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Coca-Cola International Sales Limited

Report and Financial Statements

31 December 2009

Directors

S Guha
C Sleight
I Panizo
M Benda
C Wiegele

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

1 Queen Caroline Street
London W6 9HQ

Directors' report

The directors present their report and financial statements for the year ended 31 December 2009

Results and dividends

The profit for the year after taxation amounted to £1,162,000 (2008 – profit of £1,701,000) An interim dividend of £1,700,000 was paid during the year (2008 – £3,600,000)

Principal activity and review of the business

The principal activities of the company are the promotion and sale of ready to drink non alcoholic beverages or syrups in the UK and Ireland

Future developments

It is anticipated that Coca-Cola International Sales Limited will continue its current business

Principal risks and uncertainties

The company has three principal customers with whom it has agreements Should there be a termination of these agreements or a change in business relationships, the turnover of the company could decrease by a material amount

Key performance indicators

The company's key performance indicators are the level of turnover, reflecting the volume of products sold, and the level of operating profit The turnover for the year was £21,616,000 (2008 – £19,757,000) and operating profit was £1,599,000 (2008 – profit of £1,902,000)

Going concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors

The directors who served the company during the year were as follows

S Guha	
C Sleight	(resigned 30 June 2010)
P Matthews	(resigned 29 May 2009)
M Benda	(appointed 8 December 2009)
C Wiegele	(appointed 8 December 2009)
D Kearney	(resigned 4 November 2009)
G Smith	(resigned 8 January 2010)

I Panizo was appointed as a director of the company on 9 February 2010

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 31 December 2009, the company had an average of 52 days (2008 – 91 days) purchases outstanding in trade creditors

Directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

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

On behalf of the Board

Christian Wiegele
24.09.2010

Director

2010

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditor's report

to the members of Coca-Cola International Sales Limited

We have audited the financial statements of Coca-Cola International Sales Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report

to the members of Coca-Cola International Sales Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Ernst & Young LLP

J I Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

29 September 2010

Profit and loss account

for the year ended 31 December 2009

	Notes	2009 £000	2008 £000
Turnover	2	21,616	19,757
Cost of sales		(19,967)	(17,813)
Gross profit		1,649	1,944
Administrative expenses		(50)	(42)
Operating profit	3	1,599	1,902
Interest receivable and similar income	6	34	485
Interest payable and similar charges	7	(15)	(6)
Profit on ordinary activities before taxation		1,618	2,381
Tax	8	(456)	(680)
Profit for the financial year	15	1,162	1,701

The above results are all in respect of continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2009

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £1,162,000 in the year ended 31 December 2009 (2008 – profit of £1,701,000)

Balance sheet

at 31 December 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	10	78	88
Current assets			
Stocks		–	34
Debtors	11	6,808	4,676
Cash at bank and in hand		6,444	10,884
		13,252	15,594
Creditors amounts falling due within one year	12	(3,017)	(4,831)
Net current assets		10,235	10,763
Total assets less current liabilities		10,313	10,851
Capital and reserves			
Called up share capital	14,15	9,149	9,149
Profit and loss account	15	1,164	1,702
Shareholders' funds	15	10,313	10,851

The financial statements were approved by the Board of directors on 24.09.2010 and signed on behalf of the Board

Director

2010 Christian Wiegele

Notes to the financial statements

at 31 December 2009

1. Accounting policies

Basıs of preparatıon

The financıal statements are prepared under the hıstorıcal cost conventıon and ın accordance wıth applıcable accountıng standards ın the Unıted Kıngdom

Statement of cash flows

Publıcly avaılable group financıal statements are produced by the group's ultımate parent undertakıng, The Coca-Cola Company and, under FRS 1 (revısed), Coca-Cola Internatıonal Sales Lımıted ıs therefore not requıred to prepare a statement of cash flows

Deprecıatıon

Freehold land ıs not deprecıated Other tangıble assets are deprecıated at rates calculated to wrıte off the cost of each asset evenly over ıts expected useful lıfe as follows

Freehold buıldıngs	–	20 years
Plant and machınery	–	7 years

The carryıng values of tangıble fixed assets are revıewed for ımpaırment when events or changes ın cırcumstances ındıcate the carryıng value may not be recoverable

Revenue recognıtıon

Revenue ıs recognısed to the extent that the group obtaıns the rıght to consıderatıon ın exchange for ıts performance Revenue ıs measured at the faır value of the consıderatıon receıved, excludıng dıscounts, rebates, VAT and other sales taxes or duty

Revenue from the sale of goods ıs recognısed when the sıgnıficant rısks and rewards of ownershıp of the goods have passed to the buyer, usually on dıspatch of the goods

Interest ıncome ıs recognısed as ınterest accrues usıng the effectıve ınterest method

Stocks

Stocks are valued at the lower of cost and net realısable value after makıng due allowance for any obsolete or slow-movıng ıtems

Deferred taxatıon

Deferred taxatıon ıs recognısed ın respect of all tımıng dıfferences that have orıgınated but not reversed at the balance sheet date where transactıons or events have occurred at that date that wıll result ın an oblıgatıon to pay more, or rıght to pay less or to receıve more tax ın the future at the balance sheet date Deferred tax assets are recognısed only to the extent that the dırectors consıder that ıt ıs more lıkely than not that there wıll be suıtable taxable profits from whıch the future reversal of the underlyıng tımıng dıfferences can be deducted Deferred tax ıs measured on an undıscounted basıs at the tax rates that are expected to apply ın the perıods ın whıch tımıng dıfferences reverse, based on tax rates and laws enacted or substantıvely enacted at the balance sheet date

Foreıgn currencies

Transactıons ın foreıgn currencıes are recorded at the rate rulıng at the date of the transactıon

Monetary assets and lıabılıtıes denomınated ın foreıgn currencıes are retranslated at the rate of exchange rulıng at the balance sheet date

All dıfferences are taken to the profit and loss account

Notes to the financial statements

at 31 December 2009

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 geographical market is given below

	2009	*2008*
	£000	*£000*
United Kingdom	21,571	19,707
Europe	45	50
	21,616	19,757

3. Operating profit

This is stated after charging

	2009	*2008*
	£000	*£000*
Auditor's remuneration – audit services	20	20
– non-audit services (taxation)	12	12
Depreciation of owned fixed assets	10	9

4. Directors' emoluments

The emoluments of directors who are also directors of a fellow subsidiary undertaking are included in the financial statements of the fellow subsidiary undertaking (Beverage Services Limited) from which they are paid The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the other undertakings

5. Staff costs

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

6 Interest receivable and similar income

	2009	*2008*
	£000	*£000*
Interest income	30	480
Rental income	4	5
	34	485

Notes to the financial statements

at 31 December 2009

7. Interest payable and similar charges

	2009	*2008*
	£000	*£000*
Bank charges	–	1
Interest charges	15	5
	15	6

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2009	*2008*
	£000	*£000*
Current tax		
UK corporation tax on the profit for the year	451	674
Total current tax (note 8(b))	451	674
Deferred tax		
Origination and reversal of timing differences (note 13)	5	6
Tax on profit on ordinary activities	456	680

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK The differences are explained below

	2009	*2008*
	£000	*£000*
Profit on ordinary activities before tax	1,618	2,381
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 28 5%)	453	679
Effects of		
Permanent disallowances	3	3
Capital allowances in excess of depreciation	(5)	(6)
Adjustments in respect of previous years	–	(2)
Current tax for the year (note 8(a))	451	674

Notes to the financial statements

at 31 December 2009

8. Tax (continued)

(c) Factors that may affect future tax charges

The UK Government announced on 22 June 2010 that the headline rate of corporation tax will be reduced from 28% by 1% each year starting from 1 April 2011 until it reaches 24% The rate will affect the amount of future cash payments to be made by the company and will also reduce the size of the company's balance sheet deferred tax asset in the future, when these reductions are substantively enacted

The UK Government also announced on 22 June 2010 that the rate of capital allowances applicable to plant and machinery expenditure will be reduced from 20% to 18% per annum on a reducing balance basis for accounting periods ending after April 2012 These changes to the capital allowances rates will impact the rate at which tax relief is received on capital expenditure

9. Dividends

	2009 *£000*	*2008* *£000*
Ordinary – interim paid	1,700	3,600

10. Tangible fixed assets

	Freehold land *£000*	*Freehold property* *£000*	*Plant and machinery* *£000*	*Total* *£000*
Cost				
At 1 January 2009 and 31 December 2009	5	183	338	526
Depreciation				
At 1 January 2009	–	100	338	438
Provided during the year	–	10	–	10
At 31 December 2009	–	110	338	448
Net book value				
At 31 December 2009	5	73	–	78
At 1 January 2009	5	83	–	88

Notes to the financial statements

at 31 December 2009

11. Debtors

	2009	*2008*
	£000	*£000*
Due within one year		
Trade debtors	104	596
Amounts owed by group undertakings	2,799	2,923
Other debtors	887	1,134
Deferred tax asset (note 13)	18	23
	3,808	4,676
Due after more than one year		
Loan to group undertakings	3,000	–
	6,808	4,676

During the year, Coca-Cola International Sales Limited entered into a loan agreement with its parent company, Coca-Cola Holdings (UK) Limited wherein the company lent a sum of £3,000,000 to be repaid on 19 December 2014 This loan bears interest at the 3-month LIBOR rate with an initial rate of interest set at 0 60563% This rate shall be reset on a quarterly basis thereafter to reflect the then current 3-month LIBOR rate On each reset, all accrued and unpaid interest shall be added to the principal sum such that it shall thereafter itself bear interest

12. Creditors: amounts falling due within one year

	2009	*2008*
	£000	*£000*
Trade creditors	2,851	4,440
Amounts due to group undertakings	–	53
Corporation tax payable	131	292
Accruals	35	46
	3,017	4,831

Notes to the financial statements

at 31 December 2009

13. Deferred taxation

The movement in deferred taxation is as follows

	2009 £000	2008 £000
At 1 January	23	29
Charge for the year (note 8)	(5)	(6)
At 31 December (note 11)	18	23
The deferred tax asset consists of		
Decelerated capital allowances	18	23

14. Issued share capital

Allotted, called up and fully paid	*No*	*2009 £000*	*No*	*2008 £000*
Ordinary shares of £1 each	9,148,686	9,149	9,148,686	9,149

15. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 January 2008	9,149	3,601	12,750
Profit for the year	–	1,701	1,701
Dividend paid	–	(3,600)	(3,600)
At 1 January 2009	9,149	1,702	10,851
Profit for the year	–	1,162	1,162
Dividend paid	–	(1,700)	(1,700)
At 31 December 2009	9,149	1,164	10,313

16. 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 group financial statements, the company, pursuant to FRS 8, has not included details of transactions with other companies which are subsidiaries of the Coca-Cola group

17. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Coca-Cola Holdings (United Kingdom) Limited The parent undertaking of the largest group of undertakings for which group financial statements 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 Coca-Cola Holdings (United Kingdom) Limited, registered in England and Wales Copies of both companies' financial statements can be obtained from this company's registered office