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**DIRECTORS REPORT AND ACCOUNTS**

*Coca-Cola International Sales Limited*

**31 DECEMBER 2002**



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# **COCA-COLA INTERNATIONAL SALES LIMITED**

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## **DIRECTORS' REPORT**

**Directors:** A.T. Taylor  
J.K. Sheppard  
D.M. Cullinan  
J.M. Owen  
N.T. Long

**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 2002.

## **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £915,000 (2001: £737,000). The Directors do not recommend the payment of a dividend (2001:£nil).

## **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.

At December 2002, the company had an average of 34 days (2001:32 days) purchases outstanding in trade creditors.

## **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activities of the company are the toll manufacture and procurement of soft drinks in the UK and Ireland.

## **FUTURE DEVELOPMENTS**

It is anticipated that Coca-Cola International Sales Limited (CCISL) will continue its current business.

## **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year ended 31 December 2002 were those listed above. The directors have no beneficial interests in the shares of the company.

## **AUDITORS**

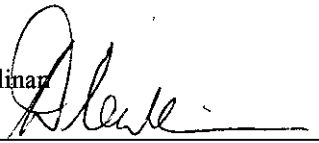
A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board.

D.M. Cullinan

Director

Date:

  
14 Oct 2003

## **COCA-COLA INTERNATIONAL SALES LIMITED**

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### **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; 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.

## **COCA-COLA INTERNATIONAL SALES LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COCA-COLA INTERNATIONAL SALES LIMITED**

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

**COCA-COLA INTERNATIONAL SALES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COCA-COLA  
INTERNATIONAL SALES LIMITED (continued)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*  
Ernst & Young LLP  
Registered Auditor  
London

14/10/03

**COCA-COLA INTERNATIONAL SALES LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

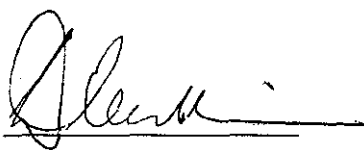
		2002	2001
	Notes	£'000	£'000
<b>TURNOVER</b>	2	16,007	17,341
Cost of sales		(14,952)	(16,467)
<b>GROSS PROFIT</b>		1,055	874
Administrative expenses		(143)	(35)
Other operating income		-	32
Exceptional Items	3	239	-
<b>OPERATING PROFIT</b>	4	1,151	871
Interest receivable and similar income	7	157	190
Interest payable and similar charges	8	(1)	(4)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,307	1,057
Tax on profit on ordinary activities	9	(392)	(320)
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO SHAREHOLDERS</b>		915	737
Dividend		-	-
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>		915	737
<b>STATEMENT OF RETAINED PROFITS</b>			
At 1 January 2002		5,591	
Profit for the year		915	
At 31 December 2002		6,506	

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £915,000 for the year ended 31 December 2002 and £737,000 for the year ended 31 December 2001.

**COCA-COLA INTERNATIONAL SALES LIMITED****BALANCE SHEET**  
**AS AT 31 DECEMBER 2002**

	Notes	2002 £'000	2001 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	151	166
		<u>151</u>	<u>166</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,189	1,080
Debtors	12, 15	4,340	5,176
Cash at bank and in hand		4,280	4,782
		<u>9,809</u>	<u>11,038</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(2,651)</u>	<u>(3,974)</u>
<b>NET CURRENT ASSETS</b>		<u>7,158</u>	<u>7,064</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,309	7,230
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	<u>(803)</u>	<u>(1,639)</u>
		<u>6,506</u>	<u>5,591</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	-	-
Profit and loss account	17	6,506	5,591
		<u>6,506</u>	<u>5,591</u>

D.M. Cullinan  
Director

Date:

14 Oct 2003

**NOTES TO THE ACCOUNTS - 31 DECEMBER 2002**

**1 ACCOUNTING POLICIES**

**(a) Accounting convention**

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

**(b) Depreciation**

Freehold land is not depreciated. Other tangible assets are depreciated 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:

Freehold buildings:      20 years or the remaining franchise

**(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) 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.

**(e) Cash flow statement**

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.

**(f) Deferred Taxation**

FRS 19, Deferred Tax, has been adopted with effect from 1 January 2002. Deferred tax has been recognised on a full provision basis in accordance with the accounting policy described below. Prior to 1 January 2002, deferred tax was provided using the liability method on all material timing differences to the extent that it was probable that the liability would crystallise. The implementation of FRS 19 has not resulted in any material revisions to the prior year financial statements.

Deferred tax is recognised in respect of all material timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.



## **COCA-COLA INTERNATIONAL SALES LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 2002**

#### **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.

An analysis of turnover by the origin of the geographical market is given below:

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	15,513	16,412
Other European countries	494	929
	<u>16,007</u>	<u>17,341</u>

#### **3 EXCEPTIONAL ITEMS**

Included within operating profit is £239k (2001 - £nil) of accruals which have been released as they related to items now borne by the local bottler.

#### **4 OPERATING PROFIT**

Operating profit is stated after charging:

	<b>2002</b>	<b>2001</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of owned fixed assets	15	9
Auditors' remuneration – audit services	21	21

#### **5 DIRECTORS' EMOLUMENTS**

The emoluments of directors who are also directors of a fellow subsidiary undertaking are included in the accounts of the fellow subsidiary undertaking (Beverage Services Limited) from which they are paid.

#### **6 STAFF COSTS**

All staff costs are borne by the fellow subsidiary, Beverage Services Limited, from which they are paid.

**COCA-COLA INTERNATIONAL SALES LIMITED****NOTES TO THE ACCOUNTS - 31 DECEMBER 2002****7 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2002	2001
	£'000	£'000
Interest income	156	186
Rental income	1	4
	<u>157</u>	<u>190</u>

**8 INTEREST PAYABLE AND SIMILAR CHARGES**

	2002	2001
	£'000	£'000
Bank charges	1	4

**9 TAX ON PROFIT ON ORDINARY ACTIVITIES****(a) Analysis of taxation charge in the year:**

	2002	2001
	£000	£000
Current tax:		
UK corporation tax on profits for the year	404	288
(Over) / under provision in prior period	<u>(1)</u>	<u>32</u>
	403	320
Deferred tax:		
Origination and reversal of timing differences	<u>(11)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>392</u>	<u>320</u>

**COCA-COLA INTERNATIONAL SALES LIMITED****NOTES TO THE ACCOUNTS - 31 DECEMBER 2002****9. TAX ON PROFIT ON ORDINARY ACTIVITIES (Cont)**

(b) Factors affecting the current tax charge for the year

	2002 £000	2001 £000
Profit on ordinary activities before tax	1,307	1,057
Tax on profit on ordinary activities before tax at 30%	392	317
Effects of:		
Permanent disallowables	27	6
Capital allowances for period in excess of depreciation	(7)	(11)
Short-term timing differences	(8)	(24)
(Over) / Under provision in prior period	(1)	32
Current tax charge for the year	403	320

(c) Factors that may affect future tax charges

There are currently no factors that will affect future tax charges.

**10 TANGIBLE FIXED ASSETS**

	Land £'000	Freehold buildings £'000	Total £'000
<b>Cost:</b>			
At 1 January 2002	5	183	188
At 31 December 2002	5	183	188
<b>Depreciation:</b>			
At 1 January 2002	-	22	22
Provided during the year	-	15	15
At 31 December 2002	-	37	37
<b>Net book value:</b>			
At 1 January 2002	5	161	166
At 31 December 2002	5	146	151

**COCA-COLA INTERNATIONAL SALES LIMITED****NOTES TO THE ACCOUNTS - 31 DECEMBER 2002****11 STOCKS**

	2002	2001
	£'000	£'000
Finished product	618	600
Ingredients	571	480
	<u>1,189</u>	<u>1,080</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 packers and at various warehouses in the United Kingdom.

**12 DEBTORS**

	2002	2001
	£'000	£'000
Trade debtors	2,002	2,336
Amounts owed by group undertakings	35	1,117
Other debtors	2,291	1,705
Prepayments and accrued income	1	18
Deferred tax asset (note 15)	11	-
	<u>4,340</u>	<u>5,176</u>

**13 CREDITORS: amounts falling due within one year**

	2002	2001
	£'000	£'000
Trade creditors	1,368	1,439
Amounts due to group undertakings	902	2,036
Other creditors and accruals	30	253
Corporation tax payable	351	246
	<u>2,651</u>	<u>3,974</u>

**NOTES TO THE ACCOUNTS - 31 DECEMBER 2002**

**14 PROVISIONS FOR LIABILITIES AND CHARGES**

Upon review of the organisational structure, management reorganised the company structure resulting in staff redundancies and consolidation of resources in 2000.

The remaining provision is analysed as follows:

	2002	2001
	£'000	£'000
Provision for contractual obligations	803	1,639
	<u>803</u>	<u>1,639</u>

£836,000 (2001 - £685,000) was utilised during the year. No unused amounts were reversed during the year.

**15 DEFERRED TAXATION**

The movement in deferred taxation during the current and previous years is as follows:.

	2002	2001
	£'000	£'000
At 1 January	-	-
Credit for the year (note 8)	11	-
At 31 December	<u>11</u>	<u>-</u>

	2002	2001
	£'000	£'000
Accelerated capital allowances:		
At 31 December	<u>11</u>	<u>-</u>

## **COCA-COLA INTERNATIONAL SALES LIMITED**

### **NOTES TO THE ACCOUNTS - 31 DECEMBER 2002**

#### **16 SHARE CAPITAL**

	<b>2002</b>	<b>2001</b>
Number of ordinary shares	100	100
Ordinary shares of £1 each:	£	£
Authorised	<u>100</u>	<u>100</u>
Allotted, called up and fully paid	<u>100</u>	<u>100</u>

#### **17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	<b>Profit and loss account</b>	<b>Total Shareholders' funds</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January 2001	4,854	4,854
Profit for the year	<u>737</u>	<u>737</u>
At 31 December 2001	5,591	5,591
Profit for the year	<u>915</u>	<u>915</u>
At 31 December 2002	<u>6,506</u>	<u>6,506</u>

#### **18 RELATED PARTY TRANSACTIONS**

As the company is a wholly-owned subsidiary of Coca-Cola Holdings (United Kingdom) Limited, a company registered in England and 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.

#### **19 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. 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.