

**D.E Holding UK Limited**  
**Annual report and financial statements**  
**For the year ended 31 December 2017**

Registered number: 01558575

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# **D.E Holding UK Limited**

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## **D.E Holding UK Limited**

### **Company information**

|                             |   |
|-----------------------------|---|
| Directors                   | J. R. Cook<br>D. P. G. Jones  |
| Company Secretary           | Throgmorton Secretaries LLP<br>4 <sup>th</sup> Floor<br>Reading Bridge House<br>George Street<br>Reading<br>Berkshire<br>England<br>RG1 8LS<br><br>S. Pashley |
| Company registration number | 01558575  |
| Country of incorporation    | England and Wales   |
| Company type                | Private limited   |
| Registered office           | Horizon<br>Honey Lane<br>Hurley<br>Maidenhead<br>Berkshire<br>SL6 6RJ   |
| Auditor                     | Deloitte LLP<br>Statutory Auditor<br>St. Albans, United Kingdom   |
| Banker                      | Lloyds Bank plc   |
| Date of incorporation       | 28 April 1981   |

# **D.E Holding UK Limited**

## **Strategic report**

For the year ended 31 December 2017

### **Review of the business**

The Company's principal activity is to act as a holding Company.

The Company is the Principal Employer for the D.E UK Pension Plan ("the Plan"). Historically the Plan had five different ring fenced sections. On 9 September 2016, the aforementioned sections of the Plan were eliminated to create one unified Plan for funding, actuarial valuation, accounting and investment purposes. The most recent full actuarial valuation of the Plan was carried out as at 1 April 2015. The funding level at this date showed the funding level to be at 98% of the Plan's agreed technical provisions. The funding position is regularly reviewed and as at 31 December 2017 was at 105%, so there is no current requirement for deficit funding.

The directors expect there to be no change in the Company's activities within the foreseeable future.

### **Principal risks and uncertainties**

The Company's operations expose it mainly to financial risk, in the form of interest rate risk and credit risk. Credit risk is minimised as all loans are inter-Company loans.

There is a risk that the return on the pension scheme investments will not cover the deficit in the schemes and accordingly this is closely monitored as set out in note 17.

The Company has also agreed to provide support to one subsidiary, Courtaulds Textiles (Holdings) Limited, to enable them to settle their liabilities as they fall due. As a consequence of this a provision of £27,978,000 (31 December 2016: £30,478,000) has been made in relation to the net external liabilities of Courtaulds Textiles (Holdings) Limited.

### **Financial key performance indicators**

Given the nature of the business as a holding Company, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of the group, which includes the Company, are discussed in the group's financial statements, which do not form part of this report.

On behalf of the board



D.P.G Jones  
Director

27 July 2018

## **D.E Holding UK Limited**

### **Directors' report**

For the year ended 31 December 2017

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

#### **Principal activities and business review**

The Company's principal activity is to act as a holding company. The directors do not expect there to be any changes within the Company's activities within the foreseeable future.

#### **Results and dividends**

The Company's results are set out on pages 8 - 11. The profit for the year after tax is £6,513,000 (2016: £6,536,000). Net assets at the end of the year were £432,563,000 (2016: £349,120,00).

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

#### **Financial risk management**

As the Company does not trade, it is not exposed to any significant price or credit risk. Liquidity risk is managed through the significant cash reserves that the Company holds.

The Company has various interest bearing assets and liabilities which bear interest in relation to LIBOR. The directors do not consider there to be any risk in relation to this.

#### **Directors and their interests**

The directors who served during the year and subsequently to the date of signing this report are as follows:

J. R. Cook

D. P. G. Jones

At the time of making this report, a qualifying third party indemnity provision is in place for the benefit of the directors of the Company, and was in force during the financial year and at the date of approval of these financial statements.

#### **Going concern**

The directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Notes to the financial statements.

## **D.E Holding UK Limited**

### **Directors' report (continued)**

For the year ended 31 December 2017

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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 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), including FRS 101 "Related 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

#### **Statement of disclosure of information to auditor**

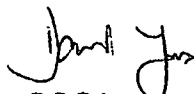
In accordance with section 418, each person who is a director when the report is approved confirms that:

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

#### **Independent auditor**

The auditor, Deloitte LLP, has indicated its willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The directors' report of D.E Holding UK Limited (registered number 01558575) was approved by the board of directors and authorised for issue on July 2018. They were signed on its behalf by:

  
D.P.G Jones  
Director

23 July 2018

## **D.E Holding UK Limited**

### **Independent auditor's report to the members of D.E Holding UK Limited For the year ended 31 December 2017**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of D.E Holding UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the company which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **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.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

## **D.E Holding UK Limited**

### **Independent auditor's report to the members of D.E Holding UK Limited (continued)**

**For the year ended 31 December 2017**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## **D.E Holding UK Limited**

### **Independent auditor's report to the members of D.E Holding UK Limited (continued)**

**For the year ended 31 December 2017**

#### **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.

#### **Report on other legal and regulatory requirements**

#### **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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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

We have nothing to report in respect of these matters.



Heather Bygrave FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

St Albans, United Kingdom

Date: 23 July 2018

## D.E Holding UK Limited

### Profit and loss account

For the year ended 31 December 2017

|  | Note | Year<br>ended<br>2017<br>£'000 | Year<br>ended<br>2016<br>£'000 |
|--|------|--------------------------------|--------------------------------|
| Administrative expenses                                |      | (1,116)                        | (709)                          |
| Release for provisions for liabilities of subsidiaries | 5    | <u>2,500</u>                   | <u>381</u>                     |
| <b>Operating profit / (loss)</b>                       |      | <b>1,384</b>                   | <b>(328)</b>                   |
| Interest receivable and similar income                 | 8    | 40,637                         | 49,526                         |
| Interest payable and similar charges                   | 9    | <u>(35,508)</u>                | <u>(42,662)</u>                |
| <b>Profit on ordinary activities before tax</b>        |      | <b>6,513</b>                   | <b>6,536</b>                   |
| Tax on profit on ordinary activities                   | 10   | -                              | -                              |
| <b>Profit for the financial year</b>                   |      | <b><u>6,513</u></b>            | <b><u>6,536</u></b>            |

Turnover and operating profit are all derived from continuing operations.

## D.E Holding UK Limited

### Statement of comprehensive income

For the year ended 31 December 2017

|  |      | Year<br>ended<br>2017<br>£'000 | Year<br>ended<br>2016<br>£'000 |
|--|------|--------------------------------|--------------------------------|
|  | Note |                                |                                |
| <b>Profit for the year</b>   |      | <u>6,513</u>                   | <u>6,536</u>                   |
| <b>Items that will not be reclassified subsequently to profit or loss:</b>               |      |                                |                                |
| Re-measurement gains on defined benefit pensions   | 17   | 80,800                         | 37,737                         |
| Taxes on items taken directly to OCI   |      | <u>(3,870)</u>                 | <u>-</u>                       |
| <b>Other comprehensive income for the year net of tax</b>                                |      | <u>76,930</u>                  | <u>37,737</u>                  |
| <b>Total comprehensive income for the year attributable to the owners of the Company</b> |      | <u><u>83,443</u></u>           | <u><u>44,273</u></u>           |

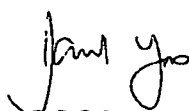
## D.E Holding UK Limited

### Balance Sheet

As at 31 December 2017

|   | Note | 2017<br>£'000         | 2016<br>£'000         |
|---|------|-----------------------|-----------------------|
| <b>Fixed assets</b>                                   |      |                       |                       |
| Investments   | 11   | 19,999                | 19,999                |
|   |      | <u>19,999</u>         | <u>19,999</u>         |
| <b>Current assets</b>                                 |      |                       |                       |
| Debtors: amounts falling due within one year          | 12   | 516                   | 2,541                 |
| Cash at bank and in hand                              |      | <u>134,635</u>        | <u>92,703</u>         |
|   |      | 135,151               | 95,244                |
| <b>Creditors: Amounts falling due within one year</b> | 13   | (46,579)              | (1,348)               |
| <b>Net current assets</b>                             |      | <u>88,572</u>         | <u>93,896</u>         |
| Pension asset   | 17   | <u>351,970</u>        | <u>265,703</u>        |
| <b>Total assets less current liabilities</b>          |      | 460,541               | 379,598               |
| <b>Provisions for liabilities</b>                     | 14   | (27,978)              | (30,478)              |
| <b>Net assets</b>                                     |      | <u><u>432,563</u></u> | <u><u>349,120</u></u> |
| <b>Capital and reserves</b>                           |      |                       |                       |
| Called up share capital                               | 16   | 62,795                | 62,795                |
| Profit and loss account                               |      | <u>369,768</u>        | <u>286,325</u>        |
|   |      | <u><u>432,563</u></u> | <u><u>349,120</u></u> |

The financial statements of D.E Holding UK Limited (registered number 01558575) were approved by the board of directors and authorised for issue on 2<sup>3</sup> July 2018. They were signed on its behalf by:

  
D.P.G Jones  
Director

## D.E Holding UK Limited

### Statement of changes in equity For the year ended 31 December 2017

|  | Called up<br>share capital<br>£'000 | Profit and<br>loss account<br>£'000 | Total<br>£'000 |
|--|-------------------------------------|-------------------------------------|----------------|
| <b>Balance at 1 January 2016</b>               | 62,795                              | 242,052                             | 304,847        |
| Profit for the year                            | -                                   | 6,536                               | 6,536          |
| Other comprehensive income for the year        | -                                   | 37,737                              | 37,737         |
| <b>Total comprehensive income for the year</b> | -                                   | 44,273                              | 44,273         |
| <b>Balance at 31 December 2016</b>             | 62,795                              | 286,325                             | 349,120        |
| Profit for the year                            | -                                   | 6,513                               | 6,513          |
| Other comprehensive income for the year        | -                                   | 76,930                              | 76,930         |
| <b>Total comprehensive income for the year</b> | -                                   | 83,443                              | 83,443         |
| <b>Balance at 31 December 2017</b>             | 62,795                              | 369,768                             | 432,563        |

## **D.E Holding UK Limited**

### **Notes to the financial statements**

For the year ended 31 December 2017

#### **1. Basis of accounting**

##### **General information**

D.E Holding UK Limited (the Company) is a private Company incorporated in the United Kingdom under the Companies Act 2006 and is a Company limited by shares. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements under s405 of Companies act 2006, because it is included in the group accounts of Jacobs Douwe Egberts B.V. The group accounts of Jacobs Douwe Egberts B.V. can be obtained as set out in note 18.

##### **Basis of accounting**

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company has undergone transition from reporting under applicable accounting standards in the United Kingdom to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The Company has applied FRS 101 'Reduced Disclosure Framework' incorporating the Amendments to FRS 101 issued by the FRC in July 2015.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of Jacobs Douwe Egberts B.V. The group financial statements of Jacobs Douwe Egberts B.V. can be obtained as set out in note 18.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

##### **Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on page 2.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

On the basis of their assessment of the Company's financial position and of the future cash flows, the Directors believe there are no concerns with the Company's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **D.E Holding UK Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2017

#### **2. Significant accounting policies**

##### **Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less loss for impairments.

##### **Interest revenue**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **Operating profit**

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

##### **Retirement benefit costs**

The Company participates in a group defined benefit scheme which is the legal responsibility of D.E Holding UK Limited as the principal employer.

For defined benefit schemes, the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of the plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amount included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. There is no contractual agreement or stated policy for charging the net defined benefit cost.

The defined benefit surplus or deficit and the related deferred tax are separately recognised on the face of the balance sheet. Defined benefit surplus balances are recognised to the extent that on a winding up of the pension scheme any surplus assets are refundable to the Company

##### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

## **D.E Holding UK Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2017

#### **2. Significant accounting policies (continued)**

##### **Taxation (continued)**

###### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

###### ***Current tax and deferred tax for the year***

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **3. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.



## **D.E Holding UK Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2017

#### **3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Pension scheme valuation**

The company operates a defined benefit pension scheme as outlined in note 17; a number of financial estimates are made in arriving at the pension scheme valuation and the note provides further details on the estimates used.

#### **4. Turnover and revenue**

An analysis of the Company's turnover and revenue as follows:

|   | <b>Year<br/>ended<br/>2017<br/>£'000</b> | <b>Year<br/>ended<br/>2016<br/>£'000</b> |
|---|--|--|
| <b>Continuing operations</b>                    |  |  |
| Other operating income                          |  |  |
| Interest receivable and similar income (note 8) | 40,637                                   | 49,526                                   |
| Profit on disposal of fixed asset investments   | -  | -  |
| Income from shares in group undertakings        | -  | -  |
| <b>Total revenue</b>                            | <b>40,637</b>                            | <b>49,526</b>                            |

#### **5. Operating loss for the financial year**

Operating profit/ (loss) for the year has been arrived at after charging:

|   | <b>Year<br/>ended<br/>2017<br/>£'000</b> | <b>Year<br/>ended<br/>2016<br/>£'000</b> |
|---|--|--|
| Provisions for liabilities of subsidiaries decrease | 2,500                                    | 381                                      |

#### **6. Auditor's remuneration**

Fees payable for the audit of the Company's annual financial statements were £43,000 (2016: £35,000).

Fees payable for the audit of subsidiaries and fellow group companies were £254,000 (2016: £234,000). These fees were borne by the Company.

Fees payable for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

## **D.E Holding UK Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2017

#### **7. Staff costs**

There were no staff employed by the Company during the year (2016: nil).

The directors do not receive any remuneration in relation to their services to this Company (2016: nil).

#### **8. Interest receivable and similar income**

|   |    | <b>Year<br/>ended<br/>2017<br/>£'000</b> | <b>Year<br/>ended<br/>2016<br/>£'000</b> |
|---|----|--|--|
| Interest receivable:                            |    |  |  |
| Bank deposits                                   |    | 253                                      | 269                                      |
| Net interest on defined benefit pension schemes | 17 | 40,384                                   | 49,257                                   |
|   |    | <u>40,637</u>                            | <u>49,526</u>                            |

#### **9. Interest payable and similar charges**

|   |    | <b>Year<br/>ended<br/>2017<br/>£'000</b> | <b>Year<br/>ended<br/>2016<br/>£'000</b> |
|---|----|--|--|
| Interest payable on bank overdrafts and loans   |    | 1  | 4  |
| Net interest on defined benefit pension schemes | 17 | 35,507                                   | 42,658                                   |
|   |    | <u>35,508</u>                            | <u>42,662</u>                            |

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 10. Tax on profit on ordinary activities

|                        | Year<br>ended<br>2017<br>£'000 | Year<br>ended<br>2016<br>£'000 |
|------------------------|--------------------------------|--------------------------------|
| Corporation tax:       |                                |                                |
| UK corporation tax     | -                              | -                              |
| Deferred tax (note 15) | -                              | -                              |
|                        | -                              | -                              |

Corporation tax is calculated at 19.25% (2016: 20.00%) of the estimated taxable profit for the year.

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised in other comprehensive income:

|   | Year<br>ended<br>2017<br>£'000 | Year<br>ended<br>2016<br>£'000 |
|---|--------------------------------|--------------------------------|
| Deferred tax:   |                                |                                |
| Re-measurement Gains / (losses) on defined benefit pensions | 3,870                          | -                              |
|   | 3,870                          |                                |

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 10. Tax on profit on ordinary activities (continued)

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

|  | Year<br>ended<br>2017<br>£'000 | Year<br>ended<br>2016<br>£'000 |
|--|--------------------------------|--------------------------------|
| Profit before tax  | 6,513                          | 6,536                          |
| Tax at the UK corporation tax rate of 19.25% (2016: 20%)     | 1,253                          | 1,307                          |
| Expenses/Income not deductible in determining taxable profit | -                              | -                              |
| Income not taxable in relation to tax losses                 | (481)                          | (76)                           |
| Transfer pricing adjustments                                 |                                | 10                             |
| Group relief/other reliefs                                   | 283                            | 262                            |
| Amounts not recognised                                       | (1,055)                        | (1,503)                        |
| Tax expense for the year                                     | -                              | -                              |

#### 11. Fixed asset investments

##### Subsidiaries

|  |               |
|--|---------------|
|  | 2017<br>£'000 |
| Cost                                   |               |
| At 1 January 2017 and 31 December 2017 | 19,999        |

The parent Company and the Company have investments in the following subsidiary undertakings, associates and other investments. Unless otherwise stated, the Company holds a 100% interest in the ordinary share capital of its subsidiary undertakings.

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 11. Fixed asset investments (continued)

| Name                                   | Country of registration | Principal activity | Registered office address   |
|--|-------------------------|--------------------|---|
| Jacobs Douwe Egberts GB Limited        | England and Wales       | (A)                |   |
| Courtaulds Textiles Limited*           | England and Wales       | (B)                | Horizon Honey Lane, Hurley,<br>Maidenhead, Berkshire, SL6 6RJ             |
| Courtaulds Textiles (Holdings) Limited | England and Wales       | (B)                |   |
| D.E Finance UK Limited*                | England and Wales       | (B)                |   |
| Linnyslaw Insurance Limited            | Isle of Man             | (C)                | Tower House<br>Loch Promenade<br>Douglas<br>Isle of Man IM1 2LZ           |
| D.E Pension Trustee UK Limited*        | England and Wales       | (D)                |   |
| New Way Packaged Products Limited*     | England and Wales       | (D)                | Horizon Honey Lane, Hurley,<br>Maidenhead, Berkshire, SL6 6RJ             |
| Jacobs Douwe Egberts PRO GB Limited    | England and Wales       | (D)                |   |
| Kiwi (Nigeria) Limited (51% holding)   | Nigeria                 | (D)                | 4 Industrial Street<br>Ilupeju Industrial Estate<br>Ikeja, Lagos, Nigeria |

(A) This company is involved in the sale and distribution of coffee products or beverage concentrates.

(B) Holding or investment companies.

(C) This company holds an insurance business licence in accordance with the Isle of Man Insurance Act 2008, and its principal activity is that of an insurance company.

(D) Dormant companies.

\* Held directly by D.E Holding UK Limited.

#### 12. Debtors: amounts falling due within one year

|                                    | 2017<br>£'000 | 2016<br>£'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | 428           | 2,385         |
| Other debtors                      | 63            | 63            |
| Prepayments and accrued income     | -             | 93            |
| Taxes and social security          | 25            | -             |
|                                    | <u>516</u>    | <u>2,541</u>  |

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 13. Creditors: amounts falling due within one year

|                                    | 2017          | 2016         |
|------------------------------------|---------------|--------------|
|                                    | £'000         | £'000        |
| Bank loans and overdraft           | 41,969        | -            |
| Amounts owed to group undertakings | -             | 533          |
| Accruals                           | 740           | 815          |
| Taxes & social security            | 3,870         | -            |
|                                    | <u>46,579</u> | <u>1,348</u> |

#### 14. Provisions for liabilities

|                     | Liabilities of<br>subsidiaries<br>£'000 |
|---------------------|---|
| At 1 January 2016   | (30,859)                                |
| Release in the year | <u>381</u>                              |
| At 1 January 2017   | (30,478)                                |
| Release in the year | <u>2,500</u>                            |
| At 31 December 2017 | <u>(27,978)</u>                         |

The company entered into banking cross guarantee with various subsidiary companies. Given the net liability position of a subsidiary it is considered unlikely that they will be able to settle the current overdraft position and therefore provision has been made for the net overdraft of the subsidiary as at the year-end date.

The company has also agreed to provide support to various subsidiaries to enable them to settle their liabilities as they fall due.

It is also considered unlikely that one of these subsidiaries will be able to settle its external liabilities therefore these external liabilities are provided for.

Courtaulds Textiles (Holdings) Limited, a 100% subsidiary of the Company, has net liabilities of £26,318,000 (2016: £28,592,000) and has received support from the Company that sufficient resources will be provided to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 15. Deferred tax

The following are the major deferred tax liabilities/(assets) recognised by the Company and movements thereon during the current and prior reporting period.

|  | Retirement<br>benefit<br>obligations<br>£'000 | Other<br>£'000 | Tax<br>losses<br>£'000 | Total<br>£'000 |
|--|---|----------------|------------------------|----------------|
| At 1 January 2017                                | 45,169  | -              | (45,169)               | -              |
| Charge/(credit) to other<br>comprehensive income | 14,665  | (39)           | (10,756)               | 3,870          |
| At 31 December 2017                              | 59,834  | (39)           | (55,925)               | 3,870          |

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

|                          | 2017<br>£'000 | 2016<br>£'000 |
|--------------------------|---------------|---------------|
| Deferred tax liabilities | 59,834        | 45,169        |
| Deferred tax assets      | (55,964)      | (45,169)      |
|                          | 3,870         | -             |

At the balance sheet date, the Company has unused tax losses of £328,973,485 (2016: £330,892,000), represented by non-trading deficits of £15,555,013 (2016: £15,356,00) and management expenses of £313,418,472 (2016: £315,535,000).

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 16. Called up share capital

|  | 2017<br>£'000  | 2016<br>£'000  |
|--|----------------|----------------|
| Authorised:  |                |                |
| 92,135,538 'A' ordinary shares of £1 each (2016: 92,135,538) | 92,136         | 92,136         |
| 7,864,462 'B' ordinary shares of £1 each (2016: 7,864,462)   | 7,864          | 7,864          |
|  | <u>100,000</u> | <u>100,000</u> |
| Issued and fully paid:                                       |                |                |
| 54,931,056 'A' ordinary shares of £1 each (2016: 54,931,056) | 54,931         | 54,931         |
| 7,864,462 'B' ordinary shares of £1 each (2016: 7,864,462)   | 7,864          | 7,864          |
|  | <u>62,795</u>  | <u>62,795</u>  |

The 'A' ordinary shares relate to the D.E Holding UK Limited business prior to the acquisition of Jacobs Douwe Egberts PRO GB Ltd (formerly Douwe Egberts Professional UK Limited), and the 'B' ordinary shares relate to the Jacob Douwe Egberts PRO GB Ltd business.

Dividends and any surplus on winding up are to be paid to each class of share based on the results of the respective businesses as determined by non-audited financial statements drawn up, analysing the combined group into these two businesses.

The articles provide that the Company may repurchase its own shares, subject to the provisions of relevant legislation.

#### 17. Retirement benefit schemes

##### Defined benefit schemes

The Company is the Principal Employer for the D.E UK Pension Plan ("the Plan"), although no individuals are employed directly by the Company. The Plan is a defined benefit pension Plan and is closed to new members with a very few employees accruing pensionable service.

Historically the Plan had five different ring fenced sections. On 9 September 2016, these aforementioned five sections of the Plan were eliminated to create one unified Plan for funding, actuarial valuation, accounting and investment purposes. The Plan assets are legally separated from the Company. The trustee of the Plan is a Corporate Trustee and is required by law to act in the best interests of the fund's beneficiaries.

On 31 December 2015 the trade and assets of Jacobs Douwe Egberts PRO GB Ltd were sold to Jacobs Douwe Egberts GB Ltd in order to simplify the group structure. The pension scheme asset was transferred to D.E Holding UK Limited at net book value with an equivalent payable created from D.E Holding UK Limited.

There is no contractual agreement or stated policy for charging the net defined benefit cost and, therefore, the Company, which is the Principal Employer for the schemes, recognises the whole of the scheme surplus or deficit in its financial statements.



## **D.E Holding UK Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2017

#### **17. Retirement benefit schemes (continued)**

##### **Defined benefit schemes (continued)**

The cost of the defined benefit plans are calculated in accordance with FRS 101, based on formal actuarial valuations by independent qualified actuaries. A valuation of liabilities has been performed at 31 December 2017 using the projected unit credit method.

In line with normal practice, valuations are undertaken on a triennial basis. Defined benefit obligations as at 31 December 2017 are based on a valuation of member benefits as at 31 December 2017, but based on membership data as at 31 March 2012 updated to 31 December 2017 using updated salary and benefit payment data. Benefits are attributed to service based on the benefit formula applicable to each Section of the Plan.

The main risk which the Plan exposes the Company to is the requirement to meet any deficit arising within the Plan. Examples of risks that could result in a deficit along with mitigating strategies are set out below:

- Investment returns on the Plan's assets being lower than assumed in the actuarial valuation. This risk is reduced by the Trustee having a process in place to monitor investment performance quarterly as well as reviewing the Plan's investment strategy alongside each actuarial valuation. The investment strategy makes allowance for the nature of liabilities, for example investing in gilts in respect of pensioner liabilities. In addition a prudent approach is taken when valuing the liabilities for funding purposes, e.g. the discount rates used to value the liabilities for the actuarial valuation are set to be lower than the expected return on assets;
- Gilt yields reducing in future which result in the liability value increasing by more than the Plan's assets. The Trustee have an investment strategy which hedges a significant proportion of the exposure to changes in interest rates;
- Price inflation could be higher than that assumed resulting in the liability value increasing by more than the Plan's assets. The Trustee have an investment strategy which hedges a significant proportion of the exposure to changes in inflation rates; and
- Plan members living longer than assumed would result in the liability value increasing by more than the Plan's assets. The Trustee uses a prudent mortality assumption when determining the value placed on liabilities so that higher reserves are targeted in respect of the risk than are expected to be necessary.

##### **Actuarial assumptions**

The main actuarial assumptions used by the actuaries in calculating the pension liabilities were as follows:

|   | <b>2017</b>  | <b>2016</b>  |
|---|--------------|--------------|
|   | <b>Total</b> | <b>Total</b> |
|   | <b>%</b>     | <b>%</b>     |
| Discount rate                             | 2.60         | 2.50         |
| Rate of salary increases                  | 2.90         | 4.50         |
| Inflation assumption                      | 3.40         | 3.50         |
| Rate of social security increases         | 2.90         | 4.50         |
| Rate of increase of pensions in payment   | 3.10         | 3.15         |
| Rate of increase of pensions in deferment | 2.40         | 2.50         |

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 17. Retirement benefit schemes (continued)

##### Actuarial assumptions (continued)

The mortality assumptions used were as follows:

|   | 2017<br>Years | 2016<br>Years |
|---|---------------|---------------|
| Life expectancy of a male aged 65 now           | 21.30         | 21.9          |
| Life expectancy of a female aged 65 now         | 23.16         | 23.9          |
| Life expectancy of a male aged 65 in 15 years   | 22.32         | 23.2          |
| Life expectancy of a female aged 65 in 15 years | 24.32         | 25.4          |

##### Value of Plan assets/liabilities

The major categories and fair values of Plan assets for each category as at 31 December 2017 were as follows:

|  | 2017<br>Total<br>£'000 | 2016<br>Total<br>£'000 |
|--|------------------------|------------------------|
| Equities   | 175,854                | 168,570                |
| Government bonds – fixed interest                  | 13,184                 | 1,525                  |
| Government bonds – index-linked                    | -                      | 11,156                 |
| Corporate bonds                                    | 407,771                | 214,690                |
| Asset backed securities                            | 1,751                  | -                      |
| Cash and cash equivalents                          | 85,289                 | 199,996                |
| Derivatives  | (4,012)                | -                      |
| Other quoted securities                            | 956,823                | 1,051,886              |
| <b>Fair value of plan assets</b>                   | <b>1,636,660</b>       | <b>1,647,823</b>       |
| Present value of defined benefit obligations       | (1,284,690)            | (1,382,120)            |
| <b>Net defined benefit asset as at 31 December</b> | <b>351,970</b>         | <b>265,703</b>         |

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 17. Retirement benefit schemes (continued)

##### Change in defined benefit obligations during the year

|   | 2017             | 2016             |
|---|------------------|------------------|
|   | Total            | Total            |
|   | £'000            | £'000            |
| <b>1 January</b>                            | <b>1,382,120</b> | <b>1,140,843</b> |
| Current service cost                        | 568              | 435              |
| Interest cost on defined benefit obligation | 33,749           | 41,179           |
| Plan participants' contributions            | 56               | 67               |
| Administration costs and taxes              | 1,758            | 1,479            |
| Disbursements paid                          | (68,983)         | (57,569)         |
| Actuarial (gain)/loss                       | (64,578)         | 255,686          |
| Transfer in                                 | -                | -                |
| <b>31 December</b>                          | <b>1,248,690</b> | <b>1,382,120</b> |

##### Change in fair value of Plan assets during the year

|                                  | 2017             | 2016             |
|----------------------------------|------------------|------------------|
|                                  | Total            | Total            |
|                                  | £'000            | £'000            |
| <b>1 January</b>                 | <b>1,647,824</b> | <b>1,359,409</b> |
| Interest income on Plan assets   | 40,384           | 49,257           |
| Employer contributions           | 1,157            | 3,227            |
| Plan participants' contributions | 56               | 67               |
| Disbursements paid               | (68,983)         | (57,569)         |
| Actuarial gain                   | 16,222           | 293,433          |
| Transfer in                      | -                | -                |
| <b>31 December</b>               | <b>1,636,660</b> | <b>1,647,824</b> |

The actual return on Plan assets in the year was a gain of £56,604,140 (2016: gain of £342,690,000).

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 17. Retirement benefit schemes (continued)

##### Profit and Loss disclosures

Amounts recognised in profit and loss for the year were as follows:

|  | Year<br>ended<br>2017<br>Total<br>£'000 | Year<br>ended<br>2016<br>Total<br>£'000 |
|--|---|---|
| Current service cost <sup>(1)</sup>  | 568                                     | 435                                     |
| Interest cost on defined benefit obligation  | 33,749                                  | 41,179                                  |
| Interest income on assets  | (40,384)                                | (49,257)                                |
| Net interest cost/(income) on net defined benefit liability/(asset) <sup>(2)</sup> | (6,067)                                 | (7,643)                                 |
| Administration costs and taxes <sup>(2)</sup>                                      | 1,758                                   | 1,479                                   |
| <b>Cost recognised in P&amp;L</b>  | <b>(4,309)</b>                          | <b>(6,164)</b>                          |

<sup>(1)</sup> As explained above, no individuals are employed by the Company. The current service costs shown are cross-charged to the profit and loss account of the entities in which the individuals are employed (Jacobs Douwe Egberts GB Limited and Jacobs Douwe Egberts PRO GB Limited).

<sup>(2)</sup> Net interest cost/income, administration costs and taxes are charged to the profit and loss account of the Company, under interest receivable and similar income, or interest payable and similar charges, as appropriate.

##### Statement of Comprehensive Income disclosures

Amounts recognised in other comprehensive income for the year were as follows:

|  | Year<br>ended<br>2017<br>Total<br>£'000 | Year<br>ended<br>2016<br>Total<br>£'000 |
|--|---|---|
| Return on Plan assets (greater)/less than discount rate                        | (16,222)                                | (293,433)                               |
| Actuarial loss/(gain) due to experience on defined benefit obligation          | (8,656)                                 | (16,051)                                |
| Actuarial loss/(gain) due to changes in demographic assumptions                | (20,294)                                | (14,347)                                |
| Actuarial loss/(gain) due to changes in financial assumptions                  | (35,628)                                | 286,094                                 |
| <b>Net re-measurement loss/(gain) recognised in other comprehensive income</b> | <b>(80,800)</b>                         | <b>(37,737)</b>                         |

## D.E Holding UK Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2017

#### 17. Retirement benefit schemes (continued)

##### Sensitivity analysis

The discount rate, inflation, salary growth and the mortality assumptions all have a significant effect on the amounts reported. A 0.5-percentage point change, in isolation, in certain assumptions as at 31 December 2017 for the scheme liabilities would have had the effects shown in the table below

|  | 0.5 percentage point<br>Increase | Decrease |
|--|----------------------------------|----------|
|  | £'000                            | £'000    |
| <b>Discount rate</b>                             |                                  |          |
| Effect on pension obligation at 31 December 2017 | (94,671)                         | 106,873  |
| <b>Inflation rate</b>                            |                                  |          |
| Effect on pension obligation at 31 December 2017 | 65,748                           | (66,798) |
| <b>Salary growth</b>                             |                                  |          |
| Effect on pension obligation at 31 December 2017 | 383                              | (355)    |

One additional year in longevity in the mortality assumptions would increase the plan liabilities by 5%.

##### Expected cash flow for the following year

|   | Year<br>ended<br>2017<br>Forecast<br>Total<br>£'000 | Year<br>ended<br>2016<br>Forecast<br>Total<br>£'000 |
|---|---|---|
| Employer Contributions to Plan Assets           | 1,040   | 2,291   |
| Plan Participants' Contributions to Plan Assets | 49  | 64  |
| Benefit Payments from Plan Assets               | 73,654  | 65,553  |
| Administration Costs Paid from Plan Assets      | 610   | 1,758   |

The average duration of the defined benefit obligation at 31 December 2017 is 16.536 years (2016: 16.40 years).

## **D.E Holding UK Limited**

### **Notes to the financial statements (continued)**

For the year ended 31 December 2017

#### **17. Retirement benefit schemes (continued)**

##### **Pension funding arrangements**

The most recent full actuarial valuation of the Plan was carried out as at 1 April 2015. The funding level at this date showed the funding level to be at 98% of the Plan's agreed technical provisions. The Company had already made deficit contributions totalling £42.9m over the period since 1 April 2015, which removed the shortfall based on market conditions at the date of the 2015 actuarial valuation. The funding position is regularly reviewed and as at 31<sup>st</sup> December 2017 was at 105% with a plan surplus of £77m so there is no current requirement for deficit funding.

A revised Schedule of Contributions for the Plan was certified on 9 September 2016, which replaced the previous versions certified on 13 May 2016 for each of the former Sections. Following the 1 April 2015 valuation, from 9 September 2016 the Company will pay contributions at an average rate of 52% of pensionable salary for active (employed) members to meet future benefit accrual.

The Company will also reimburse the Trustee for any reasonable administration and governance expenses incurred by the Trustee in the management of the Plan and for the full cost of the PPF levies payable in respect of the Plan. All investment related expenses are met out of Plan assets.

#### **18. Controlling party**

In the opinion of the directors, the Company's ultimate parent Company and ultimate controlling party is Acorn Holdings B.V., a Company incorporated in the Netherlands.

The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is Jacobs Douwe Egberts B.V., a Company incorporated in the Netherlands. Copies of the group financial statements of Jacobs Douwe Egberts B.V. are available from the offices at Oosterdoksstraat 80, 1011 DK Amsterdam.

The Company's immediate controlling party is Jacobs Douwe Egberts B.V.