

Coca-Cola International Sales Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2016



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COCA-COLA INTERNATIONAL SALES LIMITED

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COCA-COLA INTERNATIONAL SALES LIMITED

Company Information

Registered number: 01861142

Directors
J Woods
S Roche
D Kearney (resigned 28 February 2017)
B Hofman (resigned 30 September 2016)
A Rajbhandary (appointed 6 July 2016)
S Hutton
A Beadle (appointed 6 July 2016)
The following director was appointed after the year end:
R Rutten (appointed 28 February 2017)

Registered office 1A Wimpole Street
London
W1G 0EA

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 2016.

Fair review of the business

The profit for the year, after taxation, is £843,731 (2015: £760,443).

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

	2016	2015	Change
	£	£	
Turnover (continuing operations)	29,901,340	27,036,163	11 %
Operating profit	1,008,732	899,686	12 %
Profit for financial year	843,731	760,443	11 %
Shareholder's equity	13,486,105	12,642,373	7 %

Turnover increased by 11% during the year. This increase was caused by an increase in demand for soft drinks.

Operating profit increased by 12% during the year, driven by an increase in the cost of goods sold, partly offset by lower administrative expenses. The reduction in administrative expenses is due to a reduction of fees for accounting services from European Refreshments.

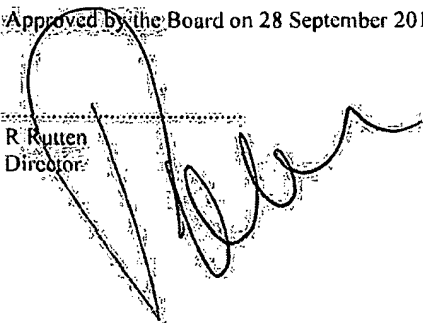
Principal risks and uncertainties

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 28 September 2017 and signed on its behalf by:

R. Rutten
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 2016.

Directors of the Company

The current directors are shown on page 1.

Principal activity

The principal activities of the company are the manufacture and procurement 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 (2015: £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 2016, the Company had an average of 7 days purchases outstanding in trade creditors (2015: 30).

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.

COCA-COLA INTERNATIONAL SALES LIMITED

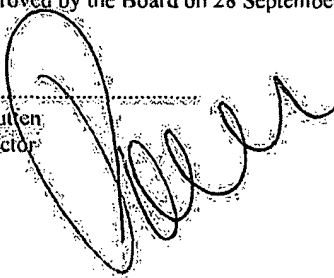
Directors' Report

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 28 September 2017 and signed on its behalf by:

R. Ruffen
Director

A handwritten signature in black ink, appearing to be 'R. Ruffen', written over a dotted horizontal line. The signature is cursive and extends to the right of the line.

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 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

We have audited the financial statements of Coca-Cola International Sales Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13. 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), including FRS 101 'Reduced Disclosure Framework'.

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 auditor

As explained more fully in the Directors' responsibilities statement, 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; 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, based on the work undertaken in the course of the audit:

- 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.
- 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

 Ernst & Young LLP

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Ian Gibson
(Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

Date: 29 September 2017

COCA-COLA INTERNATIONAL SALES LIMITED

**Statement of Comprehensive Income
for the Year Ended 31 December 2016**

	Note	Continued Operations 2016 £	Continued Operations 2015 £
Turnover	3	29,901,340	27,036,163
Cost of sales		<u>(28,828,710)</u>	<u>(26,070,461)</u>
Gross profit		1,072,630	965,702
Administrative expenses		<u>(63,898)</u>	<u>(66,016)</u>
Operating profit	4	1,008,732	899,686
Other interest receivable and similar income	6	49,116	54,171
Interest payable and similar charges	7	<u>(3,521)</u>	<u></u>
Profit before tax		1,054,327	953,857
Tax on profit	8	<u>(210,596)</u>	<u>(193,414)</u>
Profit for the year		<u>843,731</u>	<u>760,443</u>

The above results were derived from continuing operations.

There were no items of other comprehensive income during the year (2015: £nil).

The notes on pages 11 to 16 form an integral part of these financial statements.

COCA-COLA INTERNATIONAL SALES LIMITED

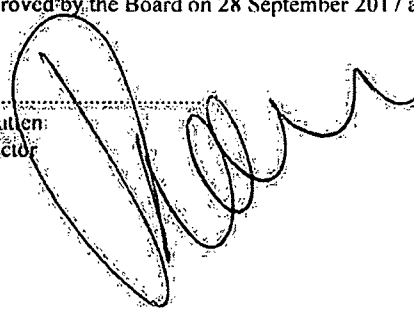
Balance Sheet

as at 31 December 2016

	Note	31 December 2016 Total £	31 December 2015 Total £
Current assets			
Trade and other debtors	9	12,860,104	12,129,970
Deferred tax asset	8	2,624	3,387
Cash at bank and in hand		3,331,314	2,944,028
		<u>16,194,042</u>	<u>15,077,385</u>
Trade and other creditors	10	<u>(2,707,937)</u>	<u>(2,435,011)</u>
Net current assets		<u>13,486,105</u>	<u>12,642,374</u>
Net assets		<u>13,486,105</u>	<u>12,642,374</u>
Capital and reserves			
Called up share capital	11	9,148,686	9,148,686
Profit and loss account		4,337,419	3,493,688
Total equity		<u>13,486,105</u>	<u>12,642,374</u>

Approved by the Board on 28 September 2017 and signed on its behalf by:

R Rutten:
Director



The notes on pages 11 to 16 form an integral part of these financial statements.

COCA-COLA INTERNATIONAL SALES LIMITED

Statement of Changes in Equity for the Year Ended 31 December 2016

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2015	9,148,686	2,733,245	11,881,931
Profit for the year		760,443	760,443
Other comprehensive income			
At 31 December 2015	<u>9,148,686</u>	<u>3,493,688</u>	<u>12,642,374</u>

	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>

The notes on pages 11 to 16 form an integral part of these financial statements.

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016

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 2016 were authorised for issue by the board on 28 September 2017 and the balance sheet was signed on the board's behalf by Ruben Rutten. 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 2016. 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 2016

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 2016

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):

	2016	2015
	£	£
<i>Included in administrative expenses:</i>		
Auditors' remuneration		
- Audit services	28,846	22,576
- Taxation services	7,173	7,182
Foreign exchange gains	(1,663)	(894)

5 Staff costs and directors' remuneration

The Company has no employees other than the directors, who did not receive any remuneration (2015: £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

	2016	2015
	£	£
Other interest receivable	<u>49,116</u>	<u>54,171</u>

7 Interest payable and similar charges

	2016	2015
	£	£
Other finance costs	<u>3,521</u>	<u>-</u>
Total interest payable and similar costs	<u>3,521</u>	<u>-</u>

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016

8 Taxation

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

	2016 £	2015 £
Current income tax		
Current income tax	210,380	192,212
Deferred tax	<u>764</u>	<u>1,202</u>
Total current tax	<u>211,144</u>	<u>193,414</u>

Deferred tax

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

	31 December 2016 £	31 December 2015 £
Deferred tax assets		
Decelerated capital allowances	<u>2,624</u>	<u>3,387</u>
Net asset disclosed in the balance sheet	<u>2,624</u>	<u>3,387</u>

Net deferred tax assets at 1 January 2015

Deferred tax charge in the income statement

Net deferred tax assets at 31 December 2015

Deferred tax charge in the income statement

Net deferred tax assets at 31 December 2016

	£
Net deferred tax assets at 1 January 2015	4,589
Deferred tax charge in the income statement	<u>(1,202)</u>
Net deferred tax assets at 31 December 2015	3,387
Deferred tax charge in the income statement	<u>(764)</u>
Net deferred tax assets at 31 December 2016	<u>(2,624)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>1,054,327</u>	<u>953,857</u>
Corporation tax at standard rate	210,866	193,156
Adjustments in respect of previous periods	192	(70)
Deferred tax movement at lower rate	(102)	(93)
Impact of rate change on opening DT balance	188	459
Expenses not deductible for tax purposes	<u>(38)</u>	<u>(38)</u>
Total tax charge	<u>211,144</u>	<u>193,414</u>

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016

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.

HMRC enquiry

The group is currently responding to an enquiry by HMRC with regard to its Corporation Tax position. Due to inherent uncertainties around the outcome as the enquiry is at a preliminary stage, no accurate quantification of cost, if any, or timing of such uncertain cost which may arise from the enquiry, no provision has been made in the financial statements.

9 Trade and other debtors

	2016	2015
	£	£
Amounts due from related parties	2,591,933	2,212,954
Loans to related parties	9,447,532	9,398,226
Other debtors	820,639	518,790
Total	<u>12,860,104</u>	<u>12,129,970</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 loan has continued to be rolled forward and is to be repaid on 28 April 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

	2016	2015
	£	£
Trade creditors	2,490,181	2,097,060
Accrued expenses and deferral income	9,407	136,534
Amounts owed to undertakings in which the Company has participating interests	121,192	103,298
Corporation Tax	87,157	98,119
	<u>2,707,937</u>	<u>2,435,011</u>

COCA-COLA INTERNATIONAL SALES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2016

11 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	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.

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.