

Company registered no: 02836071

Refresco Drinks UK Limited

(Formerly known as Cott Beverages Limited)

Annual report and financial statements for the 52 weeks ended 30 December 2017

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Refresco Drinks UK Limited

(Formerly known as Cott Beverages Limited)

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Refresco Drinks UK Limited

(Formerly known as Cott Beverages Limited)

Directors and advisers

Directors

David Saint
Aart Duijzer
Hans Roelofs

Company Secretary

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

Company number

02836071

Registered office

Citrus Grove
Side Ley
Kegworth
Derby
DE74 2FJ

Bankers

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

Independent auditors

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

Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited)

Strategic Report

for the 52 weeks ended 30 December 2017

The directors present their strategic report and the audited financial statements of Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited) for the 52 weeks ended 30 December 2017.

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 Drink 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 slight increase in both volume and value. This was mirrored in Own label soft drinks, driven by the water category, but offset by declines in the traditional Carbonated soft drinks and 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 in the growing water category, through installation of a high speed bottling line into its Wrexham facility. The above resulted in sales growing to £269,726,000 (2016: £241,364,000).

The year was also affected as a result of the continued challenging market environment, and a number of product quality issues that resulted in a £6m cost to the business. Gross margins decreased to 10.2% (PY 13.8%), primarily due to the impact of quality issues.

Selling and Distribution expenses to customer at £25,725,000 were higher than the previous year of £20,581,000, an impact of inefficiencies driven by the quality issues seen in the year. As a result of the above factors profit before taxation decreased to £9,838,000 (2016: £18,923,000).

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. During the year the Company focussed its capital investment on increasing capacity at our can facility, implementing new PET blowmoulding technology, and improving production quality.

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.

On behalf of the board

David Saint
Director

28 September 2018



Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited)

Directors' Report

for the 52 weeks ended 30 December 2017

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 30 December 2017.

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

The results for the period are, set out on page 12. The profit before tax for the financial period is £9,838,000 (52 weeks ended 31 December 2016: £18,923,000). Net assets are £583,336,000 compared to £557,915,000 in 2016.

The directors have approved and paid a dividend of £nil in respect of the current period, (52 weeks ended 31 December 2016: £2,973,000).

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.

During the year, the Company was a participant in the Cott Corporation global credit facility which provided the Company with extra funding capacity. Management also had access to Cott Corporation's Treasury Department that assists in the monitoring and managing of financial risk. Following the acquisition of the Company similar arrangements are in place within the Refresco Group.

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 (Formerly known as Cott Beverages Limited)

Directors' Report

for the 52 week period ended 30 December 2017 (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 (Formerly known as Cott Beverages 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 both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at floating rates. The interest bearing liabilities relate to group liabilities which are managed by a Treasury team within the ultimate parent company (Cott Corporation) until the change in ownership of the Company see note 29 for details.

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 April 2018
Jason Ausher – Resigned 30 January 2018
Andrew Swarbrick – Resigned 14 July 2017
Claire Duffy – Appointed 1 January 2017 & Resigned 30 January 2018
Steven Kitching – Appointed 1 January 2017 & 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 (Formerly known as Cott Beverages Limited)

Directors' Report

for the 52 weeks ended 30 December 2017 (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. The Company encourages employees to participate in the ownership of shares in the Company through a HMRC approved share incentive plan.

Statement of directors' responsibilities

The directors are responsible for preparing the 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 102 "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 102, 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.

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.

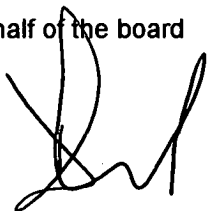
Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited)
Directors' Report
for the 52 weeks ended 30 December 2017 (continued)

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.

On behalf of the board

A handwritten signature in black ink, appearing to be 'David Saint', written over a horizontal line.

David Saint
Director

28 September 2018

Independent auditors' report to the members of Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited)'s financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2017 and of its profit for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 December 2017; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

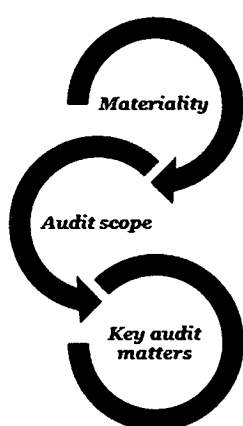
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £550,000 (2016: £580,000), based on 6% of profit before tax rounded down to nearest £50,000.
- The Company operates from several manufacturing locations within the UK who report to a single UK head office management /finance team. Therefore all transactions and balances were included within our audit scope, where they were material to the financial statements.
- All audit work was completed by a single group audit team.
- Complex customer arrangements.

Independent auditors' report to the members of Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited) (continued)

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£550,000 (2016: £580,000).
How we determined it	6% of profit before tax rounded down to nearest £50,000.
Rationale for benchmark applied	We believe that profit before tax is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £27,500 (2016: £30,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited) (continued)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Complex customer arrangements</i> <p>As disclosed in note 4, sales made to customers include amounts under agreements whereby incentives are given dependent on the sales volumes (or other such performance criteria) over a specified time period.</p> <p>Due to the nature of these agreements, the fact that customers' year ends differ from the Company's, and the contract measurement periods may not end on the Company's year end, management must exercise their judgement over the amounts that will ultimately be payable to customers under such agreements.</p> <p>Due to the level of complexity in these agreements, the quantum of the amounts involved and the degree of management judgement required to estimate the amounts of revenue to be deferred there is a risk that the amounts of revenue deferred are either over/under stated.</p>	<p>We understood the controls and processes put in place by management to mitigate the risk of material error within complex customer arrangements and identified no significant areas of concern.</p> <p>We obtained a listing of all agreements from management. Completeness of the listing was confirmed through comparing the listing to work performed over revenue and trade debtor balances and through discussions with commercial and sales management.</p> <p>Management's detailed calculations were tested for integrity.</p> <p>We tested a sample of agreements to ascertain that the calculations were based upon valid sales data and agreements.</p> <p>No material exceptions were noted from the above tests.</p> <p>We compared the prior year management estimates to actual outcomes recorded during 2017. We also tested, on a sample basis the estimates made as at the balance sheet date to outcomes during 2018. These tests highlighted no concerns regarding the accuracy of management's estimates.</p>

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company operates from several manufacturing locations within the UK who report to a single UK head office management /finance team. Therefore all transactions and balances were included within our audit scope, where they were material to the financial statements.

All audit work was completed by a single group audit team.

Independent auditors' report to the members of Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited) (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 30 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Independent auditors' report to the members of Refresco Drinks UK Limited (Formerly known as Cott Beverages Limited) (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Mark Skedgel (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
28 September 2018

Refresco Drinks UK Limited

(Formerly known as Cott Beverages Limited)

Profit and loss account for the 52 week period ended 30 December 2017

	Note	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Turnover	5	269,726	241,364
Cost of sales		(233,194)	(194,674)
Gross profit		36,532	46,690
Selling and distribution expenses		(25,725)	(20,581)
Administrative expenses <i>(including exceptional credit of £3,693,000 2016:£nil)</i>		(10,610)	(13,995)
Operating profit	6	197	12,114
Income from shares in group undertakings	8	15,758	12,707
Profit before interest and taxation		15,955	24,821
Interest receivable and similar income	9	34	21
Interest payable and similar expenses	10	(6,151)	(5,919)
Net interest expense		(6,117)	(5,898)
Profit before taxation		9,838	18,923
Tax on profit	12	1,948	(1,968)
Profit for the financial period		11,786	16,955

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

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

Refresco Drinks UK Limited

(Formerly known as Cott Beverages Limited)

Statement of comprehensive income for the 52 week period ended 30 December 2017

	Note	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Profit for the financial period		11,786	16,955
Other comprehensive income:			
Re-measurement of net defined benefit obligation	22	(1,838)	(3,495)
Cash flow hedges			
- Fair value gains in hedging instruments		192	1,010
- (Losses) / gains reclassified to inventory		(185)	345
Total tax on components of other comprehensive income	21	313	320
Other comprehensive income for the year		(1,518)	(1,820)
Total comprehensive income for the period		10,268	15,135

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Statement of changes in equity
for the 52 weeks ended 30 December 2017

	Called Up Share Capital £'000	Share premium account £'000	Cash flow hedge reserve £'000	Other reserve £'000	Retained Earnings £'000	Total equity £'000
Balance as at 3 January 2016	94,809	253,984	(1,081)	51,001	66,198	464,911
Profit for the period	-	-	-	-	16,955	16,955
Other comprehensive income / (expense) for the period	-	-	1,081	-	(2,901)	(1,820)
Total comprehensive income for the period	-	-	1,081	-	14,054	15,135
Dividends	-	-	-	-	(2,973)	(2,973)
Proceeds from shares issued	-	80,842	-	-	-	80,842
Total transactions with owners, recognised directly in equity	-	80,842	-	-	(2,973)	77,869
Balance as at 31 December 2016	94,809	334,826	-	51,001	77,279	557,915
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 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 30 December 2017	948	-	7	66,154	516,227	583,336

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

No ineffectiveness (2016: Nil) was noted on cash flow hedges during the period.

Refresco Drinks UK Limited


(Formerly known as Cott Beverages Limited)

Balance Sheet as at 30 December 2017

	Note	30 December 2017 £'000	31 December 2016 £'000
Fixed assets			
Intangible assets	13	1,750	1,884
Tangible assets	14	57,736	59,025
Investments	15	563,830	538,543
		623,316	599,452
Current assets			
Inventories	16	27,372	19,423
Debtors (including £39,000 (2016: £19,000) due after one year)	17	78,274	70,735
Cash at bank and in hand		22,523	19,962
		128,169	110,120
Creditors: amounts falling due within one year	18	(90,299)	(74,403)
Net current assets		37,870	35,717
Total assets less current liabilities		661,186	635,169
Creditors: amounts falling due after more than one year	19	(68,002)	(68,002)
Post-employment benefits	22	(9,848)	(9,252)
Net assets		583,336	557,915
Capital and reserves			
Called up share capital	24	948	94,809
Share premium account		-	334,826
Cash flow hedge reserve		7	-
Other reserve		66,154	51,001
Retained earnings		516,227	77,279
Total equity		583,336	557,915

The notes on pages 16 to 48 are an integral part of these financial statements.

The financial statements on pages 12 to 48 were approved by the board of directors on 28 September 2018 and were signed on its behalf by:



David Saint
Director

Refresco Drinks UK Limited (formerly known as Cott Beverages Limited)
Registered company number: 02836071

Refresco Drinks UK Limited **(Formerly known as Cott Beverages Limited)**

Notes to the financial statements **for the 52 weeks ended 30 December 2017**

1. General Information

Refresco Drinks UK Limited (formerly known as Cott Beverages Limited) manufactures and sells soft drinks. The Company has manufacturing plants in the UK and sells primarily to the UK and the rest of Europe.

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

2. Statement of compliance

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

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented. The Company has adopted FRS102 in these financial statements.

(i) Basis of preparation

These financial statements are prepared on a going concern basis, conforming to FRS102, and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(ii) Consolidated financial statements

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

(iii) Exemptions for qualifying entities under FRS 102

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

- a) a reconciliation of the number of shares outstanding at the beginning and end of the period. (FRS 102 para 4.12 (a) (iv)) ;
- b) the requirement to prepare a statement of cash flows (section 7 of FRS 102 and para 3.17 (d));
- c) certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated (FRS 102 paras 11.41 (b), 11.41 (c), 11.41 (e), 11.41 (f), 11.42, 11.44, 11.45, 11.47, 11.48 (a)(i), 11.48 (a) (iv), 11.48 (b), 11.48 (c), 12.26, 12.27, 12.9 (b) and 12.29A);

Refresco Drinks UK Limited

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Notes to the financial statements for the 52 weeks ended 30 December 2017 (continued)

3 Summary of significant accounting policies (continued)

(iii) Exemptions for qualifying entities under FRS 102 (continued)

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

The Company has taken advantage of these exemptions on the basis that it is a qualifying entity and its ultimate parent company Cott Corporation (as at the period end), includes this information about the Company in its own consolidated financial statements which can be obtained from the Company Secretary at 1200 Britannia Road East, Mississauga, Ontario, Canada, L4W 4TS.

(iv) Revenue recognition

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

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

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

(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.

Refresco Drinks UK Limited
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Notes to the financial statements for the 52 weeks ended 30
December 2017 (continued)

3 Summary of significant accounting policies (continued)

(vi) Employee benefits (continued)

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').

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

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

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

Refresco Drinks UK Limited

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Notes to the financial statements

for the 52 weeks ended 30 December 2017 (continued)

3 Summary of significant accounting policies (continued)

(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 the pound sterling.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange prevailing at that date. 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.

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.

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

3 Summary of significant accounting policies (continued)

(ix) Taxation (continued)

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

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.

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.

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

3 Summary of significant accounting policies (continued)

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

Where it is established that an asset has been impaired, then an amount equal to the impairment is charged to the profit and loss account in the period of the impairment.

(xiv) Share based payments

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

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

(xv) Investments

Investments are stated at cost less provisions for impairment.

Refresco Drinks UK Limited

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Notes to the financial statements

for the 52 weeks ended 30 December 2017 (continued)

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 102 in respect of financial instruments.

Refresco Drinks UK Limited

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Notes to the financial statements

for the 52 weeks ended 30 December 2017 (continued)

3 Summary of significant accounting policies (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

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

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.

(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.

Refresco Drinks UK Limited **(Formerly known as Cott Beverages Limited)**

Notes to the financial statements **for the 52 weeks ended 30 December 2017 (continued)**

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 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
United Kingdom and Ireland	261,643	237,393
Europe	7,938	3,780
Rest of the World	145	191
Total	269,726	241,364

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

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

6. Operating profit

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Operating profit is stated after charging / (crediting):		
Wages and salaries	34,943	31,931
Social security costs	3,837	3,562
Other pension costs	1,389	1,343
Share based compensation (note 23)	1,406	369
Staff costs	41,575	37,205
Amortisation of intangible assets (included within administrative expenses)	299	45
Operating lease charges	1,740	785
Profit on disposal of tangible assets	(64)	(996)
Exceptional items: Profit on sale of manufacturing facility*	(3,693)	-
Research and development	876	543
Impairment of trade receivables	229	105
Impairment of Property, plant & equipment	4	4
Inventory recognised as an expense	210,646	177,015
Reversal of impairment of inventory (included in 'cost of sales')	(10)	(281)
Audit fees payable to the Company's auditors	161	260

*On 7 June 2017 the manufacturing facility at Bondgate in Pontefract was sold for proceeds of £6,540,000 and immediately leased back for a term of 27 years. A gain of £3,693,000 was generated.

7. Employees and directors

Directors

The directors' emoluments are as follows:

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Aggregate emoluments	1,168	1,036
Compensation for loss of office	-	100
Company pension contributions to defined contribution pension schemes	26	41
	1,194	1,177

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 (formerly known as Cott Beverages Limited).

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

7. Employees and directors (continued)

Retirement benefits are accruing to six directors (52 weeks ending 31 December 2016: six) under defined contribution pension schemes. Retirement benefits are not accruing to any directors (52 weeks ending 31 December 2016: none) under defined benefit pension schemes. One director exercised share options in Cott Corporation during the period (52 weeks ending 31 December 2016: None).

Four directors received shares under long term incentive schemes (52 weeks ending 31 December 2016: six).

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Highest paid director		
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	575	262
Compensation for loss of office	-	-
Company pension contributions to defined contribution pension schemes	-	11
	575	273

Emoluments of £565,000 were paid to the highest paid director in February 2018 in relation to the services provided to Refresco Drinks UK Limited (formerly known as Cott Beverages Limited). These costs have been borne by another group company, Aimia Foods Limited.

As at 30 December 2017 147,213 options were granted to, but not exercised by the directors.

Employees

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

	Number	Number
By activity		
Production	906	742
Selling and distribution	59	55
Administration	156	141
	1,121	938

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

8. Income from shares in group undertakings

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Income from shares in group undertakings	15,758	12,707

On 4 December 2017, a dividend of £15,758,000 was received from Cott Switzerland, GmbH, a subsidiary of Refresco Drinks UK Limited (formerly known as Cott Beverages Limited)

9. Interest receivable and similar income

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Bank Interest received	34	21
Total interest receivable and similar income	34	21

10. Interest payable and similar expenses

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Interest payable on overdrafts and bank loans	242	193
Interest payable to other group undertakings	5,638	5,614
Net finance costs in respect of defined benefit pension schemes (note 22)	229	80
Amortisation of financing costs	38	31
Interest payable on finance leases	4	1
Total interest payable and similar expenses	6,151	5,919

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

11. Dividends Paid

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Total dividends paid	-	2,973

12. Income tax

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

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Current tax		
- UK corporation tax on profits of the period	(930)	1,781
- Adjustments in respect of prior periods	22	64
Total current tax	(908)	1,845
Deferred tax		
- Origination and reversal of temporary differences	(1,345)	104
- Movement on deferred tax relating to pension deficit	239	167
- Adjustment in respect of prior periods	(53)	(122)
- Effect of tax rate changes	119	(26)
Total deferred tax (note 21)	(1,040)	123
Tax (credit) / charge on profit	(1,948)	1,968

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

12 Income Tax (continued)

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

	52 weeks ended 30 December 2017	52 weeks ended 31 December 2016
	£'000	£'000
Movement on deferred tax relating to pension deficit	(313)	(595)
Movement on deferred tax relating to cashflow hedges	-	275
Tax income included in other comprehensive income	(313)	(320)

(iii) Reconciliation of tax charge

Tax assessed for the period is lower (52 weeks ending 31 December 2016: lower) than the standard rate of corporation tax in the UK for the period ended 30 December 2017 of 19.25% (52 weeks ending 31 December 2016: 20%).

	52 weeks ended 30 December 2017	52 weeks ended 31 December 2016
	£'000	£'000
The differences are explained below		
Profit before tax	9,838	18,923
Profit multiplied by the standard rate of tax in the UK of 19.25% (52 weeks ending 31 December 2016: 20%)	1,894	3,785
Effects of:		
- Income not subject to tax	(3,755)	(2,542)
- Expenses not deductible	206	1,838
- Group relief claimed for nil payment	(394)	(986)
- Effects of deferred tax rate changes – deferred tax	119	(26)
- Adjustments in respect of prior periods – current tax	22	64
- Adjustments in respect of prior periods – deferred tax	(53)	(122)
- Transfer pricing adjustment	44	89
- Share options	(31)	(132)
Tax credit for the period	(1,948)	1,968

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
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

13. Intangible assets

	Goodwill	Software	Brands	Total
	£'000	£'000	£'000	£'000
As at 1 January 2017				
Cost	1,555	895	2,537	4,987
Accumulated amortisation and impairment	(661)	(367)	(2,075)	(3,103)
Net book amount	894	528	462	1,884
Period ended 30 December 2017				
Opening net book amount	894	528	462	1,884
Additions	-	165	-	165
Amortisation	(156)	(59)	(84)	(299)
Closing net book amount	738	634	378	1,750
As at 30 December 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

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

14. Tangible assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
At 1 January 2017				
Cost	34,913	107,664	1,503	144,080
Accumulated depreciation and impairment	(13,814)	(70,005)	(1,236)	(85,055)
Net book amount	21,099	37,659	267	59,025
Period ended 30 December 2017				
Opening net book amount	21,099	37,659	267	59,025
Additions	216	8,270	-	8,486
Disposals	(2,700)	(245)	-	(2,945)
Depreciation	(751)	(5,952)	(123)	(6,826)
Impairment	-	(4)	-	(4)
Closing net book amount	17,864	39,728	144	57,736
At 30 December 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

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 £5,992,000 (2016: £6,080,000) in respect of land which is not subject to depreciation.

Plant and machinery includes £8,701,000 of assets under construction (2016: £6,526,000)

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

15. Investments

	30 December 2017 £'000	31 December 2016 £'000
Balance brought forward	538,543	437,313
Additions	25,287	101,230
Balance carried forward	563,830	538,543

On 5 December 2017 a capital contribution of £15,153,000 was made from Cott Retail Brands Limited. Following the capital contribution receipt, Refresco Drinks UK Limited (formerly Cott Beverages Limited) then made a capital contribution to Cott Holdings Incorporated of £25,287,000 which has been recognised as an increase in the investment in Cott Holdings Incorporated.

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

On 30 January 2018 Cott Retail Brands sold its investment in Refresco Drinks UK Limited (formerly Cott Beverages Limited) to Pride Foods Limited, a company registered in England and Wales.

As part of this transaction the Company disposed of investments of £563,830,000 above cost.

The list of subsidiaries and other related entities is as follows:

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

15. Investments (continued)

Name of subsidiary	Registered address	Country of incorporation	Principal activity	Ordinary share ownership
Refresco Nelson (Holdings) Limited* Formerly known as Cott Nelson (Holdings) Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Refresco (Nelson) Limited Formerly known as Cott (Nelson) Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Refresco Private Label Limited* Formerly known as Cott Private Label Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Cott Holdings Incorporated*	5519 W. Ildewild Ave, Tampa, FL33634	Delaware, United States of America	Holding Company	100%
S&D Coffee Holding Company	300 Concord Pkwy, S Concord, NC 28027	North Carolina, United States of America	Manufacture of drinks	100%
S&D Coffee Incorporated	300 Concord Pkwy, S Concord, NC 28027	North Carolina, United States of America	Manufacture of drinks	100%
Cott Beverages Incorporated	5519 W. Ildewild Ave, Tampa, FL33634	Georgia, United States of America	Manufacture of soft drinks	100%
Cliffstar LLC	5519 W. Ildewild Ave, Tampa, FL33634	Delaware, United States of America	Manufacture of fruit juice drinks	100%
Interim BCB LLC	5519 W. Ildewild Ave, Tampa, FL33634	Delaware, United States of America	Holding Company	100%
Cott IP Holdings Corporation	5519 W. Ildewild Ave, Tampa, FL33634	Delaware, United States of America	Holding Company	100%
Cott Vending Incorporated	5519 W. Ildewild Ave, Tampa, FL33634	Delaware, United States of America	Holding Company	100%
Northeast Retailer Brands LLC	5519 W. Ildewild Ave, Tampa, FL33634	Delaware, United States of America	Manufacture of drinks	51%
DS Services of America LLC	5519 W. Ildewild Ave, Tampa, FL33634	Delaware, United States of America	Manufacture of drinks	100%
DS Customer Care LLC	5519 W. Ildewild Ave, Tampa, FL33634	Delaware, United States of America	Manufacture of drinks	100%
Refresco Developments Limited* Formerly known as Cott 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%

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

15. Investments (continued)

Name of subsidiary	Registered address	Country of incorporation	Principal activity	Ordinary share ownership
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	Manufacture of soft drinks	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%
Cott Ventures Limited	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Tip Top Soft Drinks	Citrus Grove, Side Ley, Kegworth, Derby, DE74 2FJ	England and Wales	Dormant	100%
Cott Ventures UK Limited*	Penny Lane, Haydock, Merseyside WA11 0QZ	England and Wales	Holding Company	100%
Total Water Solutions Limited	Penny Lane, Haydock, Merseyside WA11 0QZ	England and Wales	Holding Company	100%
Aimia Foods Holdings Limited	Penny Lane, Haydock, Merseyside WA11 0QZ	England and Wales	Holding Company	100%
Aimia Foods EBT Limited	Penny Lane, Haydock, Merseyside WA11 0QZ	England and Wales	Employee Benefits Trust	100%
Aimia Foods Group limited	Penny Lane, Haydock, Merseyside WA11 0QZ	England and Wales	Holding Company	100%
Aimia Foods Limited	Penny Lane, Haydock, Merseyside WA11 0QZ	England and Wales	Food and beverage manufacture and distribution	100%
Stockpack Limited	Penny Lane, Haydock, Merseyside WA11 0QZ	England and Wales	Dormant	100%
Decantae Mineral Water Limited	Penny Lane, Haydock, Merseyside WA11 0QZ	England and Wales	Manufacture of soft drinks	100%

*indicates direct subsidiary

16. Inventories

	52 weeks ended	52 weeks ended
	30 December 2017	31 December 2016
	£'000	£'000
Raw materials	6,183	6,339
Finished goods	21,189	13,084
	27,372	19,423

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 £2,261,000 (2016: £1,877,000).

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

17 Debtors

	30 December 2017	31 December 2016
	£'000	£'000
Trade debtors	38,900	37,693
Amounts owed by group undertakings	34,918	28,968
Other debtors	984	1,920
Deferred tax (note 21)	2,296	943
Prepayments and accrued income	1,176	1,211
	78,274	70,735

Trade debtors includes £nil (2016: £19,000) falling due after more than one year.

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

Trade debtors are stated after provisions for impairment of £675,000 (2016: £446,000).

18 Creditors: amounts falling due within one year

	30 December 2017	31 December 2016
	£'000	£'000
Trade creditors	58,278	43,446
Amounts owed to group undertakings	18,452	10,571
Other taxation and social security	1,886	4,697
Corporation tax	1,803	2,709
Derivative financial instruments – forward contracts	-	-
Finance leases	66	153
Accruals and deferred income	9,814	12,827
	90,299	74,403

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

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

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 30 December 2017, there were 25 outstanding contracts to mature (2016: there were no outstanding contracts to mature). The Company is committed to purchase €3,690,000 (2016: nil) at a fixed price and will receive an index-linked price in return.

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

Forward commodity contracts are held in cash flow hedges. No ineffectiveness (2016: nil) was noted on cash flow hedges during the period.

19 Creditors: amounts falling due after more than one year

	30 December 2017 £'000	31 December 2016 £'000
Amounts owed to group undertakings	68,000	68,000
Redeemable preference shares	2	2
	68,002	68,002

Included within amounts owed to other group companies is an amount of £68,000,000 (31 December 2016: £68,000,000) which represents a bond listed on the Channel Island Stock Exchange which is owned entirely by other group companies. Interest is charged on this bond at a fixed rate of 8.3% (31 December 2016: 8.3%) and the bond is redeemable at par on 31 March 2020 at the option of the Company.

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.

On 30th January 2018 Refresco Drinks UK Limited (formerly known as Cott Beverages Limited) was sold to Pride Foods Limited. As part of this transaction the listed debt above was transferred to Cott Retail Brands Limited and is no longer a liability of the Company.

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

20 Finance Leases

	30 December 2017	31 December 2016
	£'000	£'000
The future minimum finance lease payments are as follows:		
Not later than one year	67	152
Later than one year and not later than five years	-	3
Later than five years	-	-
Total gross payments	67	155
Less: finance charges	(1)	(2)
Carrying amount of liability	66	153

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 2017	(943)
Credited to the profit and loss account (note 12)	(1,040)
Credited to the statement of comprehensive income re pension liability	(313)
At 30 December 2017 (Note 17)	(2,296)

Deferred taxation provided in the financial statements is as follows:

	30 December 2017	31 December 2016
	£'000	£'000
Tax effect of timing differences because of:		
Accelerated capital allowances	(207)	738
Other timing differences	(415)	(108)
Deferred tax liability excluding the asset relating to pension liability and cash flow hedge	(622)	630
Deferred tax asset on pension scheme liability	(1,674)	(1,573)
Net deferred tax asset	(2,296)	(943)

Refresco Drinks UK Limited **(Formerly known as Cott Beverages Limited)**

Notes to the financial statements **for the 52 weeks ended 30 December 2017 (continued)**

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 £1,389,000 (2016: £1,343,000) for the period.

Contributions payable to the Defined Benefit Schemes amounted to £1,490,000 (2016: £918,000)

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 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 2018 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 starts on 1 January 2017 and ends on 30 December 2017. Assets and liabilities are measured as at 30 December 2017.

The principal assumptions used to calculate the liabilities under FRS102 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 2017. 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 2017. All future accrual in the scheme ceased from April 2001.

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

22 Post employment benefits (continued)
Reconciliation of scheme assets and liabilities

Cott Beverages Limited Retirement & Death Benefit Scheme

	Assets £'000	Liabilities £'000	Total £'000
Opening value	25,316	(29,886)	(4,570)
Interest income / (expense)	684	(796)	(112)
Actuarial gains/(losses)	1,111	(631)	480
Benefits paid	(757)	757	-
Contributions paid by employer	804	-	804
Closing value	27,158	(30,556)	(3,398)

Reconciliation of scheme assets and liabilities

Cooke Bros (Tattenhall) Limited 1982 Retirement Benefits Scheme

	Assets £'000	Liabilities £'000	Total £'000
Opening value	9,729	(14,411)	(4,682)
Interest income / (expense)	268	(385)	(117)
Actuarial gains / (losses)	407	(2,725)	(2,318)
Benefits paid	(287)	287	-
Contributions paid by employer	686	-	686
Administration costs incurred	(19)	-	(19)
Closing value	10,784	(17,234)	(6,450)

Gross Liability	37,942	(47,790)	(9,848)
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Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

22 Post employment benefits (continued)

Amounts recognised in Other Comprehensive Income (OCI):

			52 week period ended 30 December 2017	52 week period ended 31 December 2016
	Scheme One*	Scheme Two*		
	£'000	£'000	£'000	£'000
Actuarial gains/(losses) on assets	1,111	407	1,518	2,073
Actuarial (losses)/gains on liabilities	(631)	(2,725)	(3,356)	(5,568)
Total (loss) recognised in OCI before adjustment for tax	480	(2,318)	(1,838)	(3,495)

*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:

	30 December 2017	31 December 2016
	%	%
Discount rate	2.55%	2.70%
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%	1.9%

The mortality assumptions used were as follows:

	30 December 2017	31 December 2016
Longevity at age 65 for current pensioners (years)		
- Men	22.1	22.2
- Women	24.0	24.2
Longevity at age 65 for future pensioners (years)		
- Men	23.5	23.5
- Women	25.5	25.7

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

22 Post employment benefits (continued)

Main demographic assumptions

	30 December 2017	31 December 2016
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 calibrated to data 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. Males are assumed to be 3 years older than their spouse / partner.	80% of members are assumed to be married at date of death. Males are assumed to be 3 years older than their spouse / partner.

Scheme assets

Cott Beverages Limited Retirement & Death Benefit Scheme

	% Holding at 30 December 2017	Value at 30 December 2017	% Holding at 31 December 2016	Value at 31 December 2016
	%	£'000	%	£'000
Equities	21	5,687	21	5,279
Diversified Growth Funds	39	10,576	40	10,054
Gilts	13	3,531	12	3,180
Corporate Bonds	27	7,276	27	6,735
Cash	0	88	0	68
Total market value of assets	100	27,158	100	25,316
Present value of scheme liabilities		(30,556)		(29,886)
Deficit in scheme		(3,398)		(4,570)

The actual return on Scheme assets in the period was a gain of £1,795,000 (2016: gain of £2,940,000).

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

22 Post employment benefits (continued)

Analysis of amounts charged to the profit and loss account:

	52 weeks ended 30 December 2017	52 weeks ended 31 December 2016
	£'000	£'000
Current service cost	-	-
Net interest cost	112	59
Total	112	59

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

The principal actuarial assumptions at the balance sheet date were:

	30 December 2017	31 December 2016
	%	%
Discount rate	2.55%	2.70%
Rate of inflation (CPI)	2.05%	2.05%

The mortality assumptions used were as follows:

	30 December 2017	31 December 2016
Longevity at age 65 for current pensioners (years)		
- Men	22.1	22.2
- Women	24.0	24.2
Longevity at age 65 for future pensioners (years)		
- Men	23.5	23.5
- Women	25.5	25.7

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

22 Post employment benefits (continued)

Main demographic assumptions

	30 December 2017	31 December 2016
Post retirement mortality	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.	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. Males are assumed to be 3 years older than their spouse / partner.	80% of members are assumed to be married at date of death. Males are assumed to be 3 years older than their spouse / partner.

Scheme assets

Cooke Bros (Tattenhall) Limited 1982 Retirement Benefits Scheme

	% Holding at 30 December 2017	Value at 30 December 2017	% Holding at 31 December 2016	Value at 31 December 2016
	%	£'000	%	£'000
Equities	38	4,058	36	3,522
Diversified Growth Funds	12	1,259	13	1,289
Hedge Fund	0	0	3	311
Corporate Bonds	13	1,457	14	1,379
Cash	25	2,697	20	1,903
Insured Pensioners	12	1,313	14	1,325
Total market value of assets	100	10,784	100	9,729
Present value of scheme liabilities		(17,234)		(14,411)
Deficit in scheme		(6,450)		(4,682)

The actual return on Scheme assets in the period was a gain of £675,000 (2016: gain of £28,000).

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

22 Post employment benefits (continued)

Analysis of amounts charged to the profit and loss account:

	52 weeks ended 30 December 2017 £'000	52 weeks ended 31 December 2016 £'000
Current service cost	-	-
Net interest cost	117	21
Administration cost	19	3
Total	136	24

23 Share based payments

At 30 December 2017, Cott Corporation had the following types of share-based payments in issuance to certain employees of Refresco Drinks UK Limited (formerly known as Cott Beverages Limited): Time-based Restricted Stock Units, Performance-based Restricted Stock Units and share options, all in respect of common shares in Cott Corporation.

Time-based Restricted Stock Units are granted with a \$nil exercise price. The awards vest equally on an annual basis over a three year vesting period and employees must still be in the employment of the group at the point the awards vest to achieve the award. The holder of a Time-based Restricted Stock Unit is entitled to receive one common share for each vested Time-based Restricted Stock Unit, with awards considered exercised once vested.

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

Refresco Drinks UK Limited (formerly Cott Beverages Limited) accounts for the above as equity-settled share based payment transactions as the employees are entitled to shares in the ultimate parent company if the vesting conditions are met. The total charge recognised during the period is £1,406,000 (2016: £368,868). These amounts are recharged to the Company directly from the ultimate parent company and therefore a capital contribution is not recognised for these transactions.

On 30 January 2018 Refresco Drinks UK Limited (formerly Cott Beverages 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 resulting in a higher charge for the 2019 financial year. LTIPs are exercisable after three years and the employees do not have to remain in employment of the group.

Refresco Drinks UK Limited
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Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

23 Share based payments (continued)

All share price values relating to share-based payments are paid in US Dollars. This is due to the fact that all shares issued to Refresco Drinks UK Limited (formerly Cott Beverages Limited) employees are issued from the ultimate parent company, being Cott Corporation, a company incorporated within Canada and listed on the New York Stock Exchange. No further disclosures have been made given the share based payments charge is immaterial to these financial statements.

24. Called up share capital

	£'000
Allotted and fully paid up	
94,808,016 shares of £1 at 01 January 2017	94,809
Capital reduction	(93,861)
94,808,016 shares of £0.01 at 30 December 2017	948

On 31 October 2017 the Directors voted to reduce the capital of the Company by reducing the nominal value of the above shares to £0.01 and reduce the share premium to nil.

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

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

Facility	Expiry	Interest Rate (%)	Outstanding Balance (\$m)
Senior notes due in 2021	2021	10.00	250.0
Senior notes due in 2022	2022	5.375	525.0
Senior notes due in 2024	2024	5.500	539.1
Senior notes due in 2025	2015	5.500	750.0
ABL Facility	2021	4.500	220.3

On 30 January 2018 Refresco Drinks UK Limited (formerly Cott Beverages Limited) was sold to Pride Foods Limited and therefore left the Cott Corporation Group. As part of this transaction the Company was released from all charges shown above.

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

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

26. Capital and other commitments

	30 December 2017	31 December 2016
	£'000	£'000
Payments due		
Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	665	3,076

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

	30 December 2017	31 December 2016
	£'000	£'000
Payments due		
No later than one year	1,472	1,493
Later than one year and not later than five years	3,428	2,899
Later than five years	11,170	-
	16,070	4,392

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

The Company had no other off balance sheet arrangements.

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

At the balance sheet date the immediate parent undertaking was Cott Retail Brands Limited, a company registered in England and Wales.

At the date of signing the financial statements the immediate parent undertaking was Pride Foods Limited, a company registered in England and Wales.

At the balance sheet date the ultimate parent undertaking and controlling party was Cott Corporation, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Cott Corporation consolidated financial statements can be obtained from the Company Secretary at 1200 Britannia Road East, Mississauga, Ontario, L4W 4TS.

At the date of signing the financial statements the ultimate parent undertaking and controlling party is Refresco Group NV, a company registered in the Netherlands

29. Subsequent events

On 30 January 2018 Cott Retail Brands Limited sold its investment in Refresco Drinks UK Limited (formerly known as Cott Beverages Limited) to Pride Foods Limited, a company registered in England and Wales.

As part of this transaction the Company disposed of investments of £563,830,000 and repaid the long term group liability of £68,000,000.

Refresco Drinks UK Limited
(Formerly known as Cott Beverages Limited)

Notes to the financial statements
for the 52 weeks ended 30 December 2017 (continued)

29. Subsequent events (continued)

On 1 April 2018 the Company sold the Aseptic line and manufacturing facility at the Nelson site. A summary of the costs associated with this sale are shown below. As this was a forced sale, imposed by the CMA post year end this has not been treated as an adjusting event and at the year end date the value in use of these assets exceeded their carrying values.

	Proceeds	Costs
	£'000	£'000
Proceeds received from seller	1,000	-
Carrying value of facility	-	4,014
Inventory transferred to seller	-	643
Provision for improvement to facilities	-	2,230
Other associated costs	-	554
	1,000	7,441