

Quaker Oats. Limited

Directors' report and financial statements

Registered number 00064262

Period ended 30 December 2017



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Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 30 December 2017.

Principal activities

The company's principal activity was that of an investment holding company.

Business review

The profit before taxation for the period was £10,980,000 (2016: £11,130,000). The profit after taxation for the period was £8,866,000 (2016: £8,904,000) principally relating to royalties and loan interest received from a fellow group company in current and prior periods.

Principal risks and uncertainties

The principal risks to the company relate to adverse changes in interest rates and in the value of its investments.

The company anticipates, measures and manages its exposure to risk through strategic planning and management reporting. Further information on these risks, and their potential impact, can be found in the PepsiCo, Inc. Annual Report for 2017 which may be obtained from their registered office as detailed in note 12.

Proposed dividend

The directors do not recommend the payment of a dividend for the period (2016: £nil).

Directors

The directors who served during the period and subsequently were as follows:

J K Averiss
V E Evans
J L Silverberg
C Stone

Disclosure of information to auditor

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

Auditor

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

By order of the Board



C Stone

Director

20 September 2018

450 South Oak Way
Green Park
Reading
RG26UW

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 101 Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Arlington Business Park
Theale
Reading
RG7 4SD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUAKER OATS LIMITED

We have audited the financial statements of Quaker Oats Limited ("the company") for the period ended 30 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUAKER OATS LIMITED *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exception from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Simon Haydn-Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale,
Reading
RG7 4SD

25 September 2018

Profit and loss account and other comprehensive income

for the 52 week period ended 30 December 2017

	<i>Note</i>	52 week period ended 30 December 2017 £000	53 week period ended 31 December 2016 £000
Other operating income	3	6,139	6,427
Operating profit		6,139	6,427
Interest receivable and similar income	5	5,515	5,621
Interest payable and similar expenses	6	(674)	(918)
Profit before taxation		10,980	11,130
Tax charge on profit	7	(2,114)	(2,226)
Profit for the period		8,866	8,904
Total comprehensive profit for the period		8,866	8,904

All gains and losses in the current and prior period are derived from continuing activities.

The notes on pages 8 to 13 form part of these financial statements.

Balance sheet

as at 30 December 2017

	Note	30 December 2017 £000	31 December 2016 £000
Fixed assets			
Investments	8	4,784	4,784
Current assets			
Debtors	9	126,848	126,469
		<u>126,848</u>	<u>126,469</u>
Creditors: amounts falling due within one year	10	(96,913)	(105,400)
Net current assets		<u>29,935</u>	<u>21,069</u>
Total assets less current liabilities		<u>34,719</u>	<u>25,853</u>
Net assets		<u>34,719</u>	<u>25,853</u>
Capital and reserves			
Called up share capital	11	500	500
Share premium account		4,785	4,785
Profit and loss account		29,434	20,568
Shareholders' funds		<u>34,719</u>	<u>25,853</u>

The financial statements of Quaker Oats Limited, company number 00064262, were approved by the board of directors on 20 September 2018 and were signed on their behalf by:



C Stone
 Director

The notes on pages 8 to 13 form part of these financial statements.

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

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 27 December 2015	500	4,785	11,664	16,949
<i>Total comprehensive income for the year</i>				
Profit and loss	-	-	8,904	8,904
Total comprehensive income	-	-	8,904	8,904
Balance at 31 December 2016	500	4,785	20,568	25,853
	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	500	4,785	20,568	25,853
<i>Total comprehensive income for the year</i>				
Profit and loss	-	-	8,866	8,866
Total comprehensive income	-	-	8,866	8,866
Balance at 30 December 2017	500	4,785	29,434	34,719

The notes on pages 8 to 13 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the company's financial statements except as noted below.

1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

Quaker Oats Limited is a private company incorporated, domiciled and registered in the UK. The company is limited by shares. By virtue of section 401 of the Companies Act 2006 the company, being the wholly owned subsidiary undertaking of PepsiCo, Inc., an undertaking incorporated in the United States of America, is exempt from the requirement to prepare and deliver group financial statements. Copies of the PepsiCo, Inc. Consolidated financial statements are available from its registered office as disclosed in Note 12.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of PepsiCo, Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.
- The requirements in IAS 24 *Related party disclosures* to disclose related party transactions entered into between two or more members of a group.

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report. The financial position of the company, its cash flows, liquidity position and borrowing facilities are directly related to the consolidated position of PepsiCo, Inc. As such, details of this Group wide position are described in the consolidated financial statements of PepsiCo, Inc., available to the public from the address in Note 12.

In addition, the notes to the consolidated financial statements of PepsiCo, Inc. include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of PepsiCo, Inc., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes (continued)

1.3 Fixed asset investment

Fixed asset investments in subsidiaries are stated at cost less any provision for impairment.

1.4 Impairment of financial assets

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

1.5 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account within interest receivable or payable.

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise other debtors, cash and cash equivalents, loans and borrowings, and other creditors.

Other debtors

Other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Other creditors

Other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents.

1.7 Expenses

Interest income and Interest payable

Interest payable and similar expenses include interest payable recognised in profit or loss using the effective interest method and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.8 Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Profit before taxation

The auditor's remuneration has been borne in both periods by a fellow group company. The audit fee allocated to Quaker Oats Ltd for the period is £4,950 (2016: £4,950), and no additional non-audit services were received during the period (2016: £nil).

3 Other operating income

	Period ended 30 December 2017 £000	Period ended 31 December 2016 £000
Royalty income	6,139	6,427
	<u>6,139</u>	<u>6,427</u>

4 Staff numbers and costs and directors emoluments

The company had no employees (other than directors) in either period.

The directors principally work for other group companies and there were no qualifying services attributable to the company. Their emoluments, in both periods, have been borne by the group company where the majority of the director's time is expended.

5 Interest receivable and similar income

	Period ended 30 December 2017 £000	Period ended 31 December 2016 £000
Interest receivable on loans to group undertakings	5,515	5,621
	<u>5,515</u>	<u>5,621</u>

6 Interest payable and similar expenses

	Period ended 30 December 2017 £000	Period ended 31 December 2016 £000
Bank interest payable	674	918
	<u>674</u>	<u>918</u>

Notes (continued)

7 Taxation

	Period ended 30 December 2017 £000	Period ended 31 December 2016 £000
<i>Analysis of charge in period</i>		
<i>UK corporation tax</i>		
Current tax charge on profit for the period	2,114	2,226
	<hr/>	<hr/>
Tax charge on profit	2,114	2,226
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The total tax charge for the period is the same as (2016: same) the aggregated standard rate of corporation tax in the UK for the period ended 30 December 2017 of 19.25% (2016: 20.00%).

	Period ended 30 December 2017 £000	Period ended 31 December 2016 £000
<i>Total tax reconciliation</i>		
Profit for the period	8,866	8,904
Total tax expense	2,114	2,226
	<hr/>	<hr/>
Profit excluding taxation	10,980	11,130
	<hr/>	<hr/>
Total tax at 19.25% (2016: 20.00%)	2,114	2,226
	<hr/>	<hr/>
Total tax expense	2,114	2,226
	<hr/>	<hr/>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

8 Fixed asset investments

Shares in group undertakings

	£000
<i>Cost</i>	
At beginning and end of the period	4,784
	<hr/>
<i>Net book value</i>	
At 30 December 2017	4,784
	<hr/>
At 31 December 2016	4,784
	<hr/>

As at 30 December 2017 the company owned the ordinary share capital in the following company:

Name	Ordinary share capital owned by the company	Country of incorporation and registered address	Principal activity
Held directly			
Quaker Oats B.V.	100%	The Netherlands (1)	Manufacturing

(1) The registered office is Brielselaan 7, 3081 AA Rotterdam, The Netherlands

9 Debtors

	30 December 2017 £000	31 December 2016 £000
Amounts owed by fellow group undertakings	126,848	126,469
	<hr/>	<hr/>
	126,848	126,469
	<hr/>	<hr/>

10 Creditors: amounts falling due within one year

	30 December 2017 £000	31 December 2016 £000
Bank overdraft	85,382	98,430
Amounts owed to fellow group undertakings	9,417	4,744
Corporation tax payable	2,114	2,226
	<hr/>	<hr/>
	96,913	105,400
	<hr/>	<hr/>

Notes (continued)

11 Called up share capital

	30 December 2017 £000	31 December 2016 £000
<i>Allotted, issued, called up and fully paid</i>		
500,002 Ordinary shares of £1 each	500	500
	<hr/>	<hr/>
	500	500
	<hr/>	<hr/>

12 Ultimate holding company and parent undertaking of a larger group of which the company is member

The company is a subsidiary undertaking of Quakers Holdings (UK) Limited. The ultimate parent company is PepsiCo, Inc. which is registered and incorporated in the United States of America.

The largest group in which the results of the Company are consolidated is that headed by PepsiCo, Inc., whose registered office is at 700 Anderson Hill Road, Purchase, New York 10577, United States of America.

The consolidated financial statements of this group are available to the public and may be obtained from their registered office as noted above.

No other group financial statements include the results of the company.

13 Accounting estimates and judgements

In preparing these financial statements in conformity with FRS 101, no significant judgements or estimates were required that may effect the reported amount of assets, liabilities, income or expense.