

COCA-COLA INTERNATIONAL SALES LIMITED

DIRECTORS' REPORT

Directors: G Darby (Appointed 15 December 1994)
P Francis
P Hughes (Resigned 19 December 1994)
D Kearney

Secretary: D Lingua

Registered Office & Number: 1 Queen Caroline Street, London W6 9HQ
1861142

The directors present their report and the accounts for the year ended 31 December 1994.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are the toll manufacture, procurement and supply of soft drinks to the European Union, African and Eastern Bloc Countries.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,619,000 (1993 - £1,526,000).

The directors recommend the payment of a dividend of £4,000,000 (1993 - Nil) leaving a loss for the year of £2,381,000 (1993 - profit of £1,526,000) to be retained.

DIRECTORS AND THEIR INTERESTS

The directors during the year ended 31 December 1994, were those listed above. The directors have no beneficial interests in the shares of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

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



COCA-COLA INTERNATIONAL SALES LIMITED

DIRECTORS' REPORT (Continued)

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

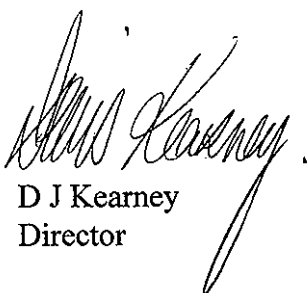
FUTURE DEVELOPMENTS

On the close of business on 28 February 1995, the company ceased the wine trading activity. However it will continue to develop its soft drinks business seeking further opportunities in new and emerging markets.

AUDITORS

A resolution to reappoint Ernst & Young, as auditors will be put to the members at the Annual General Meeting.

On behalf of the board



D J Kearney
Director

28 March 1995

REPORT OF THE AUDITORS

to the members of Coca-Cola International Sales Limited

We have audited the accounts on pages 5 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 2 and 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

28 March 1995

COCA-COLA INTERNATIONAL SALES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

	Notes	1994 £'000	1993 £'000
TURNOVER	2/3	52,803	41,480
Cost of Sales		46,516	36,246
GROSS PROFIT		<u>6,287</u>	<u>5,234</u>
Distribution costs		892	745
Administrative expenses		3,383	3,195
OPERATING PROFIT	4	<u>2,012</u>	<u>1,294</u>
Interest receivable & similar income	7	580	637
Interest payable & similar charges	8	(475)	(288)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,117</u>	<u>1,643</u>
Taxation	9	498	117
PROFIT FOR THE FINANCIAL YEAR		<u>1,619</u>	<u>1,526</u>
Dividends		4,000	0
RETAINED (LOSS)/PROFIT FOR THE YEAR		<u>(2,381)</u>	<u>1,526</u>

STATEMENT OF RETAINED PROFIT

At 1 January 1994	3,397
Loss for the year	(2,381)
At 31 December 1994	<u>1,016</u>

RECOGNISED GAINS & LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £1,619,000 in the year ended 31 December 1994, and of £1,526,000 in the year ended 31 December 1993.

COCA-COLA INTERNATIONAL SALES LIMITED

BALANCE SHEET AT 31 DECEMBER 1994

	Notes	1994 £'000	1993 £'000
FIXED ASSETS			
Tangible assets	10	171	524
CURRENT ASSETS			
Stocks	11	1,626	1,472
Debtors	12	15,693	18,093
Cash at bank and in hand		6,778	1,897
		<u>24,097</u>	<u>21,462</u>
CREDITORS: amounts falling due within one year	13	14,434	9,687
NET CURRENT ASSETS		<u>9,663</u>	<u>11,775</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,834	12,299
PROVISION FOR LIABILITIES & CHARGES			
Deferred taxation	14	43	127
		<u>9,791</u>	<u>12,172</u>
CAPITAL AND RESERVES			
Capital contribution	15	8,775	8,775
Profit and loss account		1,016	3,397
		<u>9,791</u>	<u>12,172</u>

D J Kearney

Directors

P A Francis

28 March 1995

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write-off the cost or valuation less estimated residual value of each asset evenly over its expected useful life, as follows:

Post mix dispensers:	5 years
Computer equipment:	6 years

Post mix dispensers are only depreciated once installed.

(c) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items.

(d) Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all timing differences which are expected to reverse in the future.

(e) Foreign Currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities at the balance sheet date are translated at year-end rates of exchange. All exchange differences arising are reported as part of the results for the year.

(f) Pensions

Contributions made in the period to the Group Pension Scheme are charged to profit so as to spread the cost of pensions over employees' working lives with the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

(g) Cashflow Statement

The company is a wholly owned subsidiary undertaking of Coca-Cola Holdings (United Kingdom) Limited, which has prepared a consolidated cashflow statement as part of the consolidated accounts. As such, the company has taken advantage of the exemption allowed under FRS 1 and has not prepared a cashflow statement itself.

2. TURNOVER

Turnover comprises the invoice price of goods and services supplied by the company, stated net of Value Added Tax.

3. ANALYSIS OF TURNOVER BETWEEN ACTIVITIES AND MARKETS

The whole of the company's turnover and profit arises from the promotion and sale of soft drinks and strategic supply services. An analysis of turnover by geographical market is given below:

	1994 £'000	1993 £'000
United Kingdom	16,843	11,569
Other European Union	13,773	16,173
Eastern Bloc and Scandinavian	18,305	10,053
Africa	3,882	3,685
	<u>52,803</u>	<u>41,480</u>

A significant portion of the Company's trading activities are transacted with fellow undertakings.

4. OPERATING PROFIT is stated after charging:

	1994 £'000	1993 £'000
Depreciation of tangible fixed assets	60	73
Auditors' remuneration - Audit Services	30	35
- Non Audit Services	7	10
	<u> </u>	<u> </u>

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

5. DIRECTORS' REMUNERATION

Certain directors of the company are employed by a fellow subsidiary undertaking and are also directors of that subsidiary undertaking.

The emoluments of the directors who are also directors of the fellow subsidiary undertaking are included in the accounts of the fellow subsidiary undertaking in which they are paid.

An administration fee amounting to £1,125,000 (1993 - £1,102,000) was charged by the fellow subsidiary undertaking in respect of administration and occupation costs, which includes the directors' emoluments which it is not possible to identify separately.

The emoluments of the remaining directors of the company are detailed as follows:

	1994 £'000	1993 £'000
Total emoluments (including pension contributions)	89	92
Directors' emoluments, excluding pension contributions fell within the following ranges:	1994 No.	1993 No.
£Nil - £ 5,000	3	2
£10,001 - £15,000	-	1
£75,001 - £80,000	-	1
£80,001 - £85,000	1	-

The emoluments, excluding pension contributions, of the highest paid director, were £80,976 (1993 - £76,765).

6. STAFF COSTS

	1994 £'000	1993 £'000
Wages and salaries	813	704
Social security costs	68	75
Other pension costs	67	51
	948	830

The above are costs before any recharges to fellow group undertakings.

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

The average number of persons employed by the company during the year, including directors, was as follows:

	1994 No.	1993 No.
Administration	25	27

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	1994 £'000	1993 £'000
Interest income	530	543
Rental income	28	44
Fees and commission income	22	46
Gain on disposal of fixed assets	-	4
	580	637

8. INTEREST PAYABLE AND SIMILAR CHARGES

	1994 £'000	1993 £'000
Bank loans and overdraft	23	29
Bank charges	23	26
Fees and commission expense	15	42
Net loss on foreign exchange	205	191
Loss on disposal of assets	209	-
	475	288

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

9. TAXATION

UK Corporation tax is provided at the rate of 33.0% (1993 - 33.0%). The taxation charge for the year is as follows:

	1994 £'000	1993 £'000
UK Corporation tax charge on taxable profits for the year	676	412
Release of prior years' provisions	(94)	(297)
Deferred taxation	(84)	2
	<u>498</u>	<u>117</u>

10. TANGIBLE FIXED ASSETS

Plant & Machinery £'000

Cost	
At 1 January 1994	708
Additions	147
Disposals	(533)
	<u>322</u>
At 31 December 1994	<u>322</u>
Depreciation	
At 1 January 1994	184
Charge for year	60
Disposals	(93)
	<u>151</u>
At 31 December 1994	<u>151</u>
Net book value	
At 1 January 1994	524
	<u>524</u>
At 31 December 1994	<u>171</u>

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

11. STOCKS	1994 £'000	1993 £'000
Finished product	1,091	1,021
Ingredients	430	338
Packing materials	105	113
	<u>1,626</u>	<u>1,472</u>

The difference between purchase price or production cost and their replacement cost is not material. Stocks are held on consignment at independent Toll Cannerys.

12. DEBTORS	1994 £'000	1993 £'000
Trade debtors	4,350	3,752
Other debtors	464	633
Prepayments and accrued income	1,113	2,274
Loan to parent undertaking	7,500	7,500
Amounts due from fellow subsidiary undertakings	2,266	3,934
	<u>15,693</u>	<u>18,093</u>

13. CREDITORS: amounts falling due within one year	1994 £'000	1993 £'000
Trade creditors	1,788	1,932
Amounts due to fellow subsidiary undertakings	8,618	3,327
Other creditors and accruals	2,049	3,132
Corporation tax payable and other taxes	1,979	1,296
	<u>14,434</u>	<u>9,687</u>

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

14. DEFERRED TAXATION	1994 £'000	1993 £'000
Accelerated capital allowances		
At 1 January	127	125
Booked during the year	(84)	2
At 31 December	<u>43</u>	<u>127</u>

15. SHARE CAPITAL	1994 £	1993 £
Authorised, allotted, called-up and fully paid		
100 Ordinary Shares of £1 each	100	100
Capital Contribution	8,775,332	8,775,332
	<u>8,775,432</u>	<u>8,775,432</u>

16. PENSION COSTS

The company operates within a group pension scheme which is a defined benefit scheme. It is funded by the payment of contributions to a pension fund management company. The contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent formal actuarial valuation was conducted at 1 January 1994. The assumptions which have the most significant effect on the results of the valuation are stated below:

Rate of return on investments	9%
Rate of salary increases	7%

The pension charge for the year was £66,757 (1993 - £50,730). These costs are before any recharges to fellow group undertakings.

Details of the actuarial valuation of the Group Scheme are included in the accounts of the parent undertaking, Coca-Cola Holdings (United Kingdom) Limited.

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 1994

17. PARENT UNDERTAKING

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is The Coca-Cola Company, incorporated in Delaware, USA and the parent undertaking of the smallest such group is Coca-Cola Holdings (United Kingdom) Limited, registered in England. Copies of both companies' accounts can be obtained from this company's registered office.