Registered no: NI 001920

Coca-Cola HBC Northern Ireland Limited

Annual report

for the year ended 31 December 2018

Coca-Cola HBC Northern Ireland Limited

Annual report for the year ended 31 December 2018

Contents | **Page(s)**

Coca-Cola HBC Northern Ireland Limited

Directors and advisers

Directors

J Weir (Resigned 31 December 2018)
M Drohan
P Murney (Resigned 21 November 2018)
M Seguin

Company secretary

R Jones

Registered office

12 Lissue Road
Lisburn
Co Antrim
BT28 2SZ

Registered Number

NI001920

Solicitors

Arthur Cox Solicitors
Victoria House
Gloucester Street
Belfast
BT1 4LS

Bankers

Bank of Ireland
22-24 Market Square
Lisburn
BT28 1AG

Citibank
Canada Square, Canary Wharf
London
E14 5LB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Waterfront Plaza
8 Laganbank Road
Belfast
BT1 3LR

Strategic report for the year ended 31 December 2018

The directors present their Strategic report on the company for the year ended 31 December 2018.

Principal activities

The principal activities of the company are the manufacture and distribution of soft drinks.

Business review and future developments

As from 24 June 2013, Coca-Cola HBC Northern Ireland Limited (CCHBCNI) is owned by CC Beverage Holdings II BV which is authorized to produce, sell and distribute a range of beverages.

Sparkling soft drinks include colas, bottled waters, other sparkling flavored drinks and mixers including tonics, bitter lemon and ginger ale. Still soft drinks encompass fruit juices, bottled waters, sports and energy drinks and ready to drink chilled teas.

The company offers almost thirty brands encompassing more than fifty package types.

Compared to prior year there has been an increase in volume sold and an increase in operating profit. The directors are committed to long term creation of shareholder value by increasing the company's market share through organic growth, including new product innovations.

Results

Details of the financial results for the year ended 31 December 2018 are given on pages 8 to 27. Turnover for the financial year was £213,490,515 (2017: £189,169,214), an increase of 12.9% (2017: 7.1% increase) during the year. Operating profit for the year was £15,914,358 (2017: £16,660,572). Profit before taxation amounted to £11,522,062 (2017 as restated in note 7: £21,149,702). Net assets are £84,843,701 (2017: £63,295,496).

Key performance indicators

The company's key performance indicators are as follows:

	2018	As restated* 2017	2016
Increase/(decrease) in turnover	**12.9%**	7.1%	2.5%
(Decrease)/increase in EBIT	**(31.5)%**	108.1%	17.6%
(Decrease)/increase in EBITDA	**(26.9)%**	64.2%	4.6%

**Refer to note 7 for details of restatement*

Sustainability

Sustainability is at the heart of how the company operates and it has an ambitious set of targets aimed at driving continuous improvement in this area. Central to this is the company's commitment to minimize its impact on the environment; reducing waste and emissions, while making packaging more sustainable. This work is brought to life through the company's World Without Waste strategy, which the company directors ensure is understood and embraced across the organisation.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Strategic report for the year ended 31 December 2018 (continued)

Human resources

The company's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company continues to invest in employment training and development and has introduced appropriate incentive and career progression arrangements.

Principal risks and uncertainties

The members of the management team carry out regular risk reviews in order to minimise exposure to key risks identified. Key risks include ensuring growth on our traditional soft drinks category whilst continuing to broaden our foot print in growth areas of juice, water, energy and 'wellness' drinks.

Local senior management operate a very robust risk management process by maintaining a business risk register. The register is updated and ranked on a monthly basis. Each business risk has an accountable owner at senior management level, and a resolution date.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of supply chain price risk, credit risk, foreign exchange risk and interest rate risk. The company is largely funded through cash flow generation and if required debt is sourced from Group operations. The company has in place a risk management program that seeks to limit the adverse effects of such risks on the financial performance of the company.

Supply chain price risk

The company is exposed to commodity price risk as a result of its operations. Where deemed necessary, commodity price contracts are utilized to mitigate this risk.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual customer is subject to a limit, which is reassessed regularly by the company.

Foreign exchange risk

The company is exposed to foreign exchange risks in the normal course of business, principally on purchases in € (Euro). When deemed necessary, foreign exchange contracts are utilized to mitigate this risk.

Interest rate risk

The company has loans from group undertakings that bear interest at variable rates. The company does not actively mitigate this risk given that the loans are with group undertakings

On behalf of the Board

M Seguin
Director
25 June 2019

M Drohan
Director
25 June 2019

Directors' report for the year ended 31 December 2018

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2018.

Financial performance and future developments

Details of the company's financial performance and future developments have been disclosed within the Strategic report on page 2 and are included in this report by cross reference.

Dividends

No interim dividend was paid during the financial year (2017: £nil). The directors do not recommend a final dividend (2017: £nil).

Going concern

It is the opinion of the directors that the financial statements should be prepared on the going concern basis.

Financial risk management

Details of the company's financial risk management have been disclosed within the Strategic report on page 3, as included in this report by cross reference.

Directors

The directors who held office during the year end up to the date of signing the financial statements are set out on page 1.

The directors benefit from qualifying third party indemnity provisions which continued in place from their appointment and at the date of this report or to the date of resignation.

Donations

The company made charitable donations of £14,652 (2017: £9,356) during the financial year, principally for the benefit of local communities in which the company operates. No donations for political purposes were made during the financial year (2017: £nil).

Employment policies

Coca-Cola HBC Northern Ireland Limited is an Equal Opportunities Employer.

It is the policy of the company to ensure that there is no discrimination regarding the employment, training, career development and promotion of employees who are disabled or become disabled during their employment.

The company is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of gender, race, colour, disability or marital status. The company gives full and fair consideration to applications for employment from status. The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled, where possible, the company continues employment, either in the same or alternative position with appropriate training being given if necessary.

The involvement of employees in the company's performance is further encouraged through an employee share scheme.

The company recognizes two trade unions (USDAW and UNITE) for collective bargaining purposes and consults with their representatives on issues impacting on employees.

Disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Coca-Cola HBC Northern Ireland Limited

Directors' report for the year ended 31 December 2018 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

M Seguin
Director
25 June 2019

M Drohan
Director
25 June 2019

Independent auditors' report to the members of Coca-Cola HBC Northern Ireland Limited

Report on the audit of the financial statements

Opinion

In our opinion, Coca-Cola HBC Northern Ireland Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report, which comprise: the balance sheet as at 31 December 2018; the Profit and loss account, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Independent auditors' report to the members of Coca-Cola HBC Northern Ireland Limited

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Emma Murray

Emma Murray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
27 June 2019

Coca-Cola HBC Northern Ireland Limited

Profit and loss account for the year ended 31 December 2018

	Note	2018 £	As restated* 2017 £
Turnover	4	**213,490,515**	189,169,214
Cost of sales		**(170,087,186)**	(147,365,752)
Gross profit		**43,403,329**	41,803,462
Distribution costs		**(20,279,856)**	(17,791,405)
Administrative expenses		**(7,209,115)**	(7,351,485)
Operating profit	5	**15,914,358**	16,660,572
Income from shares in group undertakings	7	**4,454,150**	13,062,877
Profit before interest and taxation		**20,368,508**	29,723,449
Interest payable and similar expenses	9	**(8,359,446)**	(7,990,747)
Other finance costs	10	**(487,000)**	(583,000)
Profit before taxation		**11,522,062**	21,149,702
Tax on profit	11	**(1,655,712)**	(1,720,045)
Profit for the financial year		**9,866,350**	19,429,657

**Refer to note 7 for details of restatement*

Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £	As restated* 2017 £
Profit for the financial year		**9,866,350**	19,429,657
Other comprehensive income/(expense): items that will not be reclassified to profit or loss			
Actuarial gain/(loss) recognised on pension schemes	24	**14,048,000**	(1,334,204)
Movement on deferred tax relating to pension schemes	11	**(2,366,145)**	228,140
Other comprehensive income/(expense) for the year, net of tax		**11,681,855**	(1,106,064)
Total comprehensive income for the year		**21,548,205**	18,323,593

**Refer to note 7 for details of restatement*

Coca-Cola HBC Northern Ireland Limited

Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	**77,557,412**	81,523,631
Investments	13	**166,251,071**	166,251,071
		243,808,483	247,774,702
Current assets			
Stocks	14	**8,339,241**	6,650,043
Debtors	15	**32,358,275**	40,284,393
Cash at bank and in hand		**422,120**	317,309
		41,119,636	47,251,745
Creditors: amounts falling due within one year	16	**(35,409,145)**	(32,403,602)
Net current assets		**5,710,491**	14,848,143
Total assets less current liabilities		**249,518,974**	262,622,845
Creditors: amounts falling due after more than one year	17	**(154,231,291)**	(172,906,414)
Provisions for liabilities	18	**(2,740,127)**	(3,267,186)
Accruals and deferred income	20	**(1,329,855)**	(1,772,749)
Net assets excluding pension liability		**91,217,701**	84,676,496
Pension liability	24	**(6,374,000)**	(21,381,000)
Net assets including pension liability		**84,843,701**	63,295,496
Capital and reserves			
Called up share capital	21	**218,643**	218,643
Share premium account		**72,588**	72,588
Capital reserves	22	**40,000,000**	40,000,000
Profit and loss account		**44,552,470**	23,004,265
Total shareholder's funds		**84,843,701**	63,295,496

The notes on pages 11 to 27 are an integral part of these financial statements.

The financial statements on pages 8 to 27 were approved by the Board of directors and were signed on its behalf by:

M Seguin
Director
25 June 2019

M Drohan
Director
25 June 2019

Registered number: NI 001920

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital £	Share premium account £	Capital reserves £	As restated* Profit and loss account £	As restated* Total shareholder's funds £
Balance as at 1 January 2017	218,643	72,588	40,000,000	4,680,672	44,971,903
Profit for the financial year	-	-	-	19,429,657	19,429,657
Actuarial loss recognised in pension schemes	-	-	-	(1,334,204)	(1,334,204)
Movement on deferred tax relating to pension schemes	-	-	-	228,140	228,140
Total comprehensive income for the year	-	-	-	(1,106,064)	(1,106,064)
Balance as at 31 December 2017	218,643	72,588	40,000,000	23,004,265	63,295,496

**Refer to note 7 for details of restatement*

	Called up share capital £	Share premium account £	Capital reserves £	Profit and loss account £	Total shareholder's funds £
Balance as at 1 January 2018	218,643	72,588	40,000,000	23,004,265	63,295,496
Profit for the financial year	-	-	-	9,866,350	9,866,350
Actuarial gain recognised in pension schemes	-	-	-	14,048,000	14,048,000
Movement on deferred tax relating to pension schemes	-	-	-	(2,366,145)	(2,366,145)
Total comprehensive income for the year	-	-	-	11,681,855	11,681,855
Balance as at 31 December 2018	**218,643**	**72,588**	**40,000,000**	**44,552,470**	**84,843,701**

Coca-Cola HBC Northern Ireland Limited

Notes to the financial statements for the year ended 31 December 2018

1 General information

The principal activities of the company are the manufacture and distribution of soft drinks. The company is a private company limited by shares and is incorporated and domiciled in Northern Ireland. The address of its registered office is 12 Lissue Road, Lisburn, Co Antrim, BT28 2SZ.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company is a wholly owned subsidiary of Coca-Cola HBC AG and is included in the consolidated financial statements of Coca-Cola HBCAG which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

Basis of preparation

The financial statements of Coca-Cola HBC Northern Ireland Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101).The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of land and buildings, available for sale financial assets, financial assets and financial liabilities, and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 44 to 52 of IFRS 2, 'Share-based payments' (disclosure of share-based payments)
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
  (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  – 10(d), (statement of cash flows),
  –10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

New standards, amendments and IFRIC Interpretations

The following interpretation and amendments to standards have been adopted by the Company during the year ended 31 December 2017:

- IAS 1 (Amendment) – Disclosure Initiative;
- IFRS 10, IFRS 12 and IAS 28 (Amendments) – Investment Entities: Applying the Consolidation Exception;
- IFRS 11 (Amendment) – Accounting for the Acquisition of Interests in Joint Operations;
- IAS 16 and IAS 38 (Amendments) – Clarification of Acceptable Methods of Depreciation and Amortisation;
- IAS 27 (Amendment) – Equity Method in Separate Financial Statements; and
- Annual Improvements 2012 - 2014

None of these amendments have had a significant impact on financial position of the company.

2 Summary of significant accounting policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses' and 'cost of sales'.

Tangible assets

All tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of tangible fixed assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Land is not depreciated. Assets under construction are recorded as part of tangible fixed assets costs and depreciation on these assets commences when the assets are available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings	Over 40 years straight line
Plant and equipment	Over a range of 3 to 20 years straight line
Motor vehicles and delivery equipment	Over 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Interest costs directly attributable to the construction of tangible fixed assets are capitalised gross of tax relief during the period of construction and written off as part of the total cost of the asset over its useful economic life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the profit and loss account

Property, plant and equipment identified for sale are re-classified to current assets and are reviewed on a quarterly basis for evidence of impairment. Any impairment identified is reflected against the carrying value of the asset. Depreciation is not charged on the asset once reclassified.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

Financial assets

Classification

The company classifies its financial assets in the following measurement categories:

i) Those to be measured at amortised cost; and

ii) Those to be measured subsequently at fair value (either through Other Comprehensive Income of through profit and loss).

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows. The company reclassifies its financial assets when and only when its business model for managing those assets changes. Management determines the classification of its financial assets at initial recognition.

(a) Those to be measured subsequently at fair value

Financial assets at fair value are those assets that are not held solely to collect payments of principal and interest. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

(b) Those to be measured at amortised cost

These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's assets to be measured at amortised cost comprise receivables, cash and commercial paper in the balance sheet.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets to be measured at amortised cost are initially recognised at fair value and then subsequently carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within interest income or expenses in the period in which they arise.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Derivative financial instruments and hedging activities

The company has not applied hedge accounting and all derivatives are measured at fair value through profit and loss.

Investments

Investments in subsidiaries are held at cost less accumulated impairment losses.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

The company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

Employee benefits (continued)

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past-service costs are recognised immediately in the profit and loss account.

Where the company does not have an unconditional right to benefit from any surplus, that surplus is not recognised in the financial statements and a liability is recognised for the payment of any contractually agreed, with the trustees, contributions.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the performance obligations under its contractual arrangements with customers are met. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods - wholesale

The company manufactures and distributes soft drinks. Sales of goods are recognised when the company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the company has objective evidence that all criteria for acceptance have been satisfied. The products are often sold with volume discounts. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with the market practice.

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease. The company leases certain tangible fixed assets. Leases of tangible fixed assets where the company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Coca-Cola HBC Northern Ireland Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Defined benefit scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 24 for the disclosures of the defined benefit pension scheme.

There are no other critical accounting estimates or judgements made in applying the company's accounting policies.

4 Turnover

Turnover relates to the company's principal activity of the sale of soft drinks, which is carried out in the United Kingdom and the Republic of Ireland.

	2018	2017
	£	£
United Kingdom	**124,251,885**	106,618,431
Republic of Ireland	**89,238,630**	82,550,783
Turnover	**213,490,515**	189,169,214

5 Operating profit

	2018	2017
	£	£
Operating profit is stated after charging/(crediting):		
Stock recognised as an expense (note 14)	**135,108,674**	120,165,117
Staff costs (note 6)	**22,206,949**	19,862,022
Depreciation of owned tangible fixed assets	**8,052,844**	9,362,489
Depreciation in respect of hire purchase assets	**518,134**	518,134
(Gain)/loss on disposal of tangible fixed assets	**(290,180)**	265,673
Fees payable to the company's auditors for the audit of the financial statements	**55,873**	70,243
Fees payable to the company's auditors for other services*	**8,888**	6,600
Impairment of trade receivables	**281,005**	95,187
Impairment of stock (included in "cost of sales")	**257,056**	111,323
Deferred capital grants released (note 20)	**(442,894)**	(485,460)
Operating lease charges - motor vehicles and other	**727,118**	766,602

* Other services include audit of employee benefit plan

Notes to the financial statements for the year ended 31 December 2018 (continued)

6 Employee information

	2018	2017
	£	£
Staff costs:		
Wages and salaries	**17,277,587**	15,899,976
Social security costs	**1,966,040**	1,771,284
Other pension costs	**2,963,322**	2,190,762
	22,206,949	19,862,022

	Number	Number
The average monthly number of persons employed by the company (including directors) during the financial year by activity was:		
Production	**209**	207
Distribution	**42**	42
Administration	**48**	44
Sales and marketing	**147**	141
	446	434

7 Income from shares in group undertakings

	2018	2017
	£	£
Dividends received	**4,454,150**	13,062,877

Restatement of comparative

The comparative information has been restated in order to reflect the dividend of £13,062,877 received during the year ended 31 December 2017 as income from shares in group undertakings within the income statement rather than the statement of changes in equity where it has been originally presented.

The restatement has increased reported profits for the year ended 31 December 2017 by £13,062,077 but has had no impact on tax charged for the year ended 31 December 2017 or reported net assets as of 1 January 2017 nor 31 December 2017.

8 Directors' emoluments

	2018	2017
	£	£
Aggregate emoluments	**825,063**	559,294

Retirement benefits are accrued for two of the directors (2017: two) under the company's defined benefit pension scheme.

Highest paid director

	2018	2017
	£	£
Aggregate emoluments	**487,840**	323,576

Coca-Cola HBC Northern Ireland Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

9 Interest payable and similar expenses

	2018	2017
	£	£
Interest payable on amounts owed to group undertakings	**8,129,107**	7,729,759
Interest payable on bank loans and overdrafts	**247**	1,135
Interest payable on hire purchase agreements	**230,092**	259,853
	8,359,446	7,990,747

10 Other finance costs

	2018	2017
	£	£
Net cost on pension scheme liabilities (note 24)	**(487,000)**	(583,000)

11 Tax on profit

	2018	2017
Analysis of charge in year	£	£
Current tax:		
UK corporation tax on profits for the year at 19% (2017: 19.25%)	**1,872,683**	2,385,479
Adjustment to tax charge in respect of prior years	**(102,744)**	368,718
Total current tax	**1,769,939**	2,754,197
Deferred tax:		
Origination and reversal of temporary differences	**352,088**	(836,667)
Adjustment to tax charge in respect of prior years	**(466,316)**	(197,485)
Total deferred tax (note 18)	**(114,227)**	(1,034,152)
Tax on profit	**1,655,712**	1,720,045

	2018	2017
Tax included in other comprehensive income	£	£
Deferred tax:		
-Origination and reversal of temporary differences	**2,366,145**	(228,140)
Total tax charge/(credit) included in other comprehensive income	**2,366,145**	(228,140)

11 Tax on profit (continued)

The current tax assessed for the financial year is lower than (2017: lower than) the standard rate of Corporation Tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	As restated* 2017 £
Profit before taxation	**11,522,062**	21,149,702
Profit before taxation multiplied by standard rate of corporation tax in the UK 19% (2017: 19.25%)	**2,189,192**	4,071,318
Effects of:		
Income not subject to tax	**(846,288)**	(2,514,604)
Net expenses not deductible for tax purposes	**19,634**	179,772
Excess depreciation over capital allowances	**813,293**	1,056,410
Other timing differences	**375,931**	(822,509)
Pension contribution in excess of pension cost charge	**(326,990)**	(421,575)
Adjustment to tax charge in respect of prior years	**(569,060)**	171,233
Tax on profit	**1,655,712**	1,720,045

**Refer to note 7 for details of restatement.*

Future tax changes

The standard rate of corporation tax in the UK for 2018 is 19%. Further reductions to the UK Corporation Tax rate were substantively enacted as part of the Finance Acts 2015 and 2016 (substantively enacted in October 2015 and updated in September 2016 respectively). These reduce the main rate of tax to 19% from 1 April 2017 and to 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

12 Tangible assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles and delivery equipment £	Total £
Cost				
At 1 January 2018	69,038,944	107,806,365	584,835	177,430,144
Additions	-	4,840,027	-	4,840,027
Disposals	-	(4,259,675)	(12,500)	(4,272,175)
At 31 December 2018	**69,038,944**	**108,386,717**	**572,335**	**177,997,996**
Accumulated depreciation				
At 1 January 2018	19,312,093	76,016,228	578,192	95,906,513
Charge for the year	2,321,733	6,243,109	6,136	8,570,978
Disposals	-	(4,024,407)	(12,500)	(4,036,907)
At 31 December 2018	**21,633,826**	**78,234,930**	**571,828**	**100,440,584**
Net book value				
~~**At 31 December 2018**~~	~~**47,405,118**~~	~~**30,151,787**~~	~~**507**~~	~~**77,557,412**~~
At 31 December 2017	49,726,851	31,790,137	6,643	81,523,631

The cumulative value of interest capitalized in fixed assets, before accumulated depreciation, amounts to £2,951,172 (2017: £2,951,172). The company did not provide assets as security over borrowings from third parties during either year. The net book value of tangible fixed assets includes an amount of £11,595,435 (2017: £12,113,569) in respect of assets held under hire purchase agreements, which have been captured within plant and equipment.

Notes to the financial statements for the year ended 31 December 2018 (continued)

13 Investments

	2018	2017
	£	£
Investments in subsidiaries at cost (note 28)	**166,251,071**	166,251,071

14 Stocks

	2018	2017
	£	£
Raw materials and consumables	**2,524,376**	2,131,611
Finished goods and goods for resale	**5,814,865**	4,518,432
	8,339,241	6,650,043

There is no material difference between the replacement cost of stocks and their balance sheet values.

Stock recognised as an expense £135,108,674 (2017: £120,165,117).

15 Debtors

	2018	2017
	£	£
Trade debtors	**17,487,172**	15,337,060
Amounts owed by group undertakings	**10,966,320**	18,507,438
Amounts owed by related parties (note 25)	**62,880**	385,881
Prepayments and accrued income	**2,216,539**	1,612,564
Derivative financial instruments	-	799,109
Defined benefit pension scheme asset (note 24)	**762,000**	-
Deferred tax (note 18)	**863,364**	3,642,341
	32,358,275	40,284,393

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

The details of the deferred tax asset of £863,364 (2017: £3,642,341) are presented in note 18.

Trade receivables are stated after provisions for impairment of £760,771 (2017: £485,866).

Debtors totalling £863,364 deferred tax assets (2017: £4,200,436 deferred tax assets and part of the derivative financial statements) are non-current assets.

Notes to the financial statements for the year ended 31 December 2018 (continued)

15 Debtors (continued)

Derivatives listed as at 31 December 2017 relate to eighteen Commodity Hedges (Aluminium) that were entered into by the company. Details of the individual contracts are outlined below.

Transaction number	Start date	End date	Fixed price (£/MT)	Quantity (MT)	**Fair value 31 Dec 2017 (£)**	Principal value 31 Dec 2017 (£)
8846	21 July '15	30 Jun '18	1,148	600	**177,876**	866,676
9010	27 Aug '15	31 Aug '18	1,110	600	**248,123**	914,123
11506	14 Mar '16	31 Oct '18	1,545	240	**26,587**	397,387
11729	24 Apr '17	30 Apr '18	121	325	**249**	39,655
11732	24 Apr '17	31 Oct '19	1,520	276	**45,494**	465,014
11747	24 Apr '17	31 Oct '19	1,520	276	**45,426**	465,015
11750	24 Apr '17	31 Oct '18	1,522	96	**12,611**	158,723
11753	24 Apr '17	31 Oct '18	1,519	96	**12,852**	158,700
11916	02 May '17	31 Oct '18	1,486	144	**23,725**	237,637
11982	08 May'17	31 Oct '18	1,456	96	**18,407**	158,183
12661	31 Jul '17	31 Oct '18	1,465	240	**44,043**	395,643
12664	01 Aug '17	31 Oct '19	1,465	240	**52,655**	404,255
12744	24 Aug '17	31 Jul '18	115	252	**1,658**	30,638
12865	29 Sep '17	30 Sep '18	77	847	**3,643**	68,862
13107	20 Nov '17	31 Oct '18	1,576	150	**15,227**	251,627
13169	29 Nov '17	31 Oct '18	1,550	300	**38,238**	503,238
13172	30 Nov '17	30 Jun '18	119	360	**1,112**	43,952
13175	01 Dec '17	31 Jul '18	1,536	220	**31,183**	369,103
					799,109	5,928,431

16 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	**20,424,785**	15,966,957
Trade amounts owed to group undertakings	**3,023,539**	2,937,047
Amounts owed to related parties (note 25)	**2,082,237**	5,378,284
Obligations under hire purchase agreements (note 19)	**1,182,896**	1,152,345
Deposits on containers	**62,814**	119,047
Taxation and social security	**4,996,669**	2,080,876
Corporation tax	**635,418**	1,664,688
Derivative financial instruments	**426,321**	-
Accruals and deferred income	**2,574,466**	3,104,358
	35,409,145	32,403,602

Amounts owed to group undertakings are unsecured and are repayable on demand.

Deposits on containers

This balance represents deposits received from customers in respect of bottles and cases less:

- refunds made to customers in respect of containers returned; and
- an annual write off in respect of containers estimated to have been lost or destroyed.

Notes to the financial statements for the year ended 31 December 2018 (continued)

16 Creditors: amounts falling due within one year (continued)

Derivatives listed as at 31 December 2018 relate to 33 Commodity Hedges (Aluminium and PET) that were entered into by the company. Details of the individual contracts are outlined below.

Transaction number	Start date	End date	Fixed price (£/MT)	Quantity (MT)	**Fair value 31 Dec 2018 (£)**	Principal value 31 Dec 2018 (£)
11732	24 Apr 2017	31 Oct 2019	1,520	276	**15,744**	403,776
11747	24 Apr 2017	31 Oct 2019	1,520	276	**15,807**	403,713
12664	01 Aug 2017	31 Oct 2019	1,465	240	**1,642**	349,958
14033	31 Jan 2018	28 Feb 2019	1,560	120	**17,009**	170,191
14271	21 Mar 2018	31 Jan 2019	1,490	70	**1,397**	102,903
14274	21 Mar 2018	31 Jan 2020	1,480	600	**1,163**	886,837
14892	26 Jun 2018	31 Jan 2019	145	40	**6,054**	-254
15473	26 Jul 2018	28 Feb 2019	150	100	**10,215**	4,785
15617	24 Aug 2018	31 Aug 2019	148	240	**9,218**	26,362
15938	11 Sep 2018	31 Oct 2019	1,575	300	**37,049**	435,451
15941	11 Sep 2018	31 Oct 2019	1,575	250	**30,874**	362,876
16103	25 Sep 2018	30 Sep 2019	146	90	**4,304**	8,836
16263	22 Oct 2018	30 Sep 2019	132	450	**14,548**	44,852
16299	01 Nov 2018	30 Nov 2019	970	121	**7,856**	109,514
16324	02 Nov 2018	30 Nov 2019	959	121	**6,541**	109,498
16348	02 Nov 2018	30 Nov 2019	1,010	88	**14,863**	74,017
16354	06 Nov 2018	31 Oct 2019	1,520	200	**13,691**	290,309
16404	08 Nov 2018	30 Nov 2019	1,000	88	**13,993**	74,007
16432	09 Nov 2018	30 Nov 2019	990	88	**13,123**	73,997
16456	09 Nov 2018	30 Nov 2019	990	88	**13,123**	73,997
16508	14 Nov 2018	30 Nov 2019	935	242	**7,342**	218,928
16553	19 Nov 2018	30 Nov 2019	949	264	**11,661**	238,875
16577	19 Nov 2018	30 Nov 2019	968	176	**22,395**	147,947
16662	23 Nov 2018	30 Nov 2019	920	88	**7,036**	73,924
16710	23 Nov 2018	30 Nov 2019	918	88	**6,832**	73,921
16734	30 Nov 2018	30 Nov 2019	903	576	**1,796**	518,332
16758	30 Nov 2018	30 Nov 2019	924	384	**26,671**	328,145
16916	07 Dec 2018	30 Nov 2019	962	180	**18,183**	154,977
16935	13 Dec 2018	31 Oct 2019	1,529	500	**38,854**	725,646
16946	17 Dec 2018	31 Oct 2019	132	550	**12,011**	60,589
17017	20 Dec 2018	31 Oct 2019	1,510	240	**13,242**	349,158
17073	20 Dec 2018	31 Oct 2019	122	560	**5,700**	62,620
17092	28 Dec 2018	31 Oct 2020	1,520	270	**6,384**	404,015
					426,321	7,362,703

17 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Amounts owed to group undertakings	**147,251,072**	164,751,072
Obligations under hire purchase agreements (note 19)	**6,972,672**	8,155,342
Derivatives	**7,547**	-
	154,231,291	172,906,414

	2018	2017
Maturity of financial liabilities – loan amounts owed to group undertakings	**£**	£
In more than five years	**147,251,072**	164,751,072

Coca-Cola HBC Northern Ireland Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

17 Creditors: amounts falling due after more than one year (continued)

Amounts owed to group undertakings are unsecured, subject to interest, and has a fixed date of repayment in December 2025.

Loan repayment dates and interest rates are as follows:

Loan	Repayment Date	Interest Rate*
£147,251,072	21 December 2025	ABC LT + 0.130%

*calculated based on the Average Borrowing Cost for long term funding ('ABC LT')

18 Provisions for liabilities

The deferred tax asset debtor consists of the following:

	Pensions	Other	Total
	£	£	£
At 1 January 2018	3,635,112	7,229	3,642,341
Charged to the profit and loss account (note 11)	(384,797)	(28,035)	(412,832)
Charged to comprehensive income	(2,366,145)	-	(2,366,145)
At 31 December 2018	**884,170**	**(20,806)**	**863,364**

The provision for deferred tax consists of the following:

	Accelerated capital allowances	Total
	£	£
At 1 January 2018	(3,267,186)	(3,267,186)
Credited to the profit and loss account (note 11)	527,059	527,059
At 31 December 2018	**(2,740,127)**	**(2,740,127)**

19 Obligations under hire purchase agreements

The net hire purchase obligations to which the company is committed are:

	2018	2017
	£	£
In one year or less	**1,182,896**	1,152,345
In more than one year but not more than two years	**1,214,031**	1,182,671
In more than two years but not more than five years	**3,838,686**	3,739,525
In more than five years	**1,919,955**	3,233,146
	8,155,568	9,307,687

20 Accruals and deferred income

	£
Government grant	
At 1 January 2018	1,772,749
Credited to the profit and loss account	(442,894)
At 31 December 2018	**1,329,855**

21 Called up share capital

	2018	2017
	£	£
Allotted and fully paid		
218,643 (2017: 218,643) ordinary shares of £1 each	**218,643**	218,643

22 Capital reserves

	£
At 1 January 2018 and **31 December 2018**	**40,000,000**

Capital reserves represents contributions by group undertakings for which there is no obligation to repay which are credited to capital reserves.

23 Financial commitments

At 31 December the company had the following future minimum lease commitments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Plant and equipment		
Within one year	**568,487**	357,643
Between one and two years	**423,568**	268,232
Between two and five years	**477,932**	168,646
	1,469,987	794,521

24 Pension commitments

Deferred benefit schemes

The company operates two funded defined benefit schemes in Northern Ireland, the Coca-Cola Bottlers (Ulster) Limited Staff Pension Scheme and the Coca-Cola Bottlers (Ulster) Limited Management Pension Scheme. The assets of these schemes are held in separate trustee administered funds.

The most recent actuarial valuation of the schemes was as at 31 December 2016. The valuation was carried out by Towers Watson, professionally qualified actuaries. As a result of the last valuation, the company has agreed to pay lump sum contributions per annum equal to £2.426m in 2014 and £2.475m in 2015 to 2018 inclusive (all amounts increasing annually in line with inflation) into the Staff Pension Scheme. The company has agreed to pay lump sum contributions equal to £0.630m in 2014 and £0.643m per annum in 2015 (increasing annually in line with inflation) to 31 March 2017 into the Management Pension Scheme.

Following consultation with members and Trustees, it was agreed that the schemes would close to future members on 30 June 2012.

For the purpose of IAS19 "Employee Benefits" the following financial assumptions were used by the actuary in updating the full valuations to 31 December 2018.

Coca-Cola HBC Northern Ireland Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

24 Pension commitments (continued)

	2018	2017
Rate of increase in salaries	**4.40%**	4.35%
Rate of increase in pensions in payment		
- pre 1/4/97 accrual	**3.00%**	3.00%
- post 1/7/97 accrual	**3.70%**	3.70%
- post 1/7/99 accrual	**3.20%**	3.20%
- post 1/4/11 accrual	**2.20%**	2.20%
Discount rate	**2.80%**	2.45%
Inflation assumption	**3.40%**	3.35%

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member of the Staff Pension Scheme currently aged 65 will live on average for a further 20.6 (2017: 21.7) years if they are male and for a further 24.0 (2017: 24.2) years if they are female, while a member of the Management Pension Scheme currently aged 65 will live on average for a further 23.2 (20176: 23.3) years if they are male and for a further 24.9 (2017: 25.4) years if they are female.

The net position of the schemes are as follows:

	2018	2017
	£	£
Equity	**26,353,000**	34,857,000
Bonds	**48,558,000**	38,607,000
Other	**4,129,000**	6,053,000
Total market value of assets	**79,040,000**	79,517,000
Present value of scheme liabilities (funded and unfunded)	**(84,241,000)**	(100,898,000)
	(5,201,000)	(21,381,000)
Unrecognised asset due to asset ceiling	**(411,000)**	-
Deficit in scheme	**(5,612,000)**	(21,381,000)

The above deficit is a net position of the two schemes comprising of a deficit on the Coca-Cola Bottlers (Ulster) Limited Staff Pension Scheme of £6,374,000 (2017: deficit of £20,031,000), and a benefit on the Coca-Cola Bottlers (Ulster) Limited Management Pension Scheme £762,000 (2017: deficit of £1,350,000).

Reconciliation of present value of scheme liabilities

	2018	2017
	£	£
At 1 January	**100,898,000**	98,953,009
Interest cost on pension scheme liabilities	**2,445,000**	2,691,000
Actuarial (gains)/losses	**(17,759,000)**	4,965,991
Past service cost	**807,000**	-
Benefits paid	**(2,150,000)**	(5,712,000)
At 31 December	**84,241,000**	100,898,000

Notes to the financial statements for the year ended 31 December 2018 (continued)

24 Pension commitments (continued)

Reconciliation of fair value of scheme assets

	2018	2017
	£	£
At 1 January	**79,517,000**	76,722,000
Expected return on pension scheme assets	**1,958,000**	2,108,000
Actuarial (losses)/gains	**(3,300,000)**	3,626,000
Employer contributions	**3,015,000**	2,773,000
Benefits paid	**(2,150,000)**	(5,712,000)
At 31 December	**79,040,000**	79,517,000

The sensitivity of the pension deficit to changes in key assumptions is as follows:

	Change in assumption %	**Increase in deficit %**	**Reduction in deficit %**
Discount rate	**+/- 0.5%**	**15.0%**	**-13.0%**
RPI inflation	**+/- 0.5%**	**10.0%**	**-9.00%**

An increase of one year in life expectancy would increase the defined benefit obligation by 3.0% (2017: 4.0%).

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

Scheme assets do not include any of Coca-Cola HBC Northern Ireland Limited's own financial instruments, or any property occupied by Coca-Cola HBC Northern Ireland Limited.

	2018	2017
	£	£
Analysis of amount charged to profit or loss are as follows:		
Service cost	**807,000**	-
Net interest cost	**487,000**	583,000
Total cost	**1,294,000**	583,000

Of the total current and past service cost £807,000 (2017: £nil) is included within administrative expenses.

Defined contribution schemes

During 2018 the company made payments totaling £1,657,284 (2017: £1,532,997) to the Defined Contribution pension scheme with a balance outstanding to be paid at the year-end of £150,171 (2017: £144,244).

Coca-Cola HBC Northern Ireland Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

25 Related party transactions

The following details disclosable related party transactions in the year:

(a) The Coca-Cola Company (TCCC)

As at 31 December 2018, TCCC indirectly owned 22.9% (2017: 23.1%) of the issued share capital of Coca-Cola HBC AG, who is the ultimate parent of the company. TCCC has entered into bottler's agreements with Coca-Cola HBC Northern Ireland Limited in respect of each of Coca-Cola HBC Northern Ireland Limited's territory.

The terms of the bottler's agreements grant Coca-Cola HBC Northern Ireland Limited the right to produce and the exclusive right to sell and distribute the beverages of TCCC in each of the countries Coca-Cola HBC Northern Ireland Limited operates. Consequently, Coca-Cola HBC Northern Ireland Limited is obliged to purchase all concentrate (2018: £55.28m, (2017: £51.45)) for TCCC's beverages from TCCC, or its designee, in the ordinary course of business.

TCCC makes discretionary marketing contributions to Coca-Cola HBC Northern Ireland Limited's operating subsidiaries. The participation in shared marketing agreements is at TCCC's discretion and, where co-operative arrangements are entered into, marketing expenses are shared. Such arrangements include the development of marketing programs to promote TCCC's beverages. Total net contributions received from TCCC for marketing and promotional incentives during the year amounted to £0.7m (2017: £0.7m received from). Contributions for price support and marketing and promotional campaigns in respect of specific customers are recorded in net sales revenue as an offset to promotional incentives paid to customers. In 2018, such contributions paid to TCCC totaled £0.5m (2017: £0.54m received from).

Contributions for general marketing programs are recorded as an offset to selling expenses. In 2018, such contributions made by Coca-Cola HBC Northern Ireland Limited to TCCC totaled £Nil (2017: contribution made by Coca-Cola HBC Northern Ireland Limited to TCCC £Nil).

TCCC has also customarily made additional payments for marketing and advertising directly to suppliers as part of the shared marketing arrangements. The proportion of direct and indirect payments, made at TCCC's discretion, will not necessarily be the same from year to year.

As at 31 December 2018, the company had a total amount due from TCCC of £0.06m (2017: £0.4m).

As at 31 December 2018, the company had a total amount payable to TCCC of £2.03m (2017: £5.4m)

26 Contingent liabilities

There is a contingent liability to repay certain government grants, received under terms of letters of offer from Invest NI, if the company fails to comply with stated conditions. In the opinion of the directors no loss is expected.

27 Ultimate parent company

The company regards Coca-Cola HBC AG, a quoted company incorporated in Switzerland, as its ultimate parent company and controlling party. The largest group into which the results of the group have been consolidated is that headed by Coca-Cola HBC AG. The smallest group into which the results of the company are consolidated is that headed by Coca-Cola HBC SA. Copies of the financial statements are publicly available and can be obtained from www.coca-colahellenic.com.

The immediate parent of Coca-Cola HBC Northern Ireland Limited is CC Beverages Holdings II B.V., a company incorporated in The Netherlands, with an address at Naritaweg 165, 1043BW, Amsterdam.

28 Unlisted investments

Subsidiary companies (% owned)	Principal activity	Country of incorporation
Coca-Cola HBC Ireland Limited 100% (2017:100%)	Sale of soft drinks.	Republic of Ireland

The registered office of the above company is Coca-Cola HBC Ireland Limited, Huntstown Business Park, Cappagh Road, Ballycoolin, Dublin 11.