

Duracell UK Limited

Directors' report and financial statements

For the year ended December 31, 2016

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COMPANIES HOUSE #86

Duracell UK Limited

Company Information

Directors B D Young (resigned February 29, 2016)
 A J Appleton (resigned February 29, 2016)
 J H Reta (appointed February 29, 2016)
 A Piaras (appointed February 29, 2016)

Registered number 09490724

Registered office Spencer House (Third Floor)
 23 Sheen Road
 Richmond
 Surrey
 TW9 1BN

Independent auditor KPMG LLP

Bankers HSBC
 62-76 Park Street
 London

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Strategic report*For the year ended December 31, 2016*

The directors present their report and financial statements for the Company for the year ended December 31, 2016.

Business review

The Duracell brand was first launched by Duracell Inc. in the United States in 1964 and is now available in approximately 200 countries and territories throughout the world, including the United Kingdom since 1965. Duracell is the world's leading brand of high-performance alkaline batteries.

Duracell UK Limited focuses on the distribution and commercialization of a broad range of portable battery products including general purpose batteries (AA, AAA, C, D, 9V), rechargeable batteries, coin/button batteries, lithium batteries and chargers. Its products are in wide distribution across all channels.

Duracell UK Limited was incorporated on March 14, 2015 as a dormant entity under the ownership of The Procter & Gamble Company and particularly Procter & Gamble International SARL. It remained dormant until February 29, 2016 when ownership transitioned from The Procter & Gamble Company to Berkshire Hathaway Inc. and started its operations. Its direct shareholding ownership moved from Procter & Gamble International SARL to Duracell U.S. Holding LLC, who owns 100% of its ordinary shares. As part of the transition, Duracell UK Limited received £3,716,409 capital contribution from its shareholder, Duracell U.S. Holding LLC, to ensure smooth transition and support liquidity needs.

Duracell UK Limited adopted FRS 101 – Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard.

The Company's key financial and other performance indicators for the year were as follows:

<i>Period from March 1, 2016 to December 31, 2016</i>	2016	2015
Turnover	£81,911,410	N/A
Profit before tax	£1,998,537	N/A
Working capital % of revenue	10.2%	N/A
Customer Service Fill Rate	95.7%	N/A

Due to the absence of comparative prior period to benchmark progress, the directors are of the opinion that in depth analysis using KPIs is not necessary for the understanding of the performance and position of the company for the current period. Turnover for the 10 months of operating was £81,911,410 (2015: £NIL), demonstrating a successful transition year, not only maintaining the customer base in line with 2015, but also expanding to new customers in 2016. Profit before tax was £1,998,537 (2015: £NIL), delivering a profitable first year with positive cash-flow from operations. The after-tax profit for the year is £1,556,462 (2015: £NIL) in line with group liquidity requirements.

Working Capital as % of Revenue is 10.2%, while the Working Capital ratio is 1.1 demonstrating a good coverage of current liabilities with current assets. Customer service is a strategic priority for Duracell, as a lever to generate value both for the company and our customers. Product supply was smooth throughout the transition year, delivering 95.7% customer service fill rate.

The brand has continued to demonstrate its commitment to develop and create more value in the battery category behind its renewed focus and investment in marketing activities, such as the strategic partnerships with best-in-class entertainment and toy companies, the sponsorship of sporting events, like the Great Run series, and an enhanced in-store and merchandising workforce and capability.

We remain confident on the health of the market, the strength of the brand and its customer and consumer acceptance. While the macro-economic conditions have created consumer uncertainty and pressure on household income, Duracell is well positioned to respond to the diverse customer and consumer needs behind its strengthened innovation program, strategic partnerships and its portfolio of different price and product tiers.

Strategic report

For the year ended December 31, 2016

Principal risks and uncertainties

Socio-economic environment. The recent referendum regarding the UK leaving the EU, has brought a level of uncertainty in the political and economic areas that can adversely impact our business. Sterling devaluation to date has put pressure on consumer disposable income as prices of certain imported goods have risen. We monitor macroeconomic developments closely and adapt our value proposition accordingly to improve competitiveness and position the company for long term profitable share growth.

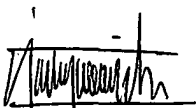
Market price risk. While our revenue and reporting currency is Pound Sterling, we source products and certain services outside the UK in different currencies. This drives exposure to fluctuations in foreign currency, notably costs denominated in Euro. Generally, a relatively weaker Pound adversely impacts profitability and margins, as the cost of imported goods and services increases. We manage transaction risk by localizing where possible foreign currency denominated costs, while deploying annual simplification and cost saving initiatives to absorb cost increases and support margin growth.

Environmental regulations. We are subject to numerous laws, regulations and policies covering environmental aspects related to battery recycling. Recycling obligations present a significant cost to the company therefore any changes in the compliance requirements or rates can have an adverse impact on our cost of goods. We actively participate in governing bodies and work closely with our Recycling Scheme with the aim to improve the effectiveness of battery collection and drive higher recycling rates. We are fully committed in helping the industry achieve its recycling targets and make it a focus area for continuous improvement.

This report was approved by the board on July 17, 2017 and signed on its behalf.



Apostolos Piaras
Finance Director



Javier Hernandez Reta
Managing Director

Directors' report*For the year ended December 31, 2016*

The directors present their report and the financial statements for the year ended December 31, 2016.

Principal activity

The Company operates in the UK and Ireland with the principal activity of distribution and sales of consumer portable batteries, in the general purpose, rechargeable and specialty product segments. Its core distribution channels comprise traditional grocers, battery wholesalers, discounters and specialty stores. General purpose alkaline batteries represent the majority of the company's sales, through its three product tiers of Ultra Power, Plus Power and Simply by Duracell.

Results and dividends

The profit for the year, after taxation, amounted to £1,556,462 (2015-£NIL) and no dividend is payable in 2016 (2015-£NIL)

Directors

The directors who served during the year were:

B D Young (resigned February 29, 2016)
A J Appleton (resigned February 29, 2016)
J H Reta (appointed February 29, 2016)
A Piaras (appointed February 29, 2016)

Going concern

Having considered future cash flows and availability of funding, the directors are confident that the Company has sufficient resources to meet its liabilities as they fall due for the foreseeable future and therefore has adopted the going concern basis in the preparation of the financial statements.

Future developments

The Company intends to continue operating in the areas of distribution and sales of consumer portable batteries, in the alkaline, rechargeable and specialty battery segments. Organic growth through its current grocery, wholesale, discounter and specialty channels remains priority, while also opening new customer and distribution opportunities. The general purpose alkaline business will remain the core, while reinstated focus on the specialty and rechargeable products is expected to strengthen adjacent segments within existing and new customers.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure of information to the Company's auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Duracell UK Limited

Directors' report

For the year ended December 31, 2016

Auditor

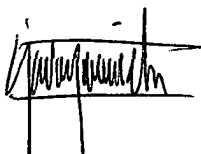
The auditor, KPMG LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on July 17, 2017 and signed on its behalf.

Apostolos Piaras
Finance Director



Javier Hernandez Reta
Managing Director



Duracell UK Limited
Spencer House (Third Floor)
23 Sheen Road
Richmond, Surrey, TW9 1BN
United Kingdom
July 17, 2017
Company Registration number 09490724

Directors' responsibilities statement

For the year ended December 31, 2016

The directors are responsible for preparing the Strategic report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments 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;
- 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.

Independent auditor's report to the members of Duracell UK Limited

We have audited the financial statements of Duracell UK Limited for the year ended December 31, 2016, set out on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at December 31, 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Duracell UK Limited

Matters on which we are required to report by exception

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



Natalia Bottomley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL
United Kingdom

July 17, 2017

Statement of comprehensive income
For the year ended December 31, 2016

	Note	2016 £	2015 £
Turnover	2	81,911,410	-
Cost of sales		(50,189,558)	-
Gross profit		31,721,852	-
Marketing expenses		(8,794,071)	-
Administrative expenses		(20,642,158)	-
Other operating expenses	3	(287,086)	-
Operating profit		1,998,537	-
Tax on profit	6	(442,075)	-
Profit for the year		<u>1,556,462</u>	<u>-</u>

The notes on pages 11 to 27 form part of these financial statements.

Statement of financial position
As at December 31, 2016

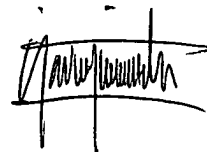
	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	7		343,032		-
			<u>343,032</u>		<u>-</u>
Current assets					
Stocks	8	153,572		-	
Debtors: amounts falling due within one year	9	27,671,565		-	
Cash at bank and in hand	10	30,401,120		1	
		<u>58,226,257</u>		<u>1</u>	
Creditors: amounts falling due within one year	11	(51,657,998)		-	
Net current assets			<u>6,568,259</u>		<u>1</u>
Debtors: amounts falling due after more than one year	9		333,547		-
Total assets less current liabilities			<u>7,244,838</u>		<u>1</u>
Creditors: amounts falling due after more than one year	12		(1,211,966)		-
Net assets			<u><u>6,032,872</u></u>		<u><u>1</u></u>
Capital and reserves					
Called up share capital	15		760,001		1
Other reserves	16		3,716,409		-
Profit and loss account	16		1,556,462		-
			<u><u>6,032,872</u></u>		<u><u>1</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on July 17, 2017

Apostolos Piaras
Finance Director



Javier Hernandez Reta
Managing Director



The notes on pages 11 to 27 form part of these financial statements.

Statement of changes in equity
For the year ended December 31, 2016

	Called up share capital	Capital Contribution	Profit and loss account	Total equity
	£	£	£	£
At January 1, 2016	1	-	-	1
Comprehensive income for the year				
Profit for the year	-	-	1,556,462	1,556,462
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,556,462	1,556,462
Shares issued during the year	760,000	-	-	760,000
Capital contribution	-	3,716,409	-	3,716,409
Total transactions with owners	760,000	3,716,409	-	4,476,409
At December 31, 2016	<u>760,001</u>	<u>3,716,409</u>	<u>1,556,462</u>	<u>6,032,872</u>

Statement of changes in equity
For the year ended December 31, 2015

	Called up share capital	Capital Contribution	Profit and loss account	Total equity
	£	£	£	£
At March 14, 2015	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Shares issued during the year	1	-	-	1
Total transactions with owners	1	-	-	1
At December 31, 2015	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

Notes to the financial statements
For the year ended December 31, 2016

1. Accounting policies

1.1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Duracell UK Limited (the "Company") for the year ended December 31, 2016 were authorised for issue by the board of directors on July 17, 2017 and the statement of financial position was signed on the board's behalf by Apostolos Piaras (Finance Director) and Javier Hernandez Reta (Managing Director). 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 results of Duracell UK Limited are included in the consolidated financial statements of Berkshire Hathaway Inc.

Duracell UK Limited is incorporated and domiciled in England and Wales. The date of incorporation was March 14, 2015 and on December 31, 2015 the company had net assets of £1. The company was dormant in 2015 so there was no result for the period ended December 31, 2015. There were no adjustments required on transition to the amounts previously reported on incorporation, the result for the period ended December 31, 2015 or the equity as at December 31, 2015.

The Company's financial statements are presented in Sterling and are individual entity financial statements.

The principal accounting policies adopted by the Company are set out below.

1. Accounting policies (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- 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

The Company's ultimate parent undertaking is Berkshire Hathaway Inc., which is incorporated in the United States of America. Copies of the group financial statements for Berkshire Hathaway Inc, can be obtained from 3555 Farnham Street, Omaha, NE 68131, USA.

1.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position 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.

Revenue is recognised when the risks and rewards are transferred to the customer, this is at the point of delivery. Gross revenue is reduced by discounts, estimated rebates and chargebacks. The rebate accruals are recognised at the time of the sale. Rebate accruals are based on estimates of the amounts to be claimed back by the customer due to partaking in promotional activities. The submission of the claim is normally some time after the initial recognition of the sale. These estimates take into account historical experience, current promotional activities, market trends. If actual future results vary, these estimates need to be adjusted which could have an effect on sales and earnings in the period of the adjustment.

Bad debt losses may be due to various causes management has to be acquainted with all the circumstances surrounding these losses and has to make every effort to prevent their recurrence. Bad debt expense should be recorded as a G&A expense in the P&L. The method consists of several components such as write-off experience, customer credit memo experience, and cash discount experience.

The directors do not consider there to be any judgements or material estimation uncertainties affecting the reported performance in the current year.

Notes to the financial statements
For the year ended December 31, 2016

1. Accounting policies (continued)

1.4 Going concern

Having considered future cash flows and availability of funding, the directors are confident that the Company has sufficient resources to meet its liabilities as they fall due for the foreseeable future and therefore has adopted the going concern basis in the preparation of the financial statements.

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Notes to the financial statements
For the year ended December 31, 2016

1. Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 8 years, straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a Standard cost method.

Notes to the financial statements
For the year ended December 31, 2016

1. Accounting policies (continued)

1.8 Financial instruments

The Company does not have derivative financial instruments.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, trade and other payables, cash and cash equivalents.

Trade and other receivables

Trade and other receivables are recognized initially at fair value. Subsequent to initial recognition they are measured at amortised cost using effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognized initially at fair value. Subsequent to initial recognition they are measured at amortised cost using effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdraft is repayable on demand and form a part of the Company's cash management.

Notes to the financial statements
For the year ended December 31, 2016

1. Accounting policies (continued)

1.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

1.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

1.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Notes to the financial statements
For the year ended December 31, 2016

1. Accounting policies (continued)

1.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income, or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements
For the year ended December 31, 2016

2. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Retail	53,668,280	-
Wholesale	27,769,202	-
Intercompany	473,928	-
	<u>81,911,410</u>	<u>-</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	80,870,250	-
Rest of Europe	843,683	-
Rest of the world	197,477	-
	<u>81,911,410</u>	<u>-</u>

3. Other operating expenses

	2016 £	2015 £
Realized exchange rate loss	230,286	-
Unrealized exchange rate loss	140,308	-
Other	(83,508)	-
	<u>287,086</u>	<u>-</u>

Notes to the financial statements
For the year ended December 31, 2016

4. Auditor's remuneration

The company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	2016 £	2015 £
Fees for the audit of the Company	51,500	-
	<u>51,500</u>	<u>-</u>

5. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	1,920,140	-
Social security costs	383,253	-
Cost of defined contribution scheme	299,978	-
	<u>2,603,371</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
	<u>36</u>	<u>2</u>

Directors' Emoluments

	2016 £	2015 £
Aggregate director's emoluments	852,126	-
Aggregate pension contributions paid for directors	48,072	-

Directors' emoluments include in-bound expatriate costs and foreign tax equalization charges. The aggregate of emoluments of the highest paid director was £559,010 (2015-NIL). Pension contributions for the highest paid director were £32,757 (2015-NIL).

Notes to the financial statements
For the year ended December 31, 2016

6. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	953,857	-
	<u>953,857</u>	<u>-</u>
Total current tax	<u>953,857</u>	<u>-</u>
Deferred tax		
Recycling fees – Accounts Payable	(474,676)	-
Accounts Receivable	(62,185)	-
Fixed Assets	25,079	-
	<u>(511,782)</u>	<u>-</u>
Total deferred tax	<u>(511,782)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>442,075</u>	<u>-</u>
Factors affecting tax charge for the year		

The tax assessed for the year is 22.12%, higher than the 20% standard rate of corporation tax in the UK. The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,998,537</u>	<u>-</u>
Tax on profit from ordinary activities at the standard corporation tax rate of 20%	399,707	-
Effects of:		
Change in the deferred tax rate (from 20% in 2016 to 19% in 2017)	38,322	-
Other	4,046	-
Total tax charge for the year	<u>442,075</u>	<u>-</u>

Notes to the financial statements
For the year ended December 31, 2016

6. Taxation (continued)**Factors that may affect future tax charges**

The Finance (No.2) Act 2015 reduced the rate of Corporation Tax from April 1, 2017 to 19% and by a further 1% to 18% from April 1, 2020. As such the temporary differences are expected to reverse at the main rate of UK Corporation Tax of 19%, being the rate enacted from April 1, 2017 and deferred tax has therefore been provided at this rate.

In the 2016 Budget, it was announced that the rate of Corporation tax from April 1, 2020 will be reduced further to 17%. This rate received Royal Assent on September 15, 2016.

7. Tangible fixed assets

	Fixtures and fittings £
Cost or valuation	
Additions	382,920
At December 31, 2016	<u>382,920</u>
Depreciation	
Charge for period on owned assets	39,888
At December 31, 2016	<u>39,888</u>
Net book value	
At December 31, 2016	<u><u>343,032</u></u>
At December 31, 2015	<u><u>-</u></u>

8. Stocks

	2016 £	2015 £
Finished goods and goods for resale	153,572	-
	<u><u>153,572</u></u>	<u><u>-</u></u>

Notes to the financial statements
For the year ended December 31, 2016

9. Debtors

	2016 £	2015 £
Due after more than one year		-
Other debtors	128,353	-
Deferred taxation	205,194	-
	<u>333,547</u>	<u>-</u>

	2016 £	2015 £
Due within one year		
Trade debtors	26,641,615	-
Intercompany receivables	581,599	-
Other debtors	12,665	-
Prepayments and accrued income	129,098	-
Deferred taxation	306,588	-
	<u>27,671,565</u>	<u>-</u>

10. Cash and cash equivalents

	2016 £	2015 £
Cash at bank	30,401,120	1
	<u>30,401,120</u>	<u>1</u>

Notes to the financial statements
For the year ended December 31, 2016

11. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,833,267	-
Intercompany payables	33,071,131	-
Corporation tax	953,857	-
Other creditors	3,773,066	-
Accruals and deferred income	12,026,677	-
	<u>51,657,998</u>	<u>-</u>

12. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Other creditors	1,211,966	-
	<u>1,211,966</u>	<u>-</u>

Notes to the financial statements
For the year ended December 31, 2016

13. Deferred taxation

	2016 £
Charged to the profit or loss	511,782
	<u><u>511,782</u></u>

	Assets	Liabilities	Net
	£	£	£
Tangible Fixed Assets	(131,996)	-	(131,996)
Other Payables – Recycling Fees	-	2,498,295	2,498,295
Bad Debt Provision	-	136,213	136,213
Trade Receivables	-	191,077	191,077
Total temporary Differences	(131,996)	2,825,585	2,693,589
Net Deferred Tax (Assets) / Liabilities	(25,079)	536,861	511,782

Notes to the financial statements
For the year ended December 31, 2016

14. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
760,001 (2015 - 1) Ordinary shares of £1 each	<u>760,001</u>	<u>1</u>

Share capital consists of 760,001 ordinary shares at a nominal value of £1 and Duracell U.S. Holding LLC owns 100% of the shares. Shares rank equally for voting purposes, dividend rights, distribution rights on a winding up and are not redeemable.

15. Other Reserves

The other reserves consist of the Capital Contribution made by the Shareholders, amounting to £3,716,409.

16. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £299,978 (2015 - £NIL).

Notes to the financial statements
For the year ended December 31, 2016

17. Commitments under operating leases

At December 31, 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Building rent		
Not later than 1 year	144,504	-
Later than 1 year and not later than 5 years	578,016	-
Later than 5 years	544,760	-
	<u>1,267,280</u>	<u>-</u>
	2016 £	2015 £
Vehicles		
Not later than 1 year	58,213	-
Later than 1 year and not later than 5 years	119,924	-
	<u>178,137</u>	<u>-</u>

Notes to the financial statements
For the year ended December 31, 2016

18. Acquisition of business

On February 19, 2016, the Company acquired the trade and assets of the Duracell business in the UK for cash consideration of £747,846. The Duracell business in the UK is based on a distributorship model, whereby the majority of business related activities are provided by other members of the Duracell group. As part of the purchase of trade and assets, Duracell UK Limited acquired the rights to distribute Duracell products into the UK market.

It is impractical to estimate turnover and net profit from the first day of accounting period, given that the Duracell business in the UK was previously owned by a large consumer goods corporation.

Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities:

	£
Tangible fixed assets	390,009
Trade and other debtors	381,837
Trade and other creditors	(24,000)
Net Assets and Liabilities	747,846
Consideration paid:	
Total cash consideration	747,846

No goodwill or intangible assets was recorded following the purchase of trade and assets.

Acquisition related costs are not significant.

19. Post balance sheet events

There have been no significant events affecting the Company since the year end.

20. Controlling party

The directors regard Berkshire Hathaway Inc., a company incorporated in the United States of America, as the ultimate parent company, and Duracell U.S. Holding LLC., a company incorporated in the United States of America, as the immediate parent company.

The smallest and largest group the company is consolidated into is Berkshire Hathaway Inc., which is incorporated in the United States of America. Copies of the group financial statements for Berkshire Hathaway Inc., can be obtained from 3555 Farnham Street, Omaha, NE 68131, USA..

21. First time adoption of FRS 101

The date of incorporation was March 14, 2015 and on December 31, 2015, the company had net assets of £1. The company was dormant in 2015 so there was no result for the period ended December 31, 2015. There were no adjustments required on transition to the amounts previously reported on incorporation, the result for the period ended December 31, 2015 or the equity as at December 31, 2015.