

**Coca-Cola European Partners Great  
Britain Limited**

**Report and Financial Statements**

**31 December 2019**

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## Corporate information

### Directors

L. den Hollander  
F. Govaerts  
E. Walker  
H. Allana  
T. J. Wolfe

### Secretaries

E. Nurse  
A. Recker

### Registered office

Pemberton House  
Bakers Road, Uxbridge  
England UB8 1EZ

### Registered number

27173 (England and Wales)

### Auditor

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## Strategic report

The Directors present their strategic report for the year ended 31 December 2019.

### Principal activity

The principal activity of Coca-Cola European Partners Great Britain Limited (the Company) continues to be the marketing, production and distribution of non-alcoholic beverages throughout Great Britain.

### Review of the business and key performance indicators

The profit on ordinary activities for the year, after taxation, is £357.1m (2018: £258.7m).

Leading brands include Coca-Cola, Diet Coke, Coke Zero, Fanta, , Sprite, Schweppes, Fuze tea, , and Smartwater.

The key performance indicators of Coca-Cola European Partners plc (CCEP) and its subsidiaries (together, the Group), which includes the Company, are described in CCEP's 2019 Integrated Report. The Company's key financial and other performance indicators during the year were as follows:

	2019 £000	2018 £000	Change %
Turnover	2,162,725	2,064,283	4.80%
Gross profit	722,037	704,624	2.50%
Operating profit	366,482	301,176	21.70%
Profit after tax	357,103	258,706	38.00%
Shareholder's funds	817,842	762,880	7.20%
Average number of employees	3,406	3,456	

Turnover increased by 4.8% during the year. The shareholders' funds have increased by 7.2%, mainly due to higher current year profits less actuarial losses and dividend distribution.

These Financial Statements have been prepared in compliance with FRS 101 - Reduced Disclosure Framework and the Company has taken advantage of the disclosure exemptions allowed under this standard.

## Strategic report

### Principal risks and uncertainties

The board of directors of the ultimate parent company, CCEP, has a policy of continuous identification and review of key business risks and uncertainties. It oversees the development of processes to ensure these risks are managed appropriately and receives regular reporting on these outcomes.

A full description of the principal risks and uncertainties applicable to the Group, of which this company is a subsidiary, is disclosed within the Principal risks section and Risk factors section on pages 44-49 and 186-194 respectively of CCEP's 2019 Integrated Report. These continue to represent the Group's risks, however the COVID-19 pandemic and related response measures have caused significant disruption, which has resulted in increased risks to almost all aspects of the Group's business, operations and financial performance. Any or all of the Principal risks and Risk factors may be exacerbated by the impacts of COVID-19 and additional risks may emerge.

The Directors deem the following risks and uncertainties in particular could adversely impact the Company's business and financial results when and if they were to occur:

- Business is dependent upon the relationship with The Coca-Cola Company (TCCC).

Our product licensing agreements with TCCC state that they are for fixed terms, and most of them are renewable only at the discretion of TCCC. A decision by TCCC not to renew a current fixed-term product licensing agreement at the end of its term could substantially and adversely affect our financial results.

We purchase our entire requirement of concentrates and syrups for TCCC owned brands from TCCC at prices and terms determined from time to time by TCCC at its sole discretion. Coca-Cola European Partners plc has entered into a 10-year bottling agreement with TCCC which extends through 28th May 2026, and contains the right for Coca-Cola European Partners plc to request a 10-year renewal. Coca-Cola European Partners plc and TCCC reached an understanding on a new incidence-based concentrate pricing model and funding programme which was effective on 1st January 2017. The terms of this new understanding are tied to the term of the bottling agreement, which expires on 2nd October 2020.

- Increase in costs or limitation of supplies of raw materials.

Increases in the costs of raw materials, ingredients, or packaging materials, such as aluminium, sugar, PET (plastic), fuel, or other cost items, and the inability to pass these increased costs on to our customers in the form of higher prices, would have an adverse impact on our financial results. We use supplier pricing agreements and, at times, derivative financial instruments to manage the volatility and market risk with respect to certain commodities. Generally, these hedging instruments establish the purchase price for these commodities in advance of the time of delivery.

- Legislative or regulatory changes.

Legislative or regulatory changes that affect our products, distribution, or packaging could reduce demand for our products or increase our costs. Our business is part of the wider GB economy and our business model depends on the availability of our various products and packages in multiple channels and locations to satisfy the needs of our customers and consumers. Laws that restrict our ability to distribute products in certain channels and locations, impose additional costs on our products or those that limit our ability to design new packages or market certain packages, could negatively impact our financial results.

- COVID-19 pandemic.

The impacts of the COVID-19 pandemic and related response measures have had and may continue to have an adverse effect on economic conditions, as well as on our business, results of operations, cash flows and financial condition. It has also had a negative impact, and may continue to do so, on our suppliers and customers. At this time, we are unable to accurately assess the impact of the pandemic on our business and operations. We cannot predict the degree to which, or the time period over which, our business will continue to be affected by the COVID-19 pandemic and the related response measures. To date, the impacts on our business from the COVID-19 pandemic and related response measures have included, but are not limited to, social distancing measures (including the closure of away-from-home channels such as hotels, bars and restaurants and restrictions on large events or gatherings), leading to a negative impact on sales; travel restrictions imposed by many countries

## Strategic report

### Principal risks and uncertainties (continued)

resulting in a steep drop in passenger numbers and a significant decline in tourism; regulatory restrictions, safety protocols and heightened sanitation measures resulting in reductions in levels of activity at certain of our production sites and offices; and disruptions in supply chains and routes to market, or those of our suppliers and/or distributors, which could result in an increase in our costs of production and distribution.

Our market is beginning to experience business recovery and the scaling back of response measures, but may experience further impacts from COVID-19 or suffer a resurgence of COVID-19 cases which may materially adversely impact our business. This could in turn lead to a further decline in discretionary spending by consumers. *The impacts of the COVID-19 pandemic and related response measures, in particular with respect to expectations of future cash flows, may result in material write-downs or impairments recognised by us in future periods.*

The impact of the COVID-19 pandemic on economic conditions has impacted and may continue to impact foreign currency exchange rates, commodity and energy prices, and interest rates. Responses to the COVID-19 pandemic may also result in both short-term and long-term changes to fiscal and tax policies, including increases in tax rates. As a result, the impacts of the COVID-19 pandemic and related response measures may adversely impact our liquidity or financial position. In particular, a continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on our liquidity and financial position.

Normal business operations after the disruptions caused by the COVID-19 pandemic may be delayed or constrained by its lingering effects on our business, customers, consumers, suppliers or third-party service providers. In addition, we may experience reputational harm as a result of our response to the COVID-19 pandemic, including with respect to our ability to fulfil contractual obligations.

Any of these negative impacts, alone or in combination with others, may have a material adverse effect on our results of operations, financial condition and cash flows. The full extent to which the COVID-19 pandemic will affect our results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

### Section 172(1) statement from the Directors

During 2019, the Directors acted in good faith to promote the long-term success of the Company.

The Company is a wholly owned subsidiary within the group of companies headed by CCEP. The Group operates within a single governance framework and the board of directors of CCEP (the CCEP Board) has considered the matters under Section 172(1) of the Companies Act 2006 (s172(1)) at a Group level. To the extent necessary for understanding the position of the Company, the Group analysis of s172(1) matters is set out on pages 52 - 55 of CCEP's 2019 Integrated Report.

The CCEP Board has agreed a stakeholder engagement matrix for the Group, which considers the inputs, engagement and outcomes of the relationships between the Group and its key stakeholders. This enables the CCEP Board to better understand its operating environment and aids the successful delivery of the Group strategy. The Directors recognise that, as a subsidiary company within the Group, the Company does not engage directly with all Group stakeholders. Nonetheless, during the year, the Directors have had due regard to the aims and strategy of the Group when making decisions.

Approved by the Board of Directors and signed on behalf of the Board by:



Timothy Jonathan Wolfe - Director

5 August, 2020

## Directors' report

### Registered No. 27173 (England and Wales)

The Directors present their report for the year ended 31 December 2019.

#### Directors

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

F. Govaerts

L. Den Hollander

E. Walker

H. Allana

Other changes in directors holding office are as follows:

M. Clark – resigned on 20 July 2019

T. J. Wolfe – appointed on 7 June 2019

None of the directors held any interests in the share capital of the Company during the year under review.

#### Dividends

Dividends of £240m were declared and paid in 2019 (2018: £240m).

#### Future developments

The directors are satisfied with the results for the year. Despite the unprecedented impact of the COVID-19 pandemic on the Company's business and the uncertainty that causes, the directors remain confident about its future as they take action to protect its performance, conserve cash and lay the foundations for recovery.

#### Financial instruments

The Company finances its activities with a combination of loans from group companies, finance leases and hire purchase contracts, cash and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. The Company also enters into derivative transactions, including principally forward currency and commodity contracts and options to manage the cash flows and currency risks arising from the Company's underlying business activities operation.

Financial instruments give rise to price, credit, currency, liquidity and cash flow risks.

Information on how these risks arise and the objectives, policies and processes for their management and the methods used to measure each risk is set out below.

The Company, as part of the Coca-Cola European Partners plc group, has established a risk and financial management framework whose primary objectives are to protect the companies within the group from events that hinder the achievement of the Group's performance objective. The objectives aim to limit undue counterparty risks, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its trade receivables. In order to manage credit risk the Company performs an individual risk assessment based upon independent credit references, financial position, past experiences and other factors to incorporate the latest developments and qualitative information.

To maintain the relationships with key customers, the Company also strives to work in partnership with key distributors to deliver the products required whilst through the use of bank guarantees, trade insurance and payments in advance attempting to minimise the risk of being unable to recover a debt.

## Directors' report

### Financial instruments (continued)

#### *Price risk*

The Company is exposed to the risk of changes in commodity prices in relation to its purchase of certain raw materials.

The Company uses commodity forward contracts to hedge against this risk. All commodity forward contracts hedge future purchases of raw materials and the contracts are settled by physical delivery.

#### *Currency risks*

The Company is exposed to currency risks in respect of its purchases of raw materials and borrowings from group companies. The Company manages currency exposures within prescribed limits, mainly through the use of forward foreign currency exchange contracts.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets for key accounts and using the intercompany borrowing facilities available to the Company. Details of outstanding borrowing and their terms are included in note 20.

#### *Cash flow risk*

Cash flow risk is the risk or exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The Company manages this risk (where significant) by use of derivatives.

#### *Use of derivatives*

The Company uses forward foreign currency contracts and options to manage the exposure arising on forecast payments as explained above.

### Research and development

Research in the beverages field is undertaken on behalf of the Company by The Coca-Cola Company (TCCC). From time to time the Company engages third parties to undertake marketing research on its behalf.

### Events after the balance sheet date

Refer to Note 26 in the notes to the financial statements, which includes a description of the impact of COVID-19 on the Company.

### Charitable contributions

During the year, contributions within Great Britain to charities amounted to £252,900 (2018: £69,000).

### Disabled employees

The Company always considers carefully an application for employment by any registered disabled person. If an employee becomes disabled it is normal practice (where relevant) to offer an alternative job in all, but the most extreme circumstances and to provide retraining where necessary. The Company's inclusion and fair treatment policy covers training, development and promotion and applies to minority groups, including disabled people.

### Employee involvement

The policy of informing employees is maintained through regular newsletters and electronic communications. Employees are encouraged to present their views and suggestions in respect of the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. These meetings include, but are not limited to, National & Local Business Connections meetings.



## Directors' report

### Directors' liabilities

At the date of signing these financial statements, the Company does not have any indemnity provisions to or in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

### Statement of corporate governance arrangements

The Company is a wholly owned subsidiary within the group of companies headed by Coca-Cola European Partners plc. The Group operates a single governance framework, which is overseen by the board of directors of CCEP (the CCEP Board). CCEP has a standard listing ordinary shares, however the CCEP Board has chosen to apply the UK Corporate Governance Code on a voluntary basis, to demonstrate its commitment to good governance.

The Directors have not chosen to apply a separate governance code, as the governance practices of CCEP are embedded throughout the Group. CCEP's governance framework includes of a group wide Code of Conduct and chart of delegated authorities, which enables the right people to make the right decisions at the right time. For an overview of the Group's governance framework, as applicable to the Company, see page 69 of CCEP's 2019 Integrated Report.

### Going Concern

As part of the Director's consideration of the appropriateness of adopting the going concern basis in preparing the annual accounts a review was performed on a range of potential scenarios based on varying degrees of government response measures, including but not limited to, the severity and duration of potential further lockdowns including restrictions on trading in the away from home channel, movement of people, and social distancing. The Directors have taken into account the Company's current cash position, and also considered the range of mitigation actions available to the Company if required, such as reducing discretionary spend and deferring non-essential capital expenditure. On the basis of these reviews, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of signing these accounts. Accordingly, they continue to adopt the going concern basis in preparing the accounts and the Directors do not believe there are any material uncertainties to disclose in relation to the Company's ability to continue as a going concern.

### Annual general meeting and auditor

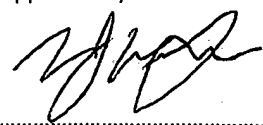
Resolutions have been passed in accordance with the provisions of sections 366(a) and 386 of the Companies Act 2006 such that the Group is not required to hold an Annual General Meeting or annually reappoint the auditor.

### Directors' statement as to disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 4. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing its report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Directors and signed on behalf of the Board by:

  
.....

Timothy Jonathan Wolfe - Director

5 August 2020

## Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

Approved by the Board of Directors and signed on behalf of the Board by:



.....  
Timothy Jonathan Wolfe - Director

5 August 2020

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA EUROPEAN PARTNERS GREAT BRITAIN LIMITED

### Opinion

We have audited the financial statements of Coca-Cola European Partners Great Britain Limited for the year ended 31 December 2019 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

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

### Emphasis of matter – disclosure of effects of COVID-19

We draw attention to notes 2.1 and 26 of the financial statements, which describe the impact on the Company of COVID-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

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

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

### Other information

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

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

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

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

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

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

**INDEPENDENT AUDITOR'S REPORT (continued)**

**Use of our report**

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

A handwritten signature in black ink, appearing to read 'Jon Killingley'.

Jon Killingley (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

10 August 2020

## Statement of comprehensive income

for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
<b>TURNOVER</b>	3	2,162,725	2,064,283
Cost of sales		<u>(1,440,688)</u>	<u>(1,359,659)</u>
<b>GROSS PROFIT</b>		<b>722,037</b>	<b>704,624</b>
Distribution costs		(208,226)	(221,738)
Administrative expenses		(168,869)	(191,082)
Other operating income		<u>21,540</u>	<u>9,372</u>
<b>OPERATING PROFIT</b>	4	<b>366,482</b>	<b>301,176</b>
Gain/(loss) on disposal of fixed assets		36,307	(179)
Interest receivable and similar income	7	4,156	2,656
Interest payable and similar cost	8	<u>(1,224)</u>	<u>(847)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>405,721</b>	<b>302,806</b>
Tax on profit on ordinary activities	9	<u>(48,618)</u>	<u>(44,100)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>357,103</u></b>	<b><u>258,706</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>ITEMS THAT CANNOT BE RECLASSIFIED TO PROFIT OR LOSS:</b>			
Actuarial (loss)/gain on defined benefit pension plan	28	(64,704)	7,804
Tax on items relating to components of other comprehensive income	9	11,000	(1,327)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>		<u>(53,704)</u>	<u>6,477</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>303,399</u></b>	<b><u>265,183</u></b>

The notes on pages 15 to 43 form part of these financial statements

## Statement of changes in equity

for the year ended 31 December 2019

	Note	Called up share capital £000	Share premium £000	Share based payment reserve £000	Other reserves £000	Retained earnings £000	Total Equity £000
<b>At 1 January 2018</b>		<b>204</b>	<b>195,029</b>	<b>15,136</b>	<b>301,420</b>	<b>227,604</b>	<b>739,393</b>
Profit for the financial year		-	-	-	-	258,706	258,706
Other comprehensive income		-	-	-	-	6,477	6,477
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>265,183</b>	<b>265,183</b>
Share-based payment transactions	24	-	-	3,061	-	(5,074)	(2,013)
Tax effect on share-based payments transactions	9	-	-	-	-	317	317
Equity dividends paid	10	-	-	-	-	(240,000)	(240,000)
<b>At 31 December 2018</b>		<b>204</b>	<b>195,029</b>	<b>18,197</b>	<b>301,420</b>	<b>248,030</b>	<b>762,880</b>
Profit for the financial year		-	-	-	-	357,103	357,103
Other comprehensive income		-	-	-	-	(53,704)	(53,704)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>303,399</b>	<b>303,399</b>
Share-based payment transactions	24	-	-	(14,420)	-	6,852	(7,568)
Tax effect on share-based payments transactions	9	-	-	-	-	(869)	(869)
Equity dividends paid	10	-	-	-	-	(240,000)	(240,000)
<b>At 31 December 2019</b>		<b>204</b>	<b>195,029</b>	<b>3,777</b>	<b>301,420</b>	<b>317,412</b>	<b>817,842</b>

The notes on pages 15 to 43 form part of these financial statements

# Statement of financial position

at 31 December 2019

		2019	2018
		Total	Total
	Notes	£000	£000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	11	803	797
Tangible assets	12	539,352	508,154
Derivatives	13	144	911
Debtors: amounts falling due within more than one year	15	101,431	55,000
Defined benefit pension plan surplus	28	61,560	-
<b>Total Non-current Assets</b>		<b>703,290</b>	<b>564,862</b>
<b>CURRENT ASSETS</b>			
Stocks	16	111,351	84,915
Debtors	17	586,374	685,753
Derivatives	14	1,025	2,009
Cash at bank and in hand		103,918	29,365
<b>Total Current Assets</b>		<b>802,668</b>	<b>802,042</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors: amounts falling due within one year	18	(503,571)	(547,812)
<b>NET CURRENT ASSETS</b>		<b>299,097</b>	<b>254,230</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,002,387</b>	<b>819,092</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Creditors: amounts falling due within more than one year	19	(146,686)	(2,445)
Provisions for liabilities	21	(29,063)	(37,680)
Deferred tax liability	9	(8,796)	(14,949)
Defined benefit pension plan deficit	28	-	(1,138)
<b>NET ASSETS</b>		<b>817,842</b>	<b>762,880</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	204	204
Other reserves	23	301,420	301,420
Share premium	23	195,029	195,029
Share based payment reserve	24	3,777	18,197
Retained earnings		317,412	248,030
<b>TOTAL EQUITY</b>		<b>817,842</b>	<b>762,880</b>

Approved by the Board of Directors and signed on behalf of the Board by:



Timothy Jonathan Wolfe – Director

5 August 2020

The notes on pages 15 to 43 form part of these financial statements



## Notes to the financial statements

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Coca-Cola European Partners Great Britain Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 5 August 2020 and the balance sheet was signed on the board's behalf by Timothy Jonathan Wolfe. The Company is a private limited company incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in British Pounds and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

### Preparation of consolidated financial statements

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Coca-Cola European Partners plc (CCEP plc). Consequently, the financial statements represent information about the Company as an individual undertaking rather than the group.

The results of the Company are included in the consolidated financial statements of CCEP plc which are available from Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ.

The principal accounting policies adopted by the Company are set out in note 2.

## 2. Accounting policies

### 2.1 Basis of preparation

The Company has prepared its financial statements in compliance with FRS 101. The accounting policies set below are applied in preparing the financial statements for the year ended 31 December 2019.

As part of the Director's consideration of the appropriateness of adopting the going concern basis in preparing the annual accounts a review was performed on a range of potential scenarios based on varying degrees of government response measures, including but not limited to, the severity and duration of potential further lockdowns including restrictions on trading in the away from home channel, movement of people, and social distancing. The Directors have taken into account the Company's current cash position, and also considered the range of mitigation actions available to the Company if required, such as reducing discretionary spend and deferring non-essential capital expenditure. On the basis of these reviews, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of signing these accounts.

Accordingly, they continue to adopt the going concern basis in preparing the accounts and the Directors do not believe there are any material uncertainties to disclose in relation to the Company's ability to continue as a going concern. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- b) the requirements of IFRS 7 Financial Instruments: Disclosures;
- c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
  - (i) (i) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, "Revenue from Contracts with Customers"
  - (ii) (ii) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, "Leases"
- d) the requirements of paragraph 58 of IFRS 16, "Leases"
- e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- g) the requirements of IAS 7 Statement of Cash Flows;
- h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- j) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- k) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

#### IFRS 16 'Leases'

On 1 January 2019 the Company adopted IFRS 16 'Leases' on a modified retrospective basis from 1 January 2019. The Company has not restated its 2018 financial statements as permitted under the specific transitional provisions in the standard. The impact from the new leasing standard is therefore recognised in the opening balance sheet on 1 January 2019.

Prior to the adoption of IFRS 16, the Company classified and accounted for each of its leases (as lessee) as either a finance lease or an operating lease under the principles of IAS 17 'Leases'. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest and reduction of the lease liability. For operating leases, the leased asset was not capitalised and the lease payments were recognised as rent expense in the income statement on a straight-line basis over the lease term.

The objective of IFRS 16 is to ensure a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lease liability was initially measured at the present value of lease payments, discounted using the Group's incremental borrowing rate (IBR). The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 1.30%.

The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease whenever the Company is reasonably certain to exercise that option. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by lease payments made.

In adopting IFRS 16, "Leases", the following expedients were applied:

- The right of use asset is measured at the value of the lease liability, adjusted for any prepaid or accrued lease payments.
- A single discount rate is applied to a portfolio of leases with reasonably similar characteristics.
- On adoption, the Company used hindsight in determining lease term.
- Short-term lease exemption was applied to machinery and equipment and IT asset classes for leases expiring within 12 months of 1 January 2019.

As a result of the adoption of IFRS 16 on 1 January 2019, lease obligations previously classified as operating leases were included in lease obligations (current and non-current). The opening balance as of 1 January 2019 of the lease obligations is increased by £44.1m and right of use assets have been recognised for the amount of £41.5m.

#### 2.2 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

##### a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

##### Pension

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the plan, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.2 Judgements and key sources of estimation uncertainty (continued)

expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 28.

##### *Impairment of trade debtors*

The Company strictly monitors its exposure to losses on trade receivables and maintains allowances for potential losses or adjustments. The allowances are determined by evaluating the aging of the receivables, analysing the history of adjustments, reviewing high-risk customers. Past due receivable balances are written off when the efforts have been unsuccessful in collecting the amounts due.

##### *Impairment of assets*

The Company assesses the recoverability of the carrying amount of its property, plant and equipment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If it is determined that the carrying amount of an asset or asset group is not recoverable based upon the expected discounted future cash flows of the respective asset or asset group, an impairment loss is recorded equal to the excess of the carrying amount over the estimated recoverable amount.

#### 2.2 Judgements and key sources of estimation uncertainty (continued)

##### *a) Estimates and assumptions (continued)*

##### *Deductions from revenue and sales incentives*

The Company participates in various programmes and arrangements with customers designed to increase the sale of its products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed-upon sales levels or participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Company is entitled to vary because of such programmes, the amount payable is deemed to be variable consideration. Management makes estimates on an ongoing basis for each individual promotion to assess the value of the variable consideration. The related accruals are recognised as a deduction from revenue and are not considered distinct from the sale of products to the customer.

### 2.3 Significant accounting policies

#### *a) Foreign currency translation*

The Company's financial statements are presented in Great British Pounds (£000), which is also the Company's functional currency.

##### *Transactions and balances*

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income.

Trade transactions within the group are recorded at the spot rate at the date of transaction and are not remeasured as at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange rates used are:

	2019	2018
	€:£	€:£
Average rate	0.87765	0.88440
Closing rate	0.85080	0.89453

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### *b) Investments*

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

##### *c) Tangible fixed assets*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Freehold buildings and long leasehold properties	– 2.5% to 5%
Plant and equipment:	
Machinery and equipment (including cold drink equipment)	– 7% to 20%
Furniture and fixtures	– 10% to 20%
Vehicles	– 8% to 25%
Information technology equipment	– 20% to 33%

##### *c) Tangible fixed assets*

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the Statement of other comprehensive income in the period of de-recognition.

##### *d) Intangible assets*

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

Amortisation is provided on a straight-line basis over the expected useful life as follows:

Computer software	– 20%
Customer list	– 33.3%

##### *e) Impairment of non-financial assets*

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

#### *f) Provisions for liabilities*

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

#### *g) Leases*

In January 2016, the IASB issued IFRS 16, "Leases". The new standard supersedes IAS 17 and is effective for annual periods beginning on or after 1 January 2019. The objective of IFRS 16 is to ensure a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 and related interpretations. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently.

The lease liability is initially measured at the present value of lease payments, discounted using incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease whenever the Company is reasonably certain to exercise that option. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by lease payments made.

Right of use assets is initially measured at cost, comprising the initial measurement of the lease liability, plus any direct costs and an estimate of asset retirement obligations, less lease incentives. Subsequently, right of use assets is measured at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight line basis over the length of the lease.

On 1 January 2019, the Company recognised right of use assets of approximately £41.5m and a corresponding debt liability of £44.1m.

The recognised right of use assets within property, plant and equipment, and related lease liability amounts recognised as at the adoption date relate to the following asset types:

Right of use asset category	Lease Liability £ '000	Right of use asset £ '000
Buildings	30,288	24,997
Machinery and equipment	2,470	2,470
Vehicles	11,351	14,013
<b>Total</b>	<b>44,109</b>	<b>41,480</b>

#### *Company as a lessor*

Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### *h) Financial instruments*

##### **i) Financial assets**

IFRS 9 has been developed by the International Accounting Standards Board (IASB) to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and was applied prospectively. Classification and measurement as part of the IFRS 9 transition, there was no material change in the measurement or classification of assets or liabilities in the Company's financial statements.

##### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash, trade and other receivables, loan notes and derivative financial instruments.

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments.

Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in other operating income and expenses in the income statement.

##### *Loans and receivables*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment.

##### *h) Financial instruments (continued)*

##### **i) Financial assets**

##### **Subsequent measurement (continued)**

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable and similar income in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Trade accounts receivable are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. Typically, accounts receivable have terms of 30 to 60 days and do not bear interest. With the adoption of IFRS 9 on 1 January 2018, the company adopted an expected credit loss reserve methodology which had an insignificant effect on the company's financial statements. Balances are considered for impairment on an individual basis rather than by reference to the extent that they become overdue. The Company considers factors such as delinquency in payment, financial difficulties, payment history of the debtor as well as certain forward-looking macroeconomic indicators. The carrying amount of trade accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Credit insurance on a portion of the accounts receivable balance is also carried.

## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

##### ii) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

###### Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

##### **h) Financial instruments (continued)**

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

###### *Interest bearing loans and borrowings*

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in interest receivable and similar income and interest payable and similar costs respectively.

###### **De-recognition of financial liabilities**

A liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

##### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### iv) Fair values

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

##### **v) Derivative financial instruments and hedging**

The Company uses derivative financial instruments such as forward currency forward contracts and options to hedge its foreign exchange exposures arising on forecast payments in foreign currencies. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement.

**Notes to the financial statements (continued)****2. Accounting policies (continued)****2.3 Significant accounting policies (continued)*****i) Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost equals purchase price or production cost in the case of products manufactured by the Group. Production cost consists of material and direct labour costs together with a reasonable proportion of manufacturing overheads on the basis of normal activity level.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

***j) Trade and other debtors***

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

***k) Cash at bank and in hand***

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

***l) Income taxes***

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amounts of deferred income tax assets are reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

***m) Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

***n) Pensions and other post-employment benefits***

The Company operates a defined benefit pension scheme, which requires contributions to be made to an administered fund. The scheme was closed to new members in October 2005 from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the Statement of comprehensive income on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs,



## Notes to the financial statements (continued)

### 2. Accounting policies (continued)

#### 2.3 Significant accounting policies (continued)

the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is

the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

#### ***o) Revenue recognition***

##### ***i) Revenue from contracts with customers***

###### ***Sale of goods***

The Company derives its revenues by making, selling and distributing ready to drink beverages. The revenue from the sale of products is recognised at the point in time at which control passes to a customer, typically when products are delivered to a customer. A receivable is recognised by the Company at the point in time at which the right to consideration becomes unconditional. Therefore, the adoption of IFRS 15 on 1 January 2018 did not have an impact on the manner in which the Company recognised revenue.

The Company also provides the terms of the various promotional programmes under which rebates, refunds, price concessions or similar items can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Company is entitled to varies because of such programmes, it is deemed to be variable consideration. The related accruals are recognised as a deduction from revenue and are not considered distinct from the sale of products to the customer. Variable consideration is only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future normal commercial terms. Therefore, the variable consideration and classification requirements of IFRS 15 did not have any impact in the Company's financial statements. Financing elements are not deemed present in the contracts with customers as the sales are made with credit terms not exceeding normal commercial terms. Soft drinks industry levy is recorded on a gross basis (i.e. included in revenue) where the Company is the principal in the arrangement. Value added taxes are recorded on a net basis (i.e. excluded from revenue).

###### ***Rendering of services***

The Company recognizes the services as a single performance obligation and recognizes revenue from them over time as the client simultaneously receives and consumes the benefits provided by the Company. The Company uses the input method based on resources consumed/ hours worked/ costs incurred relative to the total expected inputs to the satisfaction of that performance obligation, in order to assess the progress of the satisfaction of the performance obligation.

##### ***ii) Interest income***

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

**Notes to the financial statements (continued)****2. Accounting policies (continued)****2.3 Significant accounting policies (continued)*****p) Share-based payments*****Equity-settled transactions**

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external actuary using an appropriate pricing model. Fair value is determined using a Black-Scholes model, unless the awards are subject to market conditions, in which case a Monte Carlo simulation model is used. The Monte Carlo simulation model utilises multiple input variables to estimate the probability that market conditions will be achieved.

In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market vesting condition or non-vesting condition is satisfied, provided that all other non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. Performance share units are only recognised when it becomes probable that the performance criteria specified in the plan will be achieved.

The movement in cumulative expense since the previous balance sheet date is recognised in the income statement. As the Company's share-based payments involve equity instruments of the ultimate parent company, Coca-Cola European Partners plc, a corresponding increase is recognised in equity as a contribution from the parent with a corresponding entry in equity.

The Company pays a charge to CCEP plc in respect of the cost of awards made to its employees based on the fair value at vesting, in the case of an award of shares, or exercise in the case of an award of options. These payments are charged directly to equity, as they represent a return of the capital contribution recognised at the grant date, up to the amount of that contribution, and a distribution thereafter.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

***q) Government grants***

Government grants are recognised when it is reasonable to expect that the grants will be received and that all grant related conditions will be met, usually on submission of a valid claim for payment. Grants of revenue nature are credited to income so as to match them with the expenditure to which they relate.

**Notes to the financial statements (continued)****3. Turnover**

Turnover is analysed as follows:

	2019 £000	2018 £000
Sale of goods	2,159,370	2,059,191
Rendering of services	3,355	5,092
	<b>2,162,725</b>	<b>2,064,283</b>

**Deferred revenue**

	2019 £000	2018 £000
At 1 January	(2,747)	(2,747)
Deferred during the year	(2,747)	(2,747)
Released to the income statement	2,747	2,747
At 31 December	<b>(2,747)</b>	<b>(2,747)</b>
Current	(2,747)	(2,747)
Non-current	-	-

The deferred revenue refers to the accrual and release of transactions related to consignment sales of production. As at 31 December 2019, the estimated liability was approximately £2.7m (2018: £2.7m).

**4. Operating profit**

This is stated after charging/(crediting):

	2019 £000	2018 £000
Depreciation of property, plant and equipment (Note 12)	71,860	59,348
Amortisation of intangible assets (Note 11)	400	509
Cost of stocks recognised as an expense (included in cost of sales)	1,172,192	1,082,298
Including: – write-down of stocks to net realisable value	(371)	270
Net foreign currency exchange differences	75	(950)
Net loss on financial assets and financial liabilities at fair value through profit and loss	7,179	9,486
Government grants	(52)	(52)
	<b>1,251,283</b>	<b>1,150,909</b>

**Notes to the financial statements (continued)****5. Auditor's remuneration**

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company. Another part of the auditor's remuneration for the period ended 31 December 2019 is borne by a fellow group undertaking.

	2019	2018
	£000	£000
Audit of the financial statements	298	309
	<b>298</b>	<b>309</b>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of its ultimate parent CCEP plc.

**6. Staff costs and Directors' remuneration****(a) Staff costs**

	2019	2018
	£000	£000
Wages and salaries	137,958	168,320
Social security costs	19,121	24,137
Other pension costs	38,871	42,553
	<b>195,950</b>	<b>235,010</b>

Included in other pension costs are £29.0m (2018: £33.7m) in respect of defined benefit schemes and £10.0m (2018: £10.0m) in respect of the defined contribution scheme.

Included in wages and salaries is a total credit of share-based payments of £9.8m (2018: £10.3m cost), all of which arise from transactions, accounted as equity-settled share-based payments transactions.

The average monthly number of employees during the year was made up as follows:

	2019	2018
	Number	Number
Production	1,228	1,187
Distribution and marketing	1,881	1,950
Administration	297	319
	<b>3,406</b>	<b>3,456</b>

**(b) Directors' remuneration**

	2019	2018
	£000	£000
Directors' remuneration	1,267	2,094
Company contributions paid to a pension scheme	10	103
	<b>1,277</b>	<b>2,197</b>

Amounts received under long-term incentive plans	-	-
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Number of directors accruing benefits under defined benefit schemes	-	1
Number of directors who received shares in respect of qualifying services	4	4
Number of directors who exercised share options	2	3

**Notes to the financial statements (continued)****6. Staff costs and Directors' remuneration (continued)**

	2019	2018
	£000	£000
In respect of the highest paid director:		
Aggregate remuneration	742	1,046
Accrued pension at the end of the year	-	-
Accrued lump sum at the end of the year	-	-

The highest paid director exercised share options during the year.

**7. Interest receivable and similar income**

	2019	2018
	£000	£000
Interest receivable from direct and intermediate parents	1,983	1,923
Interest receivable from other group undertakings	1,512	214
Interest income from net defined benefit pension (note 28)	408	247
Short-term loans and deposits third parties	253	272
<b>Total interest income</b>	<b>4,156</b>	<b>2,656</b>

**8. Interest payable and similar costs**

	2019	2018
	£000	£000
Interest payables to intermediate parents	(725)	(649)
Interest payables to other group undertakings	(145)	(61)
Interest payable to third parties	(6)	(18)
Finance charges payable under leases and hire purchase contracts	(933)	(110)
Other	-	(13)
(Less) Capitalised borrowing costs	217	282
<b>Total interest expense</b>	<b>(1,592)</b>	<b>(569)</b>
Unwinding of discount on provisions (note 21)	368	(278)
<b>Total interest payable and similar costs</b>	<b>(1,224)</b>	<b>(847)</b>

**9. Taxation****(a) Tax charged in the profit or loss**

	2019	2018
	£000	£000
<b>Current income tax:</b>		
Current income tax charge	(47,671)	(46,552)
Amounts over/(under) provided in previous years	3,873	(1,502)
<b>Total current income tax expense</b>	<b>(43,798)</b>	<b>(48,054)</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(4,820)	3,954
<b>Tax expense in the profit or loss</b>	<b>(48,618)</b>	<b>(44,100)</b>

## Notes to the financial statements (continued)

## 9. Taxation (continued)

*(b) Tax relating to items credited to other comprehensive income***Deferred tax:**

Actuarial (gains)/losses on defined benefit pension plans	11,000	(1,327)
Total deferred tax	11,000	(1,327)
<b>Tax benefit in the other comprehensive income</b>	<b>11,000</b>	<b>(1,327)</b>

*(c) Tax relating to items credited directly to equity***Current tax:**

Tax (expense)/benefit on share-based payment transactions	(843)	297
<b>Total current income tax (expense)/benefit</b>	<b>(843)</b>	<b>297</b>

**Deferred tax:**

Tax on share-based payment transactions	(26)	20
Total deferred tax (expense)/benefit	(26)	20
<b>Tax (expense)/benefit directly to equity</b>	<b>(869)</b>	<b>317</b>

*(d) Reconciliation of the total tax charge*

The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2018: 19%). The differences are reconciled below:

	2019 £000	2018 £000
Profit from continuing operations before taxation	405,721	302,806
Tax calculated at UK standard rate of corporation tax of 19.00% (2018: 19%)	(77,088)	(57,533)
Expenses not deductible for tax purposes	599	(1,400)
Group relief claim	15,352	15,487
Adjustment for tax in respect of previous periods	3,872	(1,502)
Change in tax laws and rate	8,647	848
<b>Total tax expense reported in the profit or loss</b>	<b>(48,618)</b>	<b>(44,100)</b>

*(e) Change in Corporation Tax rate*

The UK corporation tax rate is 19% effective from 1 April 2017. The rate of corporation tax remains at 19% for the 2019-20 financial year and will continue at that level for the 2020-21 financial year.

*(f) Deferred tax*

The deferred tax included in the Company's balance sheet is as follows:

	2019 £000	2018 £000
<b>Deferred tax liability</b>		
Accelerated capital allowances	(16,640)	(24,810)
Rolled over gains	(535)	(535)
Other gains/losses carried forward	(2,550)	-
	<b>(19,725)</b>	<b>(25,345)</b>

**Notes to the financial statements (continued)****9. Taxation (continued)****(f) Deferred tax (continued)****Deferred tax asset**

Pensions benefits	4,877	193
Share based payments	1,910	4,021
Losses carried forward per hedge transactions	861	1,033
Other provisions and lease incentives	3,281	5,149
	<b>10,929</b>	<b>10,396</b>

**Disclosed on the balance sheet**

Deferred tax liability	<b>(8,796)</b>	<b>(14,949)</b>
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	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Deferred tax in the profit or loss</b>		
Accelerated capital allowances	8,170	125
Other provisions and lease incentives	(1,868)	2,715
Rolled over gains	(2,550)	-
Share-based payment	(2,084)	1,099
Pension plans	(6,316)	187
Losses carried forward per hedge transactions	(172)	(172)
Total deferred tax credit	<b>(4,820)</b>	<b>3,954</b>
Of which due to:		
Change in tax laws and rates	-	-
Deferred tax credit	<b>(4,820)</b>	<b>3,954</b>

**10. Dividends paid and proposed**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Declared and paid during the year:</b>		
Equity dividends on ordinary shares:		
Final dividend for 2019: £670 (2018: £670)	240,000	240,000
Dividends paid	<b>240,000</b>	<b>240,000</b>

## Notes to the financial statements (continued)

## 11. Intangible assets

	Software	Customer List	Assets under construction	Total
	£000	£000	£000	£000
<i>Cost:</i>				
<b>At 31 December 2018</b>	<b>2,929</b>	<b>1,069</b>	-	<b>3,998</b>
Additions	102	-	2,216	<b>2,318</b>
Transfers from tangible assets	106	-	-	<b>106</b>
Disposals	(9)	(1,069)	(2,009)	<b>(3,087)</b>
<b>At 31 December 2019</b>	<b>3,128</b>	-	<b>207</b>	<b>3,335</b>
<i>Depreciation and impairment:</i>				
<b>At 31 December 2018</b>	<b>(2,132)</b>	<b>(1,069)</b>	-	<b>(3,201)</b>
Amortisation during the year	(400)	-	-	<b>(400)</b>
Disposals	-	1,069	-	<b>1,069</b>
<b>At 31 December 2019</b>	<b>(2,532)</b>	-	-	<b>(2,532)</b>
<i>Carrying amount:</i>				
<b>at 31 December 2019</b>	<b>596</b>	-	<b>207</b>	<b>803</b>
<b>at 31 December 2018</b>	<b>797</b>	-	-	<b>797</b>

## 12. Tangible fixed assets

	Land and buildings	Plant and equipment	Assets under construction	Total
	£000	£000	£000	£000
<i>Cost:</i>				
<b>At 31 December 2018</b>	<b>283,925</b>	<b>655,970</b>	<b>100,308</b>	<b>1,040,203</b>
Adjustment for adoption of IFRS 16	24,997	16,483	-	<b>41,480</b>
Additions	61,979	47,526	41,996	<b>151,501</b>
Transfer on completion	26,113	50,888	(77,001)	-
Transfers to intangible assets	-	-	(106)	<b>(106)</b>
Disposals	(135,380)	(120,934)	-	<b>(256,314)</b>
<b>At 31 December 2019</b>	<b>261,634</b>	<b>649,933</b>	<b>65,197</b>	<b>976,764</b>
<i>Depreciation and impairment:</i>				
<b>At 31 December 2018</b>	<b>(135,646)</b>	<b>(396,403)</b>	-	<b>(532,049)</b>
Depreciation during the year	(12,236)	(59,624)	-	<b>(71,860)</b>
Disposals	53,778	112,719	-	<b>166,497</b>
<b>At 31 December 2019</b>	<b>(94,104)</b>	<b>(343,308)</b>	-	<b>(437,412)</b>
<i>Carrying amount:</i>				
<b>At 31 December 2019</b>	<b>167,530</b>	<b>306,625</b>	<b>65,197</b>	<b>539,352</b>
<b>At 31 December 2018</b>	<b>148,279</b>	<b>259,567</b>	<b>100,308</b>	<b>508,154</b>



**Notes to the financial statements (continued)****12. Tangible fixed assets (continued)**

The net book value of land and buildings comprises:

	2019	2018
	£000	£000
Freehold	84,370	135,571
Leasehold improvements	9,082	12,708
Right of use assets	74,078	-
<b>Net book value</b>	<b>167,530</b>	<b>148,279</b>

The following table summarises the net book value of right of use assets included within property, plant and equipment:

	31 December 2019	1 January 2019
	£ '000	£ '000
Buildings and improvements	74,078	24,997
Machinery and equipment	6,611	2,470
Vehicle fleet	9,969	14,013
<b>Total</b>	<b>90,658</b>	<b>41,480</b>

Total additions to the right of use assets during 2019 were £65.4m.

The following table summarises depreciation charges relating to right of use assets recognised in the statement of comprehensive income during 2019:

	31 December 2019
	£ '000
Buildings and improvements	7,312
Machinery and equipment	522
Vehicle fleet	6,713
<b>Total</b>	<b>14,547</b>

During the year ended 31 December 2019, the total expense relating to low value and short-term leases was £3.2m.

**Capitalised borrowing costs**

The aggregate amount of borrowing costs capitalised during the year ended 31 December 2019 was £0.2m (2018: £0.3m). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.0% (2018: 0.92%) which is the effective rate of the general borrowing pool used to finance the construction.

**Assets Retirement Obligation**

The carrying value of assets retirement obligation, included in Land and Buildings at 31 December 2019 was £1.7m (2018: £2.2m).

**Notes to the financial statements (continued)****13. Derivatives – non-current**

	2019	2018
	£000	£000
Non-current forward commodity derivative contracts	70	563
Non-current forward currency derivative contracts	74	348
	<u>144</u>	<u>911</u>

**(a) Forward currency contracts**

The fair value of forward currency derivative contracts was determined using quoted forward exchange rates matching the maturity of the contracts.

**(b) Forward commodity contracts**

The fair value of forward commodity derivative contracts was determined using quoted prices of the respective commodity.

**(c) Investments in subsidiaries**

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Registered address</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of Business</i>
Coca-Cola European Partners Pension Scheme Trustees Limited <sup>(a)</sup>	United Kingdom	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ	Ordinary shares	100%	Trustee of the Coca-Cola European Partners Pension Scheme
Coca-Cola European Partners (Initial LP) Limited <sup>(a)</sup>	United Kingdom	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ	Ordinary shares	100%	Limited Partner in the Coca-Cola European Partners Scottish Limited Partnership
Coca-Cola European Partners (Scotland) Limited <sup>(a)</sup>	United Kingdom	52 Milton Road, East Kilbride, Glasgow, Scotland, G74 5DJ	Ordinary shares	100%	General Partner in the Coca-Cola European Partners Scottish Limited Partnership
CCEP Scottish Limited Partnership	United Kingdom	52 Milton Road, East Kilbride, Glasgow, Scotland, G74 5DJ	Cash	100%	Pension Funding Partnership of the Coca-Cola European Partners Pension Scheme

<sup>(a)</sup> 100% equity interest held directly by Coca-Cola European Partners Great Britain Limited

**14. Derivatives– current**

	2019	2018
	£000	£000
<b>Financial assets – current</b>		
Forward currency derivative contracts	369	1,178
Forward commodity derivative contracts	656	831
	<u>1,025</u>	<u>2,009</u>

**Notes to the financial statements (continued)****14. Derivatives– current (continued)****Forward currency contracts**

The fair value of forward currency derivative contracts was determined using quoted forward exchange rates matching the maturity of the contracts.

The fair value of forward commodity derivative contracts was determined using quoted prices of the respective commodity.

**15. Debtors: amounts falling due after more than one year**

	2019 £000	2018 £000
Amounts owed by other group undertakings	101,431	55,000
	<b>101,431</b>	<b>55,000</b>

On 21 December 2018 the Company provided £55m as a loan to Coca-Cola European Partners Services Europe Limited for a period of 5 years and interest rate of 2.724%.

On 15 March 2019 the Company provided a non-cash and non-interest bearing loan of £46, 1m to its subsidiary Coca-Cola European Partners (Initial LP) Limited.

**16. Stocks**

	2019 £000	2018 £000
Raw materials and consumables	25,267	19,896
Finished goods and goods for resale	74,242	53,526
Sundry stocks	11,842	11,493
	<b>111,351</b>	<b>84,915</b>

**17. Trade and other receivables**

	2019 £000	2018 £000
Trade debtors	396,117	368,390
Amounts owed by immediate parent company	158,086	293,556
Amounts owed by other group undertakings	7,857	7,401
Amounts owed by related parties (note 29)	12,868	9,639
Prepayments	8,095	5,644
Corporate income tax receivable	3,337	-
Other debtors	14	110
Receivables from insurance company	-	1,013
	<b>586,374</b>	<b>685,753</b>

**Notes to the financial statements (continued)****18. Creditors: amounts falling due within one year**

	2019	2018
	£000	£000
Trade creditors	(201,902)	(208,994)
Accruals	(128,123)	(172,039)
Soft drinks taxes	(53,320)	(51,983)
Income tax payable	(29,503)	(23,757)
VAT	(31,247)	(37,054)
Amounts due to related parties (note 29)	(24,985)	(14,900)
Lease obligations current (note 19)	(17,495)	(893)
Other taxes and social security costs	(5,916)	(6,930)
Forward commodity derivative contracts (note 20)	(4,648)	(4,257)
Forward currency derivative contracts (note 20)	(3,354)	(424)
Deferred revenue (note 3)	(2,747)	(2,747)
Amounts due to the ultimate parent company	(331)	(8,834)
Loans due to group undertakings (note 20)	-	(15,000)
	<u>(503,571)</u>	<u>(547,812)</u>

Trade creditors are non-interest bearing and are normally settled as per creditor's payment terms. Other creditors are non-interest bearing and have an average term of six months.

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

	2019	2018
	£000	£000
Lease obligations non-current	(144,141)	(2,007)
Forward currency derivative contracts (note 20)	(1,557)	(33)
Forward commodity derivative contracts (note 20)	(988)	(405)
	<u>(146,686)</u>	<u>(2,445)</u>

**Notes to the financial statements (continued)****19. Creditors: amounts falling due after more than one year (continued)****Lease liabilities**

	2019 £'000	
	Current	Non-current
<b>2019</b>		
<b>At 31 December 2018</b>	<b>(893)</b>	<b>(2,007)</b>
IFRS 16 Adjustment in Opening balance	(11,312)	(32,797)
<b>At 1 January 2019</b>	<b>(12,205)</b>	<b>(34,803)</b>
Additions in Leases during the period		(133,121)
Cash payments during the period	17,229	
Interest charged on leases	(1,028)	
Reclassifications from non-current to current	(23,784)	23,784
Other Miscellaneous Adjustments	2,292	
<b>At 31 December 2019</b>	<b>(17,495)</b>	<b>(144,141)</b>

**20. Financial liabilities**

	2019 £000	2018 £000
<b>Current</b>		
Forward currency derivative contracts (note 18)	(3,354)	(424)
Forward commodity derivative contracts (note 18)	(4,648)	(4,257)
	<b>(8,002)</b>	<b>(4,681)</b>
<b>Non-current</b>		
Forward currency derivative contracts (note 19)	(1,557)	(33)
Forward commodity derivative contracts (note 19)	(988)	(405)
	<b>(2,545)</b>	<b>(438)</b>
<b>Loans</b>		
Current	-	(15,000)
	<b>-</b>	<b>(15,000)</b>

**Notes to the financial statements (continued)****21. Provisions for liabilities**

	Environ- mental costs £000	Insurance claims £000	Customer claims £000	Employee cost provision £000	Asset retirement obligation £000	Restructuring /termination provision £000	Total £000
At 1 January 2019	(2,385)	(1,506)	(353)	(5,962)	(7,416)	(20,058)	(37,680)
Current	(2,385)	(181)	(353)	(5,962)	(322)	(20,058)	(29,261)
Non-current	-	(1,325)	-	-	(7,094)	-	(8,419)
Arising during the year	(6,899)	(481)	(241)	-	(20)	(2,874)	(10,515)
Utilised	3,975	145	488	-	397	10,623	15,628
Reversal of unused amounts	237	490	-	-	-	2,349	3,076
Unwinding of discount	-	-	-	-	(151)	-	(151)
Change in estimations	-	-	-	-	579	-	579
At 31 December 2019	(5,072)	(1,352)	(106)	(5,962)	(6,611)	(9,960)	(29,063)
Analysed as:							
Current	(5,072)	(145)	(106)	(5,962)	(6,265)	(9,960)	(27,510)
Non-current	-	(1,207)	-	-	(346)	-	(1,553)
	(5,072)	(1,352)	(106)	(5,962)	(6,611)	(9,960)	(29,063)

**Environmental costs**

The provision in respect of environmental costs reflects the levy imposed on packaging waste. All of the associated outflows are estimated to occur within one year of the balance sheet date.

**Insurance claims**

Provision for insurance claims is made in respect of claims notified, and for claims incurred but which have not yet been notified, based on advice from the Company's external insurance advisers. The associated outflows are estimated to arise over a period of up to five years from the balance sheet date.

**Customer claims**

The provision in respect of customer claims reflects expected costs to be incurred in respect of audits conducted by customers on invoicing and retrospective discounts from prior years.

**Employee cost provision**

Provision for potential additional tax payable to HMRC in respect of certain vehicles provided to CCEP employees in the course of their employment duties.

**Assets retirement obligation provision**

Provisions for assets retirement obligations are recognised on a lease by lease basis, in accordance with our lease contracts.

**Restructuring/termination provisions**

The restructuring provisions relate to employee termination payments expected to be made redundant in respect of various ongoing restructuring projects.

**Notes to the financial statements (continued)****22. Authorised, issued and called up share capital**

	2019 thousands	2018 thousands	2019 £000	2018 £000
<i>Authorised, allotted, called up and fully paid</i>				
Ordinary shares of £0.01 each	358	358	4	4
Deferred shares of £1.0 each	200	200	200	200

The deferred shares carry no rights to vote or receive dividends and on a winding-up the holders are entitled only to receive payment of the amount paid up on the share after the repayment to each holder of an ordinary share of a sum of £5 per share.

**23. Share premium and other reserves**

In July 2017 a decision was taken, approved by the Board of Directors through written resolution, to transfer the share premium account balance of £228.97m as of 31 December 2016 to Other reserves.

In July 2017 Coca-Cola European Partners Holdings Great Britain Limited terminated its rights under two loans made to the Company in aggregated amount of £195.03m to the Company in exchange for the issuance of an additional £1 in Coca-Cola the Company's share capital, with the remaining £195.03m allocated to the share premium of the Company.

**24. Share-based payments**

The Company maintains share-based compensation plans that provide for the granting of non-qualified share options and restricted shares (units), some with performance conditions, to certain executive and management level employees. We believe that these awards better align the interests of our employees with the interests of our shareowners. The share based payment schemes in place are an Employee Share Plan, a Share Options Plan, and a Restricted Shares Plan.

The charge for the year ended 31 December 2019 for all non -Employee Share Plan awards was credit £9.8m (2018: charge £10.3m) and the recharge by CCEP plc recognised directly in the Share Based Payment Reserve was -£3.7m (2018: £12.3m).

**Employee Share Plan**

The former Coca-Cola Enterprises Limited UK Employee Share Plan which had operated since March 2001 and had been approved by HM Revenue and Customs was closed in September 2010 as a result of the corporate restructure connected to the transaction between The Coca-Cola Company and Coca-Cola Enterprises, Inc., Coca-Cola Enterprises Limited's ultimate parent company.

In November 2010 HM Revenue and Customs approval was received to open a new Share Plan, the Coca-Cola Enterprises Limited UK Employee Share Plan. The plan was opened to employees in December 2010 and operates in the same way as the former plan. Under the new plan employees have the opportunity to purchase Coca-Cola Enterprise, Inc. shares (partnership shares) out of pre-tax salary up to a maximum value of £1,800 per year (£1,500 per year before December 2014). For each share purchased by the employee the Company provides a free matching share. This right of the employees for the purchasing of partnership shares was kept under the transformation of Coca-Cola Enterprise Inc. to Coca-Cola European Partners plc, which occurred in May 2017. During the 2019 financial year 67,975 (2018: 77,515) matching shares were purchased by the Trustee of the Plan at a cost to the Company of £1.85m (2018: £2.47m).

**Notes to the financial statements (continued)****24. Share-based payments (continued)**

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, matching shares during the year.

	2019	2019	2018	2018
	No.	WAEP(£)	No.	WAEP(£)
Exercised	77,627	27.2	63,737	31.9
Outstanding at 31 December	403,979	27.2	425,236	31.9

**Share Options**

Share options (1) are granted with exercise prices equal to or greater than the fair value of CCEP plc stock on the date of grant; (2) generally vest over a period of 36 months; and (3) expire 10 years from the date of grant. Some of the share options granted contained market conditions that require the share price to increase for a defined period (25 percent for one-half of the award to vest and 50 percent for the other one-half of the award to vest). Generally, when options are exercised, CCEP plc issue new shares, rather than issuing treasury shares. Options are normally treated as forfeited if the employee leaves the Company before the options vest.

As a result of the Merger between legacy business of Coca-Cola Enterprises Inc., Coca-Cola Iberian Partners and Coca-Cola Erfrischungsgetränke and the formation of CCEP plc, there was an option conversion of all existing share options during 2016. The option conversion was 1 share pre-merger for 1.3267 shares post-merger. Consequently, the grant prices of the share options and the Black-Scholes values were adjusted at ratio 0.7537.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2019	2019	2018	2018
	No.	WAEP(£)	No.	WAEP(£)
Exercised	15,401	17.95	493,698	13.52
Outstanding at 31 December	441,445	23.27	900,235	26.94

**Restricted Shares (Units) & Performance Shares (Units)**

Restricted shares (units) generally vest upon continued employment for a period of at least 42 months and the attainment of certain share price or performance targets. Certain of the restricted shares (units) expire five years from the date of grant if the share price or performance targets have not been met. The restricted share awards entitle the participant to full dividends and voting rights whereas restricted share unit awards entitle the participant to hypothetical dividends (which vest, in some cases, only if the restricted share units vest), but not voting rights. Unvested restricted shares (units) are restricted as to disposition and subject to forfeiture.

Some of the restricted shares (units) granted were performance share units for which the ultimate number of shares earned will be determined at the end of a three-year performance period. These performance share units are subject to the performance criteria of compounded annual growth in net income per share over the performance period, as adjusted for

**Restricted Shares (Units) & Performance Shares (Units) (continued)**

certain items detailed in the plan document. The purpose of the adjustments is to ensure a consistent year-over-year comparison of the specified performance criteria.

Upon completion of the Merger, during 2017 each unvested restricted share unit of CCE ordinary shares were converted into a cash payment of US \$14.50 and one restricted share unit of Company ordinary shares. The cash payment and restricted share unit both vest concurrently and under the same schedule as the original CCE restricted share unit. Thus, it is considered as a continuation of the existing Restricted Share Unit plan. Further, the CCEP Group determined that the total fair value of the cash payment and the new restricted share unit immediately after the Merger equalled the fair value of the original restricted share unit immediately prior the Merger; thus no incremental expense was recognised. The additional US \$14.50 will be paid upon vesting by the ultimate parent Company CCEP plc and would not be recharged to the Company. Therefore, no additional transfer from equity to non-current and current liabilities was deemed necessary.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, restricted and performance units during the year.

	2019	2019	2018	2018
	No.	WAEP(£)	No.	WAEP(£)
Exercised	17,930	41.78	180,245	31.08
Outstanding at 31 December	210,746	32.29	912,915	32.35



## Notes to the financial statements (continued)

### 25. Share – based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 24 for further details of these plans.

### 26. Post balance sheet event

After the balance sheet date, the Group has seen significant macro-economic uncertainty as a result of the coronavirus (COVID-19) outbreak. The scale and duration of this development remains uncertain and it is having an impact on our earnings and cash flow.

Throughout the pandemic, we are prioritizing the wellbeing of our people, serving our customers, supporting our communities and protecting the long-term future of our business. The situation is having a fundamental impact on the way people consume our products, particularly in the away from home channel. Our volumes have declined since the pandemic began and our away from home channel has been most significantly impacted.

We are working closely with our suppliers, partners and The Coca-Cola Company to ensure we do everything we can to best serve our customers, which includes ensuring enough raw materials and finished goods inventory and shifting production resources to higher demand channels by prioritizing core SKUs. We are also developing comprehensive contingency plans to make sure our products continue to be available despite any logistical challenges. Our production and logistics locations continue to operate.

Our rapid response has prioritized our people, customers and communities whilst protecting our business for the long term. Measures taken are as follows:

#### People

- Implemented comprehensive measures in line with official guidance from the Government and health authorities to keep our people safe including large scale home working and additional safety measures for those in the field or at manufacturing sites

#### Finance

- Reducing discretionary spend in areas such as: trade marketing, promotions, merchandising, incentives, seasonal labour, travel and meetings
- Delaying discretionary capital expenditures

Despite the uncertainty that surrounds us today, our confidence in the future of our business is driving us to take the right actions to protect our performance, conserve cash and lay the foundations for recovery.

The valuation of all assets and liabilities as at 31 December 2019 as disclosed in the financial statements reflects the economic conditions in existence at that date. Any changes in these values arising from the COVID-19 outbreak will be reflected in the 2020 financial statements.

### 27. Contingent liabilities

As at 31 December 2019 the company does not have any contingent liabilities. On 20 April 2020, the Company's application for a Customs Comprehensive Guarantee (CCG) was approved by HMRC. The total amount of this guarantee is £0.9m.

**Notes to the financial statements (continued)****28. Pensions and other post-employment benefits**

The Coca-Cola European Partners Pension Scheme ("the Scheme") is a defined benefit arrangement. A full actuarial valuation was carried out as at 31 December 2019 by a qualified independent actuary.

The assets and liabilities of the schemes at 31 December are:

	2019 £000	2018 £000
<i>Scheme assets at fair value</i>		
Equities	724,700	616,872
Bonds	355,400	321,474
Properties	249,500	237,202
Other	11,806	2,992
Asset Backed Contribution arrangement	127,500	-
Fair value of scheme assets	1,468,906	1,178,540
Present value of scheme liabilities	(1,407,346)	(1,179,678)
<b>Defined benefit pension plan (deficit)/asset</b>	<b>61,560</b>	<b>(1,138)</b>

In 2019 the trustee of the scheme used a special one-off contribution of £124.3m from the Company to invest into an Asset-backed Contribution arrangement with a Scottish Limited Partnership. This in turn provides the scheme with a series of fixed payments which are paid semi-annually on 5 January and 5 July each year, ceasing in 2034. The value of the interest that the Trustee hold within the arrangement has been included with the scheme's total assets as at 31 December 2019.

The pension schemes have not invested in any of the Company's own financial instruments nor in properties or other assets used by the Company.

The amounts recognised in the Statement of Comprehensive Income for the year are analysed as follows:

	2019 £000	2018 £000
<i>Recognised in the profit or loss</i>		
Current service cost	29,046	33,693
Administrative expenses	1,458	1,441
Recognised in arriving at operating profit	<b>30,504</b>	<b>35,134</b>
Net interest (income)/expense on net pension position (note 7, note 8)	(408)	(247)
<b>Total recognised in the profit or loss</b>	<b>30,096</b>	<b>34,887</b>
<i>Taken to the Other Comprehensive Income</i>		
Actuarial (losses)/gains arising from changes in financial and demographic assumptions	(64,704)	7,804
<b>Total recognised in other comprehensive income</b>	<b>(64,704)</b>	<b>7,804</b>

**Notes to the financial statements (continued)****28. Pensions and other post-employment benefits (continued)**

Changes in the present value of the defined benefit pension obligations are analysed as follows:

	2019	2018
	£000	£000
At 1 January	(1,179,678)	(1,263,742)
Current service cost	(29,046)	(33,693)
Interest cost	(32,204)	(31,401)
Benefits paid	41,991	44,454
Actuarial (losses)/gains due to change in financial and demographic assumptions	(215,774)	102,728
Actuarial gains due to plan experience	7,368	1,979
Contributions paid by participants	(3)	(3)
<b>Defined benefit obligation</b>	<b>(1,407,346)</b>	<b>(1,179,678)</b>

Changes in the fair value of plan assets are analysed as follows:

	2019	2018
	£000	£000
At 1 January	1,178,540	1,255,900
Interest income on plan assets	32,610	31,646
Contributions by employer	157,498	33,788
Contributions by employees	3	3
Benefits paid	(41,990)	(44,454)
Actuarial gains/(losses)	143,702	(96,902)
Administrative expenses	(1,458)	(1,441)
<b>Fair value of plan assets at 31 December</b>	<b>1,468,905</b>	<b>1,178,540</b>

Pension contributions are determined with the advice of independent qualified actuaries, Aon Hewitt, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

	2019	2018
	%	%
<b>Main assumptions:</b>		
Rate of salary increases	2.88	3.13
Rate of increase in pensions in payment		
- Pension accrued before 6 July 2010	3.00	3.13
- Pension accrued after 5 July 2010	2.13	2.25
Discount rate	1.88	2.75
Inflation assumption	2.00	2.13
Post-retirement mortality (in years)		
Current pensioners at 65 – male	86.7	86.8
Current pensioners at 65 – female	89.1	89.2
Future pensioners at 65 – male	87.6	87.8
Future pensioners at 65 – female	90.2	90.4

Many of the key financial assumptions are derived directly from the yields on AA-rated or high quality corporate bonds. The assumptions for inflation and for increases in pensions are based on the yield gap between long-term index-linked and long-term fixed interest gilt securities. Mortality rates are based on S1 Normal Base Tables adjusted to reflect recent experience in the scheme.

**Notes to the financial statements (continued)****28. Pensions and other post-employment benefits (continued)**

The post-retirement mortality assumptions allow for expected increases in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 2037.

The sensitivities regarding the principal assumptions used to measure the scheme asset are set out below:

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	Decrease by 0.5%	Decrease with £171.3m
Inflation assumption	Increase by 0.5%	Decrease with £122.4m
Rate of salary increases	Increase by 0.5%	Decrease with £32.3m
Life expectancy	Increase by 1 year	Decrease with £53.1m

**29. Related party transactions**

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are described below:

Purchase transactions during the year and balances with The Coca-Cola Company and its subsidiary and associate undertakings are detailed below:

		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
<b>Company</b>	<b>Nature of transaction</b>	<b>Purchases from related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed to (note 18)</b>	<b>Amounts owed to (note 18)</b>
Coca-Cola Midi SAS (Varoise de Concentres SAS)	Product concentrate	(7,286)	(8,985)	(370)	(386)
European Refreshments Limited	Product concentrate	(3,365)	(495,868)	4	(9,102)
Coca-Cola International Sales Limited	Raw Materials	(2,874)	(2,597)	(63)	(236)
Waters & Robson Limited	Raw Materials	(335)	(998)	(77)	(242)
BEVERAGE SERVICES LTD - CONCENTRATE	Product concentrate & IPM	(500,142)	-	(20,468)	-
BEVERAGE REFRESHMENTS UNLIMITED COMPANY	Finished goods	(12,057)	-	(341)	-
European Refreshments Limited	Finished goods	(563)	(10,267)	-	(918)
Coca-Cola Bottlers' Sales & Services Company LLC	Marketing support	-	-	-	-
SA Coca-Cola Services NV	Marketing Support	(7,286)	(4,329)	(3,630)	(3,904)
The Coca-Cola Trading Partner	Marketing support	-	(430)	-	-
Beverage Partners Worldwide Europe	Raw Materials	-	(11)	-	-
Coca-Cola Export USA	Software	(508)	(240)	-	-
The Coca Cola Company	Marketing support	40	(55)	(3)	(55)

**Notes to the financial statements (continued)****29. Related party transactions (continued)**

Coca-Cola USA	Marketing support	(450)	-	(38)	(56)
COBEGA S.A.	Marketing support	-	(29)	-	(1)
		<u>(534,827)</u>	<u>(523,809)</u>	<u>(24,985)</u>	<u>(14,900)</u>

Sales transactions during the year and balances with The Coca-Cola Company and its subsidiary and associate undertakings are detailed below:

Company	Nature of transaction	2019	2018	2019	2018
		£'000	£'000	£'000	£'000
		Sales to related parties	Sales to related parties	Amounts owed by (note 17)	Amounts owed by (note 17)
Atlantic Industries Limited	Wholesales	-	-	-	1
SA Coca-Cola Services NV	Marketing Support	8,904	6,179	2,873	3,961
Beverages Services Limited	Wholesales	8,857	266	6,707	80
Coca-Cola International Sales Limited	Marketing Support	22,868	21,355	2,835	3,203
BEVERAGE REFRESHMENTS UNLIMITED COM	Sales	60	-	68	-
Costa	Sales	5,589	-	386	-
Waters & Robson	Marketing Support	-	1,542	-	1,676
Coca-Cola Bottlers Sales and Service Company LLC	Marketing support	-	-	1	2
European Refreshments Limited	Marketing support	-	2,723	-	716
		<u>46,278</u>	<u>32,065</u>	<u>12,870</u>	<u>9,639</u>

Sales and purchases between related parties are made on an arm's length basis. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2019, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2018: nil).

**30. Ultimate Group undertaking**

The immediate parent of the Company is Coca-Cola European Partners Holdings Great Britain Limited. The Company's ultimate parent undertaking and controlling party is Coca-Cola European Partners plc, a company incorporated in England. Copies of the group financial statements of Coca-Cola European Partners plc are available from Pemberton House, Bakers Road, Uxbridge, England, UB8 1EZ.