

Coca-Cola International Sales Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2017



COCA-COLA INTERNATIONAL SALES LIMITED

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COCA-COLA INTERNATIONAL SALES LIMITED

Company Information

Registered number: 01861142

Directors R Rutten (appointed 28 February 2017)
J Woods
S Roche
D Kearney (resigned 28 February 2017)
S Hutton (resigned 1 January 2018)
A Rajbhandary (resigned 30 September 2017)
A Beadle (resigned 22 June 2018)
I Cope (appointed 2 October 2017)
The following director was appointed after the year end:
M A Stewart (appointed 18 July 2018)

Registered office 1A Wimpole Street
London
W1G 0EA

Solicitors Eversheds LLP
One Wood Street
London
EC2V 7WS

Bankers Citibank, N.A.
London Branch
Canada Square
Canary Wharf
London
E14 5LB

Auditors Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

COCA-COLA INTERNATIONAL SALES LIMITED

Strategic Report

The directors present their strategic report for the year ended 31 December 2017.

Fair review of the business

The profit for the year, after taxation, is £994,269 (2016: £843,731).

The company's key financial and other performance indicators during the year were as follows:

	2017	2016	Change
	£	£	
Turnover (continuing operations)	32,486,299	29,901,340	9 %
Operating profit	1,210,799	1,008,732	20 %
Profit for financial year	994,269	843,731	18 %
Shareholder's equity	14,480,374	13,486,105	7 %

Turnover increased by 9% during the year. This increase was caused by an increase in demand for soft drinks.

Operating profit increased by 20% during the year in line with the aforementioned increase in sales.

Principal risks and uncertainties

Business risks

The Company has no significant business risks or uncertainties.

Financial risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital management and to reduce the impact of price fluctuations, whether due to the demand for raw materials or foreign currency fluctuations.

Liquidity risk

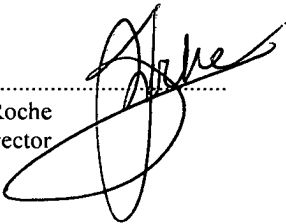
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations.

Competitive Risks

The Company has two 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

Approved by the Board on 26/9/18 and signed on its behalf by:

.....
S Roche
Director



COCA-COLA INTERNATIONAL SALES LIMITED

Directors' Report

Registered No. 01861142

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' of the Company

The directors, who held office during the year, were as follows:

R Rutten (appointed 28 February 2017)
J Woods
S Roche
D Kearney (resigned 28 February 2017)
S Hutton (resigned 1 January 2018)
A Rajbhandary (resigned 30 September 2017)
A Beadle (resigned 22 June 2018)
I Cope (appointed 2 October 2017)

The following director was appointed after the year end:

M A Stewart (appointed 18 July 2018)

Principal activity

The principal activities of the company are the manufacture, procurement and sale of soft drinks in the UK.

Future developments

The Company intends to continue operating in line with current activity.

Events after the balance sheet date

There have been no significant events or developments since the balance sheet date.

Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risk are described in the Strategic Report on pages 2.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Political and charitable contributions

No charitable donations were made during the year (2016: £nil).

Creditor payment policy

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, providing that all terms and conditions have been complied with.

At 31 December 2017, the Company had an average of nil day purchases outstanding in trade creditors (2016: 7).

COCA-COLA INTERNATIONAL SALES LIMITED

Directors' Report

Research and development

Due to the nature of the Company, the Company does not currently incur expenditure on research or development activities. Should the nature of the business change, the Company will disclose the nature of such in accordance with Companies Act requirements.

Reappointment of auditors

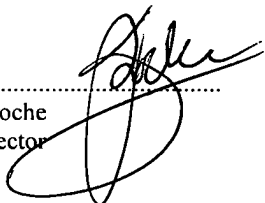
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 26/9/18 and signed on its behalf by:

.....
S Roche
Director



COCA-COLA INTERNATIONAL SALES LIMITED

Directors' responsibilities statement for the financial statements

The directors are responsible for preparing the Strategic Report, Directors' 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), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless they consider that to be inappropriate.

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. 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

Opinion

We have audited the financial statements of Coca-Cola International Sales Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 101 "Reduced Disclosure Framework".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

Independent Auditor's Report (continued) to The Members of Coca-Cola International Sales Limited

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Independent Auditor's Report (continued) to The Members of Coca-Cola International Sales Limited

Auditor's 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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



.....
Ian Gibson

(Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

Date: 27 September 2018

COCA-COLA INTERNATIONAL SALES LIMITED

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	Continued Operations 2017 £	Continued Operations 2016 £
Turnover	3	32,486,299	29,901,340
Cost of sales		<u>(31,197,569)</u>	<u>(28,828,710)</u>
Gross profit		1,288,730	1,072,630
Administrative expenses		<u>(77,931)</u>	<u>(63,898)</u>
Operating profit	4	1,210,799	1,008,732
Other interest receivable and similar income	6	20,466	49,116
Interest payable and similar charges	7	<u>(49)</u>	<u>(3,521)</u>
Profit before tax		1,231,216	1,054,327
Tax on profit	8	<u>(236,947)</u>	<u>(210,596)</u>
Profit for the year		<u>994,269</u>	<u>843,731</u>

There were no items of other comprehensive income during the year (2016: £nil).

The above results were derived from continuing operations.

The notes on pages 12 to 17 form an integral part of these financial statements.

COCA-COLA INTERNATIONAL SALES LIMITED

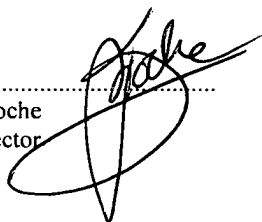
Balance Sheet

as at 31 December 2017

	Note	31 December 2017 Total £	31 December 2016 Total £
Current assets			
Trade and other debtors	9	5,977,556	12,860,104
Deferred tax asset	8	2,152	2,624
Cash at bank and in hand		<u>11,277,033</u>	<u>3,331,314</u>
		17,256,741	16,194,042
Trade and other creditors	10	<u>(2,776,367)</u>	<u>(2,707,937)</u>
Net current assets		<u>14,480,374</u>	<u>13,486,105</u>
Net assets		<u>14,480,374</u>	<u>13,486,105</u>
Capital and reserves			
Called up share capital	11	9,148,686	9,148,686
Profit and loss account		<u>5,331,688</u>	<u>4,337,419</u>
Total equity		<u>14,480,374</u>	<u>13,486,105</u>

Approved by the Board on 26/9/18 and signed on its behalf by:

.....
S Roche
Director



The notes on pages 12 to 17 form an integral part of these financial statements.

COCA-COLA INTERNATIONAL SALES LIMITED

Statement of Changes in Equity for the Year Ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2016	9,148,686	3,493,688	12,642,374
Profit for the year	-	843,731	843,731
Other comprehensive income	-	-	-
At 31 December 2016	<u>9,148,686</u>	<u>4,337,419</u>	<u>13,486,105</u>

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2017	9,148,686	4,337,419	13,486,105
Profit for the year	-	994,269	994,269
Other comprehensive income	-	-	-
At 31 December 2017	<u>9,148,686</u>	<u>5,331,688</u>	<u>14,480,374</u>

The notes on pages 12 to 17 form an integral part of these financial statements.

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

1 Authorisation of financial statements & statement of compliance with FRS 101

The financial statements of Coca-Cola International Sales Limited (the "Company") for the year ended 31 December 2017 were authorised for issue by the board on 26 September 2018 and the balance sheet was signed on the board's behalf by S Roche. Coca-Cola International Sales Limited is a private limited company limited by shares, incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. The financial statements are prepared in Pound Sterling and are rounded to the nearest Pound (£).

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- (e) the requirements of IAS 7 Statement of Cash Flows;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Trade and other debtors

Trade debtors, which generally have 30 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Income tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date.

Foreign currency transactions and balances

The Company's functional currency and presentation currency is Pounds Sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Revenue recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discount, rebates, VAT and other sales taxes or duty.

Interest income is recognised as interest accrues using the effective interest method.

Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share premium reserve

The share premium reserve is used to record the excess of proceeds over the nominal value on the issue of shares.

Profit and loss account

Profit and loss account is accumulated profits of the Company.

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Turnover

The whole of the Company's turnover is attributable to one continuing activity, the promotion and sale of soft drinks.

All turnover arose within the United Kingdom.

4 Operating profit

Operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Included in administrative expenses:		
Auditors' remuneration		
- Audit services	28,944	28,846
- Taxation services	13,185	7,173
Foreign exchange gains	(1,827)	(1,663)

5 Staff costs and directors' remuneration

The Company has no employees other than the directors, who did not receive any remuneration (2016: £NIL). This is a result of having 2 principal customers in the UK which are administratively served by the UK contract manufacturer of the soft drinks.

6 Interest receivable and similar income

	2017	2016
	£	£
Other interest receivable	<u>20,466</u>	<u>49,116</u>

7 Interest payable and similar charges

	2017	2016
	£	£
Other finance costs	<u>49</u>	<u>3,521</u>
Total interest payable and similar costs	<u>49</u>	<u>3,521</u>

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

8 Taxation

Tax charged/(credited) in the profit and loss account

	2017 £	2016 £
Current income tax		
Current income tax	236,475	210,380
Deferred tax	472	764
Total current tax	<u>236,947</u>	<u>211,144</u>

Deferred tax

The deferred tax included in the balance sheet is as follow:

	31 December 2017 £	31 December 2016 £
Deferred tax assets		
Capital allowances	<u>2,152</u>	<u>2,624</u>
Net asset disclosed in the balance sheet	<u>2,152</u>	<u>2,624</u>

	£
Net deferred tax assets at 1 January 2016	3,387
Deferred tax charge in the income statement	<u>(764)</u>
Net deferred tax assets at 31 December 2016	(2,624)
Deferred tax charge in the income statement	<u>472</u>
Net deferred tax assets at 31 December 2017	<u>(2,152)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19.25% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>1,231,216</u>	<u>1,054,327</u>
Corporation tax at standard rate	237,009	210,866
Deferred tax movement at lower rate	(62)	(102)
Impact of rate change on opening DT balance	-	188
Adjustments in respect of previous periods	-	192
Total tax charge	<u>236,947</u>	<u>211,144</u>

The main UK corporation tax rate was reduced from 20% to 19% with effect from 1 April 2017. A further reduction in the rate to 17% was substantively enacted with effect from 1 April 2020. Deferred tax has therefore been recognised at a rate of 17%, being the substantively enacted rate at the balance sheet date.

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

9 Trade and other debtors

	31 December 2017	31 December 2016
	£	£
Amounts due from related parties	4,538,680	2,591,933
Loans to related parties	-	9,447,532
Other debtors	1,438,876	820,639
Total	<u>5,977,556</u>	<u>12,860,104</u>

On 15 April 2015, Coca Cola International Sales Limited entered into a loan agreement with its parent company, Coca Cola Holdings (UK) Limited wherein the Company agreed to lend a sum of £14,000,000, with the option for the amount to be drawn down in multiple tranches of £100,000. The principal and interest were fully repaid in 2017.

All of the loans incur/incurred interest at the 3 month LIBOR rate, which was/shall be reset quarterly to reflect the then current 3 month LIBOR. On each reset date, all accrued and unpaid interest was/shall be added to the principal sum, such that thereafter itself incurs/incurred interest.

10 Trade and other creditors

	31 December 2017	31 December 2016
	£	£
Trade creditors	2,701,773	2,490,181
Accrued expenses and deferral income	13,280	9,407
Amounts owed to undertakings in which the Company has participating interests	29,154	121,192
Corporation Tax	32,160	87,157
	<u>2,776,367</u>	<u>2,707,937</u>

11 Share capital

Allotted, called up and fully paid shares

	31 December 2017		31 December 2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>9,148,686</u>	<u>9,148,686</u>	<u>9,148,686</u>	<u>9,148,686</u>

12 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

13 Parent and ultimate parent undertaking

The ultimate parent undertaking is The Coca-Cola Company, incorporated in Delaware, USA.

The immediate parent undertaking is Coca-Cola Holdings (United Kingdom) Limited, a company registered in England and Wales. The parent undertaking of the smallest and 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. These financial statements are available upon request from The Coca-Cola Company, PO Box 1734, Atlanta, Georgia 30301, United States of America.