

Coca-Cola International Sales Limited

Report and Accounts

31 December 1999



DIRECTORS' REPORT

Directors:	C. Christensen	(appointed 20 January 1999)
	A. Cochrane	(resigned 20 January 1999)
	S. L. Ewart	
	A. Robinson	(appointed 20 January 1999)
	J. K. Sheppard	
	A. T. Taylor	

Secretary: J. M. Owen

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

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £695,000 (1998 – £1,734,000). The directors do not recommend the payment of a dividend (1998 – £3,500,000).

CREDITOR PAYMENT POLICY

The company recognises the importance of maintaining good business relations with its suppliers and is committed to paying all invoices within agreed terms.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the company are the toll manufacture, procurement and supply of soft drinks to Europe, Africa, Caribbean, Asia and Eastern Bloc countries.

In July 1999 The Coca-Cola Company (TCCC) completed the acquisition of Cadbury Schweppes PLC beverage brands in 158 countries. These brands include Schweppes, Canada Dry, Dr Pepper, Crush and certain other regional brands. As a result of the acquisition, Coca-Cola International Sales Limited acquired stocks of finished products and was assigned certain contracts for manufacture and supply of product.

FUTURE DEVELOPMENTS

The company will continue to develop its business seeking further opportunities in new and emerging markets.

YEAR 2000 COMPLIANCE

Over the past several years The Coca-Cola Company has developed and Coca-Cola International Sales Limited (CCISL) has implemented a plan to address the anticipated impacts of the so-called Year 2000 problem on our information technology (IT) systems and on non-IT systems involving embedded chip technologies. We also surveyed selected third parties to determine the status of their Year 2000 compliance programs. In addition, we developed contingency plans specifying what the Company would do if we or third parties experienced disruptions to critical business activities as a result of the Year 2000 problem.

CCISL's Year 2000 plan was complete in all material respects prior to the anticipated Year 2000 failure dates. As of 19 June 2000 the company has not experienced any materially important business disruptions or system failures as a result of Year 2000 issues, nor is it aware of any Year 2000 issues that have impacted its customers, suppliers or other significant third parties to an extent significant to the company. However, Year 2000 compliance has many elements and potential consequences, some of which may not be foreseeable or maybe realised in future periods. Consequently, there can be no assurance that unforeseen circumstances may not arise, or that CCISL will not in the future identify equipment or systems which are not Year 2000 compliant.

As of 31 December 1999 TCCC has borne the costs of addressing Year 2000 issues. These costs are being funded through operating cash flow. These costs do not include (i) costs associated with the implementation of contingency plans, or (ii) costs associated with the replacement of computerised systems or equipment in cases where replacement was not accelerated due to Year 2000 issues.

DIRECTORS AND THEIR INTERESTS


The directors of the company during the year ended 31 December 1999 were those listed above. The directors have no beneficial interests in the shares of the company.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be proposed at the Annual General Meeting.

On behalf of the Board.

S. L. Ewart
Director



Date:

19 June 2000

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.

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.

REPORT OF THE AUDITORS to the members of Coca-Cola International Sales Limited

We have audited the accounts on pages 7 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Responsibilities of Directors and Auditors

As described on page 5, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of Opinion

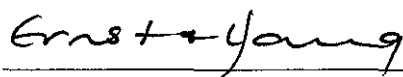
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of the evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made 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 1999, and its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor
London



Date:



Coca-Cola International Sales Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1999

	Notes	1999 £000	1998 £000
TURNOVER	2	51,160	44,606
Cost of sales		<u>45,947</u>	<u>38,949</u>
GROSS PROFIT		5,213	5,657
Distribution costs	3	1,007	849
Administrative expenses		2,953	3,227
Other operating charges/income		<u>250</u>	<u>(84)</u>
OPERATING PROFIT	4	1,003	1,665
Interest receivable and similar income	7	71	207
Interest payable and similar charges	8	<u>(28)</u>	<u>(37)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,046	1,835
Taxation	9	<u>351</u>	<u>101</u>
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO SHAREHOLDERS		<u>695</u>	<u>1,734</u>
Dividend		<u>-</u>	<u>3,500</u>
NET PROFIT RETAINED FOR THE FINANCIAL YEAR/(TRANSFER FROM RESERVES)		<u>695</u>	<u>(1,766)</u>

STATEMENT OF RETAINED PROFITS

At 1 January 1999	6,475
Profit for the year	<u>695</u>
At 31 December 1999	<u>7,170</u>

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of company of £695,000 in the year ended 31 December 1999, and the profit of £1,734,000 in the year ended 31 December 1998.


Coca-Cola International Sales Limited

BALANCE SHEET

As at 31 December 1999


	Notes	1999 £000	1998 £000
FIXED ASSETS			
Tangible assets	10	354	241
		354	241
CURRENT ASSETS			
Stocks	11	3,389	2,592
Debtors	12	9,290	7,714
Cash at bank and in hand		2,724	6,305
		15,403	16,611
CREDITORS: amounts falling due within one year	13	8,587	10,377
NET CURRENT ASSETS		6,816	6,234
TOTAL ASSETS LESS CURRENT LIABILITIES		7,170	6,475
CAPITAL AND RESERVES			
Called-up share capital	14&15	-	-
Capital contribution	15	-	-
Profit and loss account	15	7,170	6,475
		7,170	6,475

S. L. Ewart

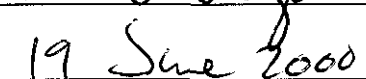


Directors

A. T. Taylor



Date:



NOTES TO THE ACCOUNTS

At 31 December 1999

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:

Plant and machinery	5 years
Computer equipment	4 years
Freehold buildings	20 years or remaining contract term

(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

Assets, liabilities, revenues and costs, denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the balance sheet date are translated at the year-end rates of exchange. All exchange differences thus 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 valuation, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll cost. 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.

(g) Cash flow

A consolidated cash flow statement is produced by the group's ultimate parent undertaking, The Coca-Cola Company, and under FRS 1 (revised), Coca-Cola International Sales Limited is not required to prepare a cash flow statement.

NOTES TO THE ACCOUNTS**At 31 December 1999****2. TURNOVER**

Turnover comprises the invoiced price of goods and services supplied by the company stated net of value added tax. The whole of the company's turnover arises from the promotion and sale of soft drinks and strategic supply services.

An analysis of turnover by geographical market is given below:

	1999 £000	1998 £000
United Kingdom	29,846	24,078
Other European countries	12,013	9,204
Eastern Bloc and Scandinavia	4,460	4,735
Africa	1,896	2,783
North America	369	272
Latin America	2,547	3,270
Asia	29	264
	<u>51,160</u>	<u>44,606</u>

3. DISTRIBUTION COSTS

Distribution costs comprise of freight outward charges only.

4. OPERATING PROFIT

Operating profit is stated after charging:

	1999 £000	1998 £000
Depreciation of owned fixed assets	105	88
Auditors remuneration – audit services	25	20

5. DIRECTORS' EMOLUMENTS

The majority of directors who are engaged in the company's business are employed by a fellow subsidiary undertaking. The emoluments of 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. The remaining directors' emoluments are detailed below:

NOTES TO THE ACCOUNTS**At 31 December 1999**

An administration fee amounting to £833,000 (1998 – £816,000) was charged by the fellow subsidiary undertaking in respect of administration and occupation costs, which includes the directors' emoluments which are not separately identifiable.

	1999 £000	1998 £000
Total emoluments (including pension contributions)	<u>73</u>	<u>57</u>

The company has made contributions of £3,847 on behalf of the directors into a defined benefits scheme during the year.

6. STAFF COSTS

	1999 £000	1998 £000
Wages and salaries	601	563
Social security costs	51	45
Other pension costs	57	52
	<u>709</u>	<u>660</u>

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

	1999 No.	1998 No.
Administration	<u>13</u>	<u>14</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £000	1998 £000
Interest income	65	191
Rental income	1	10
Fees and commission income	5	6
	<u>71</u>	<u>207</u>

NOTES TO THE ACCOUNTS

At 31 December 1999

8. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £000	1998 £000
Bank charges	26	35
Fees and commission expense	2	2
	<u>28</u>	<u>37</u>

9. TAXATION

UK corporation tax is provided at the rate of 30.25% (1998 – 31%). The taxation charge for the year is as follows:

	1999 £000	1998 £000
Corporation tax charge on profit for the year	351	575
Over provision of tax in prior years	-	(474)
	<u>351</u>	<u>101</u>

10. TANGIBLE FIXED ASSETS

	Land £000	Freehold Buildings £000	Computers £000	Plant & Machinery £000	Total £000
Cost:					
At 1 January 1999	-	-	139	531	670
Additions	5	183	-	30	218
At 31 December 1999	<u>5</u>	<u>183</u>	<u>139</u>	<u>561</u>	<u>888</u>
Depreciation:					
At 1 January 1999	-	-	106	323	429
Charge for the year	-	6	33	66	105
At 31 December 1999	<u>-</u>	<u>6</u>	<u>139</u>	<u>389</u>	<u>534</u>
Net Book Value:					
At 1 January 1999	-	-	33	208	241
At 31 December 1999	<u>5</u>	<u>177</u>	<u>-</u>	<u>172</u>	<u>354</u>

NOTES TO THE ACCOUNTS

At 31 December 1999

11. STOCKS

	1999 £000	1998 £000
Finished product	2,410	1,108
Ingredients	856	1,393
Packaging materials	123	91
	<u>3,389</u>	<u>2,592</u>

In the opinion of the directors, the difference between purchase price or production cost of stocks and their replacement cost is not material. Stocks are held in consignment at independent toll canners and at various warehouses in the United Kingdom.

12. DEBTORS

	1999 £000	1998 £000
Due within one year:		
Trade debtors	7,244	4,725
Loan to parent undertaking	-	1,500
Amounts owed by group undertakings	616	746
Other debtors	633	117
Prepayments and accrued income	797	626
	<u>9,290</u>	<u>7,714</u>

13. CREDITORS: amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	6,303	4,107
Amounts due to group undertakings	1,168	1,170
Other creditors and accruals	872	1,025
Corporation tax payable and other taxes	244	575
Dividend payable	-	3,500
	<u>8,587</u>	<u>10,377</u>

NOTES TO THE ACCOUNTS

At 31 December 1999

14. SHARE CAPITAL

	1999	1998
Number of ordinary shares	100	100
Ordinary shares of £1 each:	£	£
Authorised	100	100
Allotted, called up and fully paid	100	100

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £000	Capital Contributions £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 1 January 1998	-	8,775	(534)	8,241
Profit for the year	-	-	1,734	1,734
Dividend paid	-	-	(3,500)	(3,500)
Transfers	-	(8,775)	8,775	-
At 31 December 1998	-	-	6,475	6,475
Profit for the year	-	-	695	695
At 31 December 1999	-	-	7,170	7,170

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 are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. In accordance with the trust deed, the scheme is subject to a full revaluation every three years.

The most recent formal actuarial valuation was performed at 1 June 1999. The assumptions, which have the most significant effect on the results of the valuation, are stated below:

Investment return:	Pre-retirement	7.0%
	Post-retirement	6.0%
Remuneration growth		4.5%

NOTES TO THE ACCOUNTS

At 31 December 1999

The pension charge for the year was £57,000 (1998 – £52,000).

Details of actuarial valuation of the group scheme are included in the accounts of the parent undertaking, Coca-Cola Holdings (United Kingdom) Limited, registered in England and Wales.

17. CONTINGENT LIABILITIES

The ultimate parent undertaking, The Coca-Cola Company ("TCCC"), grants certain senior executives options to buy its shares. When an option is exercised, TCCC makes a charge to the group company employing the holder of the option. Owing to the mobility of executives within the group, uncertainty as to the date on which they will exercise their options, and the fluctuation of the share price, it is not possible to ascertain with certainty the liability which the company would incur on exercise of all options held by current employees. Accordingly, no provision has been set up in these accounts. However, had they been both exercisable and exercised at the share price prevailing on 31 December 1999, the liability would have been £690,677.

18. 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 Cola-Cola Holdings (United Kingdom) Limited, registered in England and Wales. Copies of both companies' accounts can be obtained from this company's registered office.

19. RELATED PARTY TRANSACTIONS

As the company is a wholly-owned subsidiary of Coca-Cola Holdings (United Kingdom) Limited, a company registered in England & Wales, which prepares consolidated financial statements, the company, pursuant to paragraph 17 of FRS8 "Related Party Transactions," has not included details of transactions with other companies which are subsidiaries of the Coca-Cola group

There are no other related party transactions.