'000
Fixed assets			
Intangible assets	13	1,448	1,750
Tangible assets	14	56,804	57,736
Investments	15	509	563,830
		58,761	623,316
Current assets			
Inventories	16	22,929	27,372
Debtors	17	65,405	78,274
Cash at bank and in hand		4,361	22,523
		92,695	128,169
Creditors: amounts falling due within one year	18	(82,136)	(90,299)
Net current assets		10,559	37,870
Total assets less current liabilities		69,320	661,186
Creditors: amounts falling due after more than one year	19	(2)	(68,002)
Post-employment benefits	22	(7,631)	(9,848)
Net assets		61,687	583,336
Capital and reserves			
Called up share capital	24	948	948
Cash flow hedge reserve		-	7
Other reserve		66,154	66,154
Revaluation reserve		6,936	
Retained earnings		(12,351)	516,227
Total equity		61,687	583,336

The notes on pages 14 to 42 are an integral part of these financial statements.

The financial statements on pages 10 to 42 were approved by the board of directors on 27 September 2019 and were signed on its behalf by:

David Saint
Director
Refresco Drinks UK Limited
Registered Company number: 02836071

Refresco Drinks UK Limited

Statement of changes in equity
for the 52 weeks ended 30 December 2018

	Called Up Share Capital £'000	Share premium account £'000	Cash flow hedge reserve £'000	Other reserve £'000	Revaluation Reserve £'00	Retained Earnings £'000	Total equity £'000
Balance as at 1 January 2017	94,809	334,826	-	51,001	-	77,279	557,915
Profit for the period	-	-	-	-	-	11,786	11,786
Other comprehensive income / (expense) for the period	-	-	7	-	-	(1,525)	(1,518)
Total comprehensive income for the period	-	-	7	-	-	**10,261**	**10,268**
Capital Contribution	-	-	-	15,153	-	-	15,153
Capital Reduction	(93,861)	(334,826)	-	-	-	428,687	-
Total transactions with owners, recognised directly in equity	**(93,861)**	**(334,826)**		**15,153**	-	**428,687**	**15,153**
Balance as at 31 December 2017	**948**	-	7	**66,154**	-	**516,227**	**583,336**
Balance as at 1 January 2018	**948**	-	7	**66,154**	-	**516,227**	**583,336**
Loss for the period	-	-		-	-	(19,344)	(19,344)
Other comprehensive income for the period			(7)		-	86	79
Total comprehensive expense for the period	-	-	-	-	-	**(19,258)**	**(19,265)**
Dividends Paid	-	-	-	-	-	(509,320)	(509,320)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	**(509,320)**	**(509,320)**
Revaluation during the period	-	-	-	-	6,936	-	**6,936**
Balance as at 31 December 2018	**948**	-	-	**66,154**	**6,936**	**(12,351)**	**61,687**

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

No ineffectiveness (2017: Nil) was noted on cash flow hedges during the period.

Notes to the financial statements for the 52 weeks ended 31 December 2018

1. General Information

Refresco Drinks UK 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 Refresco Drinks UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 101") and the Companies Act 2006.

Following the acquisition of the company there has been a transition from FRS 102 to FRS 101 however this had had a nil impact on the results and comparataives.

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 updated to reflect the transition to FRS 101. The Company has adopted FRS101 in these financial statements.

(i) Basis of preparation

These financial statements are prepared on a going concern basis, conforming to FRS101, and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(ii) Consolidated financial statements

These financial statements contain information about Refresco Drinks UK 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 was at the period end a wholly owned subsidiary of Refresco UK B.V. , a company incorporated in the Netherlands, and it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent, which are publicly available.

(iii) Exemptions for qualifying entities under FRS 101

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) IAS 7 – 'Statement of cash flows'

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

3 **Summary of significant accounting policies (continued)**

(iii) Exemptions for qualifying entities under FRS 101 (continued

(c) Paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts).

(d) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations

(e) the requirements of IFRS 7 Financial Instruments: Disclosures

(f) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement; and

(g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

(h) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

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

– 10(d) (statement of cash flows)

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

financial statements, or when it reclassifies items in its financial statements),

– 16 (statement of compliance with all IFRS),

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

– 38B-D (additional comparative information),

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

– 111 (cash flow statement information) and

– 134-136 (capital management disclosures).

The Company has taken advantage of these exemptions on the basis that it is a qualifying entity and its ultimate parent company Refresco NV, includes this information about the Company in its own consolidated financial statements which can be obtained from the Company Secretary at Fascinatio Boulevard 270, Brainpark III, Victoria Building (9th Floor), 3065 WB Rotterdam P.O. Box 8665, 3009 AR Rotterdam, The Netherlands.

3 Summary of significant accounting policies (continued)

(iv) Revenue recognition

The company is in the business of manufacturing, marketing and distribution of soft drinks. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

In respect of contract balances, the company shall disclose the following:
(1) the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;
(2) revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period; and
(3) revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price).

(v) 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.

(vi) Employee benefits

a) Short term benefits
The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution plans. 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.

b) 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.

c) 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 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').

3 Summary of significant accounting policies (continued)

Defined benefit pension plans (continued)

The fair value of plan assets is measured in accordance with the FRS 101 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 the increase in pension benefit liability arising from employee service during the period and 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 'Net finance costs in respect of defined benefit pension schemes', within interest payable and similar charges

d) 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.

(vii) 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.

(viii) Foreign currencies

The Company's functional and presentational currency is GB 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. Differences are included within Cost of Sales unless the transaction qualifies under cashflow hedge accounting, in which case the amounts are deferred within the cashflow hedge reserve until the transaction is settled.

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.

3 Summary of significant accounting policies (continued)

(viii) Foreign currencies (continued)

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

(ix) 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.

a) 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.

b) 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.

(x) Tangible assets and depreciation

Tangible assets are stated at revalued amount less accumulated depreciation and accumulated impairment losses. The difference in revaluation is measured and shown in the accounts as part of the revaluation reserve. The valuation of assets will be reviewed every five years.

a) 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.

b) 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.

3 Summary of significant accounting policies (continued)
(x) Tangible assets and depreciation (continued)

c) 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.

d) Assets in the course of construction. Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

(xi) 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.

(xii) Intangible assets

Goodwill and Brands 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.

(xiii) Impairment of goodwill, intangible and tangible assets

In accordance with FRS101, 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.

(xv) Investments

Investments are stated at cost less provisions for impairment.

3 Summary of significant accounting policies (continued)

(xvi) Inventories

Inventories are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is 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 end of each reporting period, inventories are assessed for impairment and where necessary, provision is made for obsolete, slow moving or defective inventories.

(xvii) 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

(xviii) 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.

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.

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, unless the impact would be immaterial.

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.

(xix) Financial Instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 101 in respect of financial instruments.

3 Summary of significant accounting policies (continued)

(xix) Financial Instruments (continued)

(a) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances 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.

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.

(b) 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. Trade payables 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.

(c) 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

3 Summary of significant accounting policies (continued)

(xix) Financial Instruments (continued)
(c)Hedging Arrangements (continued)

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 profit and loss account. 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.

In accordance with IFRS 9 para 6.1.3, the company has opted to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

(xx) 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.

(xxi) 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.

(xxii) 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.

(xxiii) Business Combinations
Where there are business combinations with common control the Company will record such transactions at book value.

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.

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 3(x) for the useful economic lives for each class of assets.

4. Critical accounting judgements and estimation uncertainty (continued)

(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 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 schemes

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 22 for disclosures relating to the pension schemes.

(v) Complex customer arrangements

As is commonplace in the retail industry, the Company has entered into agreements with customers whereby incentives are given dependent on the sales volumes (or other such performance criteria) during a specified period. Claims for these amounts can be made in advance or retrospectively. Due to the nature of these agreements, and the fact that customers' year ends differ from the Company's and the contract measurement periods may not fall on the Company's year end, management must exercise their judgement relating to the amounts that will ultimately be payable to customers. This judgement is based upon actual sales made during the year and forecasted sales for the remainder of the measurement period. Any under or over performance compared to the expected future sales patterns could result in a lower or higher amount being ultimately paid over to customers in relation to sales recorded as at the balance sheet date. When the performance criteria is not linked to sales volumes, any difference between the achievement of the set criteria post year end, and the forecasted levels of achievement at the year end, will result in either additional amounts being accrued or being released to the profit and loss account.

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 weeks ended 31 December 2018 £'000	52 weeks ended 30 December 2017 £'000
United Kingdom and Ireland	**272,244**	261,643
Europe	**11,646**	7,938
Rest of the World	**831**	145
Total	**284,721**	269,726

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

Refresco Drinks UK Limited

Notes to the financial statements for the 52 weeks ended 31 December 2018 (continued)

6. **Operating (loss)**

	52 weeks ended 31 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Operating profit is stated after charging / (crediting):		
Wages and salaries	**34,692**	34,943
Social security costs	**3,519**	3,837
Other pension costs	**1,914**	1,389
Share based compensation (note 23)	**57**	1,406
Staff costs	**40,182**	41,575
Amortisation of intangible assets (included within administrative expenses)	**315**	299
Operating lease charges	**1,287**	1,740
Profit on disposal of tangible assets	**12**	(64)
Exceptional items*	**8,060**	(3,693)
Research and development	**826**	876
Reversal of Impairment of trade receivables	**(215)**	229
Impairment of Property, plant & equipment	**-**	4
Inventory recognised as an expense	**218,213**	210,646
Reversal of impairment of inventory (included in 'cost of sales')	**3,369**	(10)
Audit fees payable to the Company's auditors	**207**	161

Exceptional items		
Loss / (Profit) on sale of manufacturing facility*	**8,060**	(3,693)

*In April 2018 the company was acquired by Pride Foods Limited, as part of this process there was an imposed sale by the CMA of the Aseptic line and manufacturing facility at the Nelson site which resulted in a loss of £8,060,000.

7. Employees and directors

Directors

The directors' emoluments are as follows:

	52 weeks ended 31 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Aggregate emoluments	**1,022**	1,168
Compensation for loss of office	-	-
Company pension contributions to defined contribution pension schemes	**17**	26
	1,039	1,194

Emoluments for the services of J Ausher were paid by other subsidiaries of the Cott Corporation group of companies. No recharge was made to Refresco Drinks UK Limited

Retirement benefits are accruing to nil directors (52 weeks ending 30 December 2017: six) under defined contribution pension schemes. Retirement benefits are not accruing to any directors (52 weeks ending 30 December 2017: none) under defined benefit pension schemes. No Directors exercised share options in Cott Corporation during the period (52 weeks ending 30 December 2017: One).

No directors received shares under long term incentive schemes (52 weeks ending 30 December 2017: Four).

Highest paid director	52 weeks ended 30 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	**164**	575
Company pension contributions to defined contribution pension schemes	**9**	-
	173	575

Employees

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

	Number	Number
By activity		
Production	**916**	906
Selling and distribution	**59**	59
Administration	**65**	156
	1,040	1,121

8. Income from shares in group undertakings

	52 weeks ended 31 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Income from shares in group undertakings	-	15,758

9. Interest receivable and similar income

	52 weeks ended 31 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Bank Interest receivable	9	34
Total interest receivable and similar income	**9**	34

10. Interest payable and similar expenses

	52 weeks ended 31 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Interest payable on overdrafts and bank loans	24	242
Interest payable to other group undertakings	453	5,638
Net finance costs in respect of defined benefit pension schemes (note 22)	232	229
Amortisation of financing costs	-	38
Interest payable on finance leases	1	4
Total interest payable and similar expenses	**710**	6,151

Notes to the financial statements for the 52 weeks ended 31 December 2018 (continued)

11. Dividends Paid

	52 weeks ended 31 December 2018	52 weeks ended 30 December 2017
	£'000	£'000
Total dividends paid	**509,320**	-

On 30 January 2018 the company declared a dividend in specie to Cott Retail Brands Limited at the time it was acquired by Pride Foods Limited. This was satisfied by the transfer of investments (see note 15 net of inter co balances and long term debt (see note 19)

12. Income tax

(i) Tax (credit) included in profit or loss

	52 weeks ended 31 December 2018	52 weeks ended 30 December 2017
	£'000	£'000
Current tax		
- UK corporation tax on profits of the period	**(434)**	(930)
- Adjustments in respect of prior periods	**(1,803)**	22
Total current tax	**(2,237)**	(908)
Deferred tax		
- Origination and reversal of temporary differences	**(245)**	(1,345)
- Movement on deferred tax relating to pension deficit	**-**	239
- Adjustment in respect of prior periods	**983**	(53)
- Effect of tax rate changes	**26**	119
Total deferred tax (note 21)	**764**	(1,040)
Tax (credit) / charge on profit	**(1,473)**	(1,948)

12 Income Tax (continued)

(ii) Tax (income)/expense included in other comprehensive income

	52 weeks ended 31 December 2018	52 weeks ended 30 December 2017
	£'000	£'000
Movement on deferred tax relating to pension deficit	**(1,439)**	313
Tax income included in other comprehensive income	**(1,439)**	313

(iii) Reconciliation of tax charge

Tax assessed for the period is lower (52 weeks ending 31 December 2017: lower) than the standard rate of corporation tax in the UK for the period ended 31 December 2018 of 19% (52 weeks ending 31 December 2017: 19.25%).

The differences are explained below	**52 weeks ended 31 December 2018**	52 weeks ended 30 December 2017
(Loss) / profit before tax	**(20,817)**	9,838
(Loss) / profit multiplied by the standard rate of tax in the UK of 19% (52 weeks ending 31 December 2017: 19.25%)	**(3,955)**	1,894
Effects of:		
- Income not subject to tax	**-**	(3,755)
- Expenses not deductible	**3,235**	206
- Group relief claimed for nil payment	**-**	(394)
- Effects of deferred tax rate changes – deferred tax	**26**	119
- Adjustments in respect of prior periods – current tax	**(1,803)**	22
- Adjustments in respect of prior periods – deferred tax	**983**	(53)
- Transfer pricing adjustment	**4**	44
- Share options	**37**	(31)
Tax credit for the period	**(1,473)**	(1,948)

Factors affecting future and current tax charges

The Finance Act (No.2) 2015 introduced a reduction in the main rate of UK corporation tax to 19% from 1 April 2017 and the Finance Act 2016 enacted a further reduction to 17% from 1 April 2020. As these reductions were enacted at the balance sheet date, the closing deferred tax balance has been calculated at the appropriate rate.

Refresco Drinks UK Limited

Notes to the financial statements for the 52 weeks ended 31 December 2018 (continued)

13. Intangible assets

	Goodwill	Software	Brands	Total
	£'000	**£'000**	**£'000**	**£'000**
As at 1 January 2017				
Cost	1,555	1,060	2,537	5,152
Accumulated amortisation and impairment	(817)	(426)	(2,159)	(3,402)
Net book amount	**738**	**634**	**378**	**1,750**
Period ended 31 December 2018				
Opening net book amount	738	634	378	1,750
Transfers	-	13	-	13
Amortisation	(155)	(101)	(59)	(315)
Closing net book amount	**583**	**546**	**319**	**1,448**
As at 31 December 2018				
Cost	1,555	1,073	2,537	5,165
Accumulated amortisation and impairment	(972)	(527)	(2,218)	(3,717)
Net book amount	**583**	**546**	**319**	**1,448**

14. Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
At 1 January 2017				
Cost	29,418	109,995	1,503	140,916
Accumulated depreciation and impairment	(11,554)	(70,267)	(1,359)	(83,180)
Net book amount	**17,864**	**39,728**	**144**	**57,736**
Period ended 31 December 2018				
Opening net book amount	17,864	39,728	144	57,736
Additions	141	4,217	66	4,424
Disposals	(2,140)	(1,909)	-	(4,049)
Revaluation	5,469	1,437	30	6,936
Depreciation	(803)	(7,284)	(143)	(8,230)
Transfer	1,284	(1,398)	101	(13)
Closing net book amount	**21,815**	**34,791**	**198**	**56,804**
At 31 December 2018				
Cost	36,079	104,836	1,700	142,615
Accumulated depreciation and impairment	(14,264)	(70,045)	(1,502)	(85,811)
Net book amount	**21,815**	**34,791**	**198**	**56,804**

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 £9,143,000 (2017: £5,992,000) in respect of land which is not subject to depreciation.

Plant and machinery includes £5,700,000 of assets under construction (2017: £8,701,000)

During the year a full revaluation of assets was undertaken and the amounts taken to the revaluation reserve. This valuation was undertaken by an independent company, Troostwijk and is effective from 31st January 2018.

Notes to the financial statements for the 52 weeks ended 31 December 2018 (continued)

15. Investments

	31 December 2018	30 December 2017
	£'000	£'000
Balance brought forward	563,830	538,543
Additions	-	25,287
Disposals (see note11)	(563,321)	-
Balance carried forward	**509**	**563,830**

Name of subsidiary	**Registered address**	**Country of incorporation**	**Principal activity**	**Ordinary share ownership**
Refresco Nelson (Holdings) Limited*	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Refresco (Nelson) Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Refresco Private Label Limited*	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Refresco Developments Limited*	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Holding Company	100%
Cooke Bros Holdings Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Holding Company	100%
Cooke Bros (Tattenhall) Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Mr Freeze (Europe) Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Calypso Soft Drinks Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Jay Juice Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
TT Calco Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%

*indicates direct subsidiary

16. Inventories

	52 weeks ended 31 December 2018	**52 weeks ended 30 December 2017**
	£'000	£'000
Raw materials	**6,307**	6,183
Finished goods	**16,622**	21,189
	22,929	27,372

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 £5,630,000 (2017: £2,261,000).

Refresco Drinks UK Limited

Notes to the financial statements for the 52 weeks ended 31 December 2018 (continued)

17 Debtors

	31 December 2018 £'000	30 December 2017 £'000
Trade debtors	**49,078**	38,900
Amounts owed by group undertakings	**13,012**	34,918
Other debtors	**1,744**	984
Deferred tax (note 21)	**93**	2,296
Prepayments and accrued income	**1,044**	1,176
Corporation Tax owed by group undertakings under group relief	**434**	-
	65,405	78,274

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 £460,000 (2017: £675,000).

18 Creditors: amounts falling due within one year

	31 December 2018 £'000	30 December 2017 £'000
Trade creditors	**55,468**	58,278
Amounts owed to group undertakings	**10,133**	18,452
Other taxation and social security	**2,566**	1,886
Corporation Tax	**-**	1,803
Finance leases	**5**	66
Accruals and deferred income	**13,964**	9,814
	82,136	90,299

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

18. Creditors: amounts falling due within one year (continued)

(i) Derivative financial instruments – Forward contracts

The Group enters into forward commodity contracts to mitigate the exchange rate risk associated with the purchase of aluminium to be used within the production process. At 31 December 2018, there were 17 outstanding contracts to mature (2017: 25). The Company is committed to purchase €17,937,000 and $285,000 (2017: €3,690,000) 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.

Forward commodity contracts are held in cash flow hedges. No ineffectiveness (2017: nil) was noted on cash flow hedges during the period.

19 Creditors: amounts falling due after more than one year

	31 December 2018	30 December 2017
	£'000	£'000
Amounts owed to group undertakings (see note 11)	**-**	68,000
Redeemable preference shares	**2**	2
	2	68,002

Included within amounts owed to other group companies is an amount of £nil (30 December 2017: £68,000,000) which represented a bond listed on the Channel Island Stock Exchange which was owned entirely by other group companies.

The redeemable (at par) preference shares are unsecured, 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.

Refresco Drinks UK Limited

Notes to the financial statements for the 52 weeks ended 31 December 2018 (continued)

20 Finance Leases

The future minimum finance lease payments are as follows:	**31 December 2018**	30 December 2017
	£'000	£'000
Not later than one year	**5**	67
Total gross payments	**5**	67
Less: finance charges	**-**	(1)
Carrying amount of liability	**5**	66

The finance leases primarily relate to machinery which are leased from a specialist leasing company.

21 Deferred Tax

	Deferred Tax
	£'000
Net deferred tax asset at 01 January 2018	(2,296)
Credited to the profit and loss account (note 12)	764
Credited to the statement of comprehensive income re pension liability	1,439
At 30 December 2018 (Note 17)	**(93)**

Deferred taxation provided in the financial statements is as follows:

	31 December 2018	30 December 2017
	£'000	£'000
Tax effect of timing differences because of:		
Accelerated capital allowances	**1,296**	(207)
Other timing differences	**(30)**	(415)
Losses	**(42)**	-
Deferred tax asset excluding the asset relating to pension liability and cash flow hedge	**1,224**	(622)
Deferred tax asset on pension scheme liability	**(1,317)**	(1,674)
Net deferred tax asset	**93**	(2,296)

22 Post employment benefits

The Company operates two defined benefit schemes and one defined contribution scheme.

The assets of these schemes are held separately from those of the Company in independently administered funds. The pension charge includes contributions payable by the Company to the Defined Contribution scheme and these amounted to £1,914,000 (2017: £1,389,000) for the period.

Contributions payable to the Defined Benefit Schemes amounted to £1,490,000 (2017:£1,490,000)

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.

The Company also sponsors the Cooke Bros (Tattenhall) Limited 1982 Retirement Benefits Scheme, which is a defined benefit arrangement where members receive benefits based on their final salary.

The scheme has been paid-up since 6 April 2001. The plan also provides benefits to spouses/dependants in the event of a member's death before or after retirement.

Company contributions to the schemes in 2019 are estimated to be £1,490,000. Additional company contributions might be required if there are any benefit augmentations during the year.

The financial year commenced on 1 January 2018 and ended on 31 December 2018. Assets and liabilities are measured as at 31 December 2018.

The principal assumptions used to calculate the liabilities under FRS101 are set out below.

The plans are each administered by a Board of Trustees who are responsible for ensuring the plans are sufficiently funded to meet current and future obligations. The Company has agreed funding plans with the trustees to reduce the funding deficits.

A comprehensive actuarial valuation of the Cott Beverages Ltd Retirement and Death Benefit scheme, using the projected unit credit method, was carried out at 30 April 2015 by the scheme actuaries updated to 31 December 2018.The scheme closed to new members in 2001 and with effect from 31 May 2014 all future accrual in the scheme ceased.

A comprehensive actuarial valuation of the Cooke Bros (Tattenhall) Limited 1982 Retirement Benefits Scheme using the projected unit credit method, was carried out at 6 April 2016 by the scheme actuaries updated to 31 December 2018. All future accrual in the scheme ceased from April 2001.

22 Post employment benefits (continued)

Reconciliation of scheme assets and liabilities

Cott Beverages Limited Retirement & Death Benefit Scheme

	Assets	Liabilities	Net Total
	£'000	£'000	£'000
Opening value	27,158	(30,556)	(3,398)
Interest income / (expense)	686	(763)	(77)
Actuarial gains/(losses)	(1,754)	2,655	901
Benefits paid	(1,351)	1,351	-
Past service cost (including curtailments)	-	(553)	(553)
Contributions paid by employer	804	-	804
Closing value	**25,543**	**(27,866)**	**(2,323)**

Reconciliation of scheme assets and liabilities

Cooke Bros (Tattenhall) Limited 1982 Retirement Benefits Scheme

	Assets	Liabilities	Net Total
	£'000	£'000	£'000
Opening value	10,784	(17,234)	(6,450)
Interest income / (expense)	279	(434)	(155)
Actuarial gains / (losses)	(1,001)	1,632	631
Benefits paid	(334)	334	-
Contributions paid by employer	686	-	686
Administration costs incurred	(20)	-	(20)
Closing value	**10,394**	**(15,702)**	**(5,308)**

Gross	**35,937**	**(43,568)**	**(7,631)**

Refresco Drinks UK Limited

Notes to the financial statements for the 52 weeks ended 31 December 2018 (continued)

22 Post employment benefits (continued)

Amounts recognised in Other Comprehensive Income (OCI):

	Scheme One*	Scheme Two*	**52 week period ended 31 December 2018**	52 week period ended 30 December 2017
	£'000	£'000	**£'000**	£'000
Actuarial (losses) on assets	(1,754)	(1001)	**2,755**	1,518
Actuarial gains on liabilities	2,655	1,631	**(4,286)**	(3,356)
Net gain / (loss) recognised in OCI before adjustment for tax	901	631	**1,532**	(1,838)

*Scheme One is the Cott Beverages Limited Retirement and Death Benefit Scheme

*Scheme Two is the Cooke Bros (Tattenhall) Limited 1982 Retirement Benefits Scheme

Principal assumptions - Cott Beverages Limited Retirement & Death Benefit Scheme

The principal actuarial assumptions at the balance sheet date were:

	31 December 2018	30 December 2017
	%	%
Discount rate	**2.95%**	2.55%
Rate of inflation (RPI)	**3.15%**	3.15%
Rate of inflation (CPI)	**2.05%**	2.05%
Pension increases (RPI max. 5% p.a.)	**3.10%**	3.10%
Pension increases (CPI max. 3% p.a.)	**1.90%**	1.90%

The mortality assumptions used were as follows:

	31 December 2018	30 December 2017
Longevity at age 65 for current pensioners (years)		
- Men	**22.0**	22.1
- Women	**23.9**	24.0
Longevity at age 65 for future pensioners (years)		
- Men	**23.4**	23.5
- Women	**25.4**	25.5

Refresco Drinks UK Limited

Notes to the financial statements for the 52 weeks ended 31 December 2018 (continued)

22 Post employment benefits (continued)

Main demographic assumptions

	31 December 2018	30 December 2017
Post retirement mortality	100% of the SAPS S2 tables with future improvements in longevity in line with the CMI 2016 core projections and a long term rate of improvement of 1.25% p.a.	100% of the SAPS S2 tables with future improvements in longevity in line with the CMI 2016 core projections and a long term rate of improvement of 1.25% 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.	80% of members are assumed to be married at date of death.
	Males are assumed to be 3 years older than their spouse / partner.	Males are assumed to be 3 years older than their spouse / partner.

Scheme assets

Cott Beverages Limited Retirement & Death Benefit Scheme

	% Holding at 31 December 2018	**Value at 31 December 2018**	% Holding at 30 December 2017	**Value at 30 December 2017**
	%	**£'000**	%	**£'000**
Equities	19	**4,763**	21	**5,687**
Diversified Growth Funds	40	**10,130**	39	**10,576**
Gilts	14	**3,459**	13	**3,531**
Corporate Bonds	27	**6,962**	27	**7,276**
Insured Pensioners	0	**85**		
Cash	0	**144**	0	**88**
Total market value of assets	100	**25,543**	100	**27,158**
Present value of scheme liabilities		**(27,866)**		**(30,556)**
Deficit in scheme		**(2,323)**		**(3,398)**

The actual return on Scheme assets in the period was a loss of £1,068,000 (2017: gain of £1,795,000).

22 Post employment benefits (continued)

Analysis of amounts charged to the profit and loss account:

	52 weeks ended 31 December 2018	52 weeks ended 30 December 2017
	£'000	£'000
Current service cost	**-**	-
Net interest cost	**79**	112
Total	**79**	112

Principal assumptions – Cooke Bros (Tattenhall) Limited 1982 Retirement Benefits Scheme

The principal actuarial assumptions at the balance sheet date were:

	31 December 2018	30 December 2017
	%	%
Discount rate	**2.95%**	2.55%
Rate of inflation (CPI)	**2.05%**	2.05%

The mortality assumptions used were as follows:

	31 December 2018	30 December 2017
Longevity at age 65 for current pensioners (years)		
- Men	**22.0**	22.1
- Women	**23.9**	24.0
Longevity at age 65 for future pensioners (years)		
- Men	**23.4**	23.5
- Women	**25.4**	25.5

22 Post employment benefits (continued)

Main demographic assumptions

	31 December 2018	30 December 2017
Post retirement mortality	100% of the SAPS 'S2' tables with future improvements in longevity in line with the proposed draft CMI 2017 with core assumptions calibrated to England & Wales to the end of 2015 and a long term rate of improvement of 1.25% p.a	100% of the SAPS 'S2' tables with future improvements in longevity in line with the proposed draft CMI 2016 with core assumptions calibrated to England & Wales to the end of 2015 and a long term rate of improvement of 1.25% 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.	80% of members are assumed to be married at date of death.
	Males are assumed to be 3 years older than their spouse / partner.	Males are assumed to be 3 years older than their spouse / partner.

Scheme assets

Cooke Bros (Tattenhall) Limited 1982 Retirement Benefits Scheme

	% Holding at 31 December 2018	**Value at 31 December 2018**	% Holding at 30 December 2017	Value at 30 December 2017
	%	**£'000**	%	£'000
Equities	36	**3,701**	38	4,058
Diversified Growth Funds	11	**1,170**	12	1,259
Corporate Bonds	14	**1,429**	13	1,457
Cash	29	**3,058**	25	2,697
Insured Pensioners	10	**1,036**	12	1,313
Total market value of assets	100	**10,394**	100	10,784
Present value of scheme liabilities		**(15,702)**		(17,234)
Deficit in scheme		**(5,308)**		(6,450)

The actual return on Scheme assets in the period was a loss of £722,000 (2017: gain of £675,000).

22 Post employment benefits (continued)

Analysis of amounts charged to the profit and loss account:

	52 weeks ended 31 December 2018 £'000	52 weeks ended 30 December 2017 £'000
Current service cost	**-**	-
Net interest cost	**156**	117
Administration cost	**20**	19
Total	**176**	136

23 Share based payments

On 30 January 2018 Refresco Drinks UK Limited was sold to Pride Foods Limited and therefore left the Cott Corporation Group. As a result of this transaction the LTIPs vested at this date. LTIPs are exercisable after three years and the employees do not have to remain in employment of the group.

24. Called up share capital

	£'000
Allotted and fully paid up	
94,808,016 shares of £0.01 at 30 December 2018	**948**

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

25. Contingent liabilities

At the date of signing the Company does not have any contingent liabilities.

26. Contingent liabilities

Payments due	31 December 2018 £'000	30 December 2017 £'000
Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	2,431	665

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

Payments due	31 December 2018 £'000	30 December 2017 £'000
No later than one year	**2,096**	1,472
Later than one year and not later than five years	**3,138**	3,428
Later than five years	**7,568**	11,170
	12,802	16,070

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

The Company had no other off balance sheet arrangements.

IFRS 16 has not yet been applied, but it is applicable and will be applied for the annual reporting period commencing 1 January 2019.

27. 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.

28. Controlling parties

The immediate parent undertaking was Pride Foods Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Refresco Group NV, a company registered in the Netherlands.

Copies of the group accounts of Refresco N.V. are available from the company secretary, Fascinatio Boulevard 270, Brainpark III, Victoria Building (9th Floor), 3065 WB Rotterdam P.O. Box 8665, 3009 AR Rotterdam, The Netherlands.