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Report of the Directors and  
Audited Financial Statements for the Year Ended 31 December 2009  
for  
Coca-Cola Enterprises Limited

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Coca-Cola Enterprises Limited

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for the Year Ended 31 December 2009

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Coca-Cola Enterprises Limited

Company Information  
for the Year Ended 31 December 2009

**DIRECTORS:**

F Govaerts  
J Purnode  
S Baldry  
J Kirsh  
C Lischer  
S Moorhouse

**SECRETARY:**

J Kirsh

**REGISTERED OFFICE:**

Charter Place  
Uxbridge  
UB8 1EZ

**REGISTERED NUMBER.**

27173 (England and Wales)

**AUDITORS:**

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

## Coca-Cola Enterprises Limited

### Report of the Directors for the Year Ended 31 December 2009

The directors present their report, together with the audited financial statements of Coca-Cola Enterprises Limited, ("the Company"), for the year ended 31 December 2009

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is the manufacture, sale and distribution of non-alcoholic beverages throughout Great Britain

#### **REVIEW OF BUSINESS**

The profit on ordinary activities for the year, after taxation, was £192.7m (2008 £176.0m)

Leading brands include Coca-Cola, Diet Coke, Coca-Cola Zero, Fanta, Lilt, Sprite, Schweppes, Kia-Ora, Roses, Appletiser, Malvern Water, Oasis, Dr Pepper, Powerade, 5-Alive, Relentless, Monster, Abbey Well and Capri Sun. A contract has been signed to distribute Ocean Spray from February 2010.

The Company is committed to building and expanding our brand portfolio, strengthening our core sparkling beverages through efforts such as our "Red, Black and Silver" three-cola initiative, whilst recognising the need and desire to develop initiatives in the growing non-carbonated sector.

During 2009 the Company formulated the key business strategies that will enable us to deliver our new 2014 Ambition.

The introduction by our parent group of our Global Operating Framework creates a stronger, more integrated operating focus. The Company embraces the common vision, "To be the best beverage sales and customer service company", and three strategic priorities:

- Being number one or a strong number two in every category in which we choose to compete by growing the value of our existing brands and expanding our product portfolio,
- Becoming our customers' most valued supplier by transforming our go-to-market model and improving efficiency and effectiveness, and
- Establishing a winning, inclusive culture by attracting, developing and retaining a highly talented and diverse workforce.

We have confidence that, long-term, our work to support these objectives will create the consistent, profitable growth that our company can deliver.

The Company, along with the other Coca-Cola bottlers in Europe and The Coca-Cola Company, is subject to an EU Undertaking under which the European Commission accepted a set of commitments proposed by the Coca-Cola system in Europe. This EU Undertaking became binding on the Group in 2005, bringing to an end the European Commission investigation into the Group that began in 1999, and it will remain in force until 31 December 2010.

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

	2009 £'000	2008 £'000	Change %
Turnover	1,619,775	1,495,593	8%
Gross profit	617,920	550,554	12%
Total operating profit	236,711	193,105	23%
Profit after tax	192,740	176,029	9%
Shareholders' funds	478,896	455,364	5%
Current assets as % of current liabilities (quick ratio)	142%	137%	4%
Average number of employees	4,842	4,886	(1%)

Turnover increased by 8% during the year, primarily due to increased sales volume in 2009 (239.5m cases vs 228.3m cases in 2008). The Company experienced strong growth in the Multiple Retail and Wholesale sectors. However, the Full Service Vending volume continued to decline due to the economic climate and consumer trends.

## Coca-Cola Enterprises Limited

### Report of the Directors for the Year Ended 31 December 2009

The increase in gross profit of 12% was mainly driven by favourable immediate consumption volumes within the Wholesale channel, which carry a higher gross profit percentage than other packs. A decline in the import of Coca-Cola products from outside the country has contributed to the increase in volume. The shareholders' funds increased by 5% due to strong volume and profit performance and rigorous operating expenses control. The average number of employees decreased by 1% during the year due to the transfer of certain administrative tasks to a third-party service provider.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The directors deem the following risks and uncertainties could adversely impact our business and financial results when and if they were to occur:

- Product being imported from outside Great Britain territories

Coca-Cola Enterprises Ltd ("CCE") is susceptible to import of Coca-Cola products from outside our country where prices and costs are lower.

- Adverse economic conditions

Adverse economic conditions could increase the likelihood of customer delinquencies and bankruptcies, which would increase the risk of certain accounts becoming uncollectible.

- Increase in costs or limitation of supplies of raw materials could hurt financial results

CCE's financial results would be affected if we are unable to pass on to our customers the increase in costs of raw materials, ingredients or packaging materials such as aluminium, PET and fuel. The Company also has transactional currency exposures that arise from the purchase of raw materials denominated in currencies other than Sterling.

- Concerns about health and wellness could further reduce the demand for some of our products

The increased pressure on health, fitness and obesity have resulted in decreased demand for regular soft drinks and increased the desire for more low-calorie soft drinks, water, isotonic and energy drinks. Our failure to offset the decline in sales of our regular soft drinks and to provide the types of products that some of our customers may prefer could adversely affect our business.

- Business is dependent upon the relationship with The Coca-Cola Company ("TCCC")

CCE's rights to manufacture and distribute Coca-Cola products are set forth in our license agreements with the Coca-Cola Company or its subsidiaries. While these agreements contain no automatic rights of renewal, we believe that our interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by non-renewals ensure that these agreements will continue to be renewed and, therefore, are essentially perpetual. We have never had a franchise license agreement with TCCC terminated due to non-performance of the terms of the agreement or due to a decision by TCCC to terminate an agreement at the expiration of a term.

The agreements place a number of limitations on our business including that we must obtain approval to distribute non-TCCC products if they could be confused with existing TCCC products. Also, some of our marketing and promotional support and the prices charged for concentrate is at the discretion of TCCC.

- Competition

The non-alcoholic beverage category of commercial beverages industry is highly competitive. CCE needs to ensure that it responds quickly to changes in the marketplace to maintain and grow our market share.

- Weather

The sale of products is influenced to some extent by weather conditions. In particular a cold or wet summer may have a temporary negative impact on the demand for our products and contribute to lower sales.

## Coca-Cola Enterprises Limited

### Report of the Directors for the Year Ended 31 December 2009

#### **INVESTIGATION BY THE OFFICE OF FAIR TRADING**

During early 2008, the United Kingdom's Office of Fair Trading ("OFT") commenced an investigation in connection with the four largest grocery retailers in the United Kingdom, as well as a large number of their suppliers, including Coca-Cola Enterprises Limited, regarding alleged involvement in the coordination of retail prices among retailers. As part of the investigation, the OFT sent us a request for information and we have gathered data to provide to the OFT for its inspection. On September 17, 2008, the OFT sent us a letter informing us they had "reasonable grounds for suspecting" that an infringement had occurred. In late November 2009, the OFT advised that they have completed their evidence review, but they have not reached a decision that "the activities of Coca-Cola amount to an infringement of the Act." Before making that determination, the OFT must issue a "Statement of Objections" ("SO") setting forth the facts upon which the OFT relies, the actions they intend to take and the reasons for their proposed actions. On February 3, 2010, Company representatives and counsel attended a meeting with the OFT, in which the OFT advised that they continue to have reasonable grounds for suspecting an infringement by the Company, but based on current evidence have not formed the "belief" that an infringement has occurred. The OFT, just prior to the meeting, issued further requests for information to the Company and its retailer customers. Following receipt of such further information, the OFT will consider the position again, and, if such evidence supports a belief that an infringement has actually occurred, the OFT will proceed to a Statement of Objections. They do not anticipate that any SO (if any are issued) would be issued until at least autumn 2010, and possibly, several months later. The OFT also stated that they have limited their investigation to the period of November 2005 through February 2006, rather than the much broader scope previously reviewed.

Whilst we are ensuring that every effort is made to assist the OFT in this enquiry, the Directors have no reason to believe that any such breach has occurred and accordingly consider that there will be no material adverse effect on the Company.

#### **POST BALANCE SHEET EVENTS**

##### **Coca-Cola Enterprises Inc. and The Coca-Cola Company Agreement to Strategically Advance and Strengthen the Coca-Cola System in North America and Europe**

On 25 February 2010, our ultimate parent company, Coca-Cola Enterprises Inc. ("CCE Inc.") announced key changes that will strategically advance and strengthen the Coca-Cola system in North America and Europe.

The key outcome in relation to the company is that CCE Inc. will expand its role as the pre-eminent Western European Coca-Cola bottler. The Coca-Cola Company and CCE Inc. have agreed in principle that CCE Inc. will buy The Coca-Cola Company's bottling operations in Norway and Sweden, subject to the signing of definitive agreements and regulatory approval. CCE Inc. also will have the right to acquire the German bottler, owned by The Coca-Cola Company, during the next 18 to 36 months.

These developments are a monumental moment in Coca-Cola's history and an acknowledgement of our performance as a world-class, high-performing bottler.

In Europe, the Group is leveraging a greater opportunity to drive enhanced, sustainable earnings growth through superior service to customers.

For the on-going CCE European business, CCE Inc. will continue in name, continue to be headquartered in Atlanta and continue to be traded on the New York Stock Exchange as CCE.

As the European footprint is expanded to provide broader geographic coverage, we will optimise our marketing and distribution advantages and will have greater financial flexibility and operational focus.

The transaction is subject to regulatory and shareowner approval, which is anticipated to occur by the end of the 2010 calendar year.

#### **DIVIDENDS**

A dividend of £148.7m was declared in 2009 (2008: £157.0m). This was paid on 09 December 2009. The resulting transfer to the retained earnings reserves amounts to £44.1m (2008: £19.0m).

#### **RESEARCH AND DEVELOPMENT**

Research in the beverages field is undertaken on behalf of the Company by The Coca-Cola Company.

Coca-Cola Enterprises Limited

Report of the Directors  
for the Year Ended 31 December 2009

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report

F Govaerts  
J Purnode  
S Baldry  
J Kirsh

Other changes in directors holding office are as follows

S Moorhouse - appointed 1 June 2009  
C Lischer - appointed 9 February 2010

None of the directors held any interests, other than as a nominee, in the share capital of the Company during the year under review

The Company has taken advantage of the exemption permitted by the Companies Act 2006 not to disclose the directors' interest in the share capital of the ultimate parent company on the grounds that the ultimate parent company is incorporated outside Great Britain

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

The Company's payment policy is to agree the terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment

As at 31 December 2009, creditor payment days were 26 days (2008 23 days)

**CHARITABLE CONTRIBUTIONS**

During the year, contributions within Great Britain to charities or equivalent organisations amounted to £724k (2008 £72k)

**DISABLED EMPLOYEES**

The Company always considers carefully an application for employment by any registered disabled person. If an employee becomes disabled it is standard practice (where relevant) to offer an alternative job in all but the most extreme circumstances and to provide retraining where necessary. The Company's inclusion and fair treatment policy covers training, development and promotion and applies to minority groups, including disabled people.

**EMPLOYEE INVOLVEMENT**

The policy of informing employees is maintained through regular newsletters and electronic communications. Employees are encouraged to present their views and suggestions in respect of the Company's performance.

**ANNUAL GENERAL MEETING AND AUDITORS**

Resolutions have been passed in accordance with the provisions of sections 366(a) and 386 of the Companies Act 2006 such that the Company is not required to hold an Annual General Meeting or annually reappoint the auditors.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

J Purnode - Director

Date

24/06/2010

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## Coca-Cola Enterprises Limited

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Report of the Directors 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 accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 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.



Report of the Independent Auditors to the Shareholders of  
Coca-Cola Enterprises Limited

We have audited the financial statements of Coca-Cola Enterprises Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 26. 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 as set out on page 6, 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 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,
- 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.

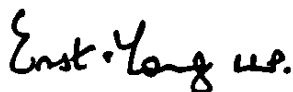
**Opinion on other matter prescribed by the Companies Act 2006**

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.

**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.



*Richard Murray (Senior statutory auditor)*  
*for and on behalf of Ernst & Young LLP, Statutory Auditor*  
*London*

**28 JUN 2010**

Date

Coca-Cola Enterprises Limited

Profit and Loss Account  
for the Year Ended 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>TURNOVER</b>	2	1,619,775	1,495,593
Cost of sales		<u>(1,001,855)</u>	<u>(945,039)</u>
<b>GROSS PROFIT</b>		617,920	550,554
Distribution costs		(214,792)	(189,522)
Administrative expenses		<u>(166,417)</u>	<u>(167,927)</u>
<b>OPERATING PROFIT</b>	4	236,711	193,105
Loss on sale of tangible fixed assets		<u>(130)</u>	<u>(1,057)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION</b>		236,581	192,048
Interest receivable and similar income	5	1,613	5,000
Other finance income	20	1,296	10,499
Interest payable and similar charges	6	<u>(432)</u>	<u>(1,540)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		239,058	206,007
Tax on profit on ordinary activities	7	<u>(46,318)</u>	<u>(29,978)</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>192,740</u>	<u>176,029</u>

**CONTINUING OPERATIONS**

None of the Company's activities were acquired or discontinued during the current year or previous year

Coca-Cola Enterprises Limited

Statement of Total Recognised Gains and Losses  
for the Year Ended 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		192,740	176,029
Actuarial loss on pension scheme	20	(31,664)	(86,508)
Tax relating to pension	20	<u>8,867</u>	<u>24,655</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		<u>169,943</u>	<u>114,176</u>

The notes form part of these financial statements

Coca-Cola Enterprises Limited

Balance Sheet  
31 December 2009

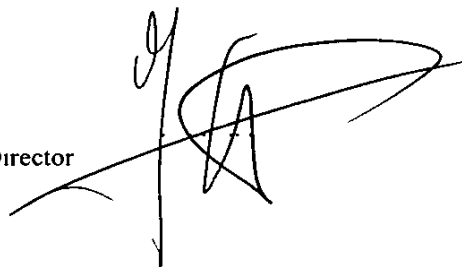
	Notes	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	434,038	432,377
Investments	10	-	-
<b>CURRENT ASSETS</b>			
Stocks	11	59,802	68,524
Debtors	12	416,109	375,257
Cash at bank		<u>34,071</u>	<u>24,737</u>
		509,982	468,518
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(359,484)</u>	<u>(342,135)</u>
<b>NET CURRENT ASSETS</b>		<u>150,498</u>	<u>126,383</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		584,536	558,760
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(40,902)	(40,902)
<b>PROVISIONS FOR LIABILITIES</b>	17	(45,039)	(40,720)
<b>PENSION LIABILITY</b>	20	<u>(19,699)</u>	<u>(21,774)</u>
<b>NET ASSETS</b>		<u>478,896</u>	<u>455,364</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	204	204
Share premium	19	228,967	228,967
Share based payment reserve	19	8,998	6,754
Other reserves	19	72,453	72,453
Profit and loss account	19	<u>168,274</u>	<u>146,986</u>
<b>SHAREHOLDERS' FUNDS</b>	24	<u>478,896</u>	<u>455,364</u>

The financial statements were approved the Board of Directors on behalf by

24/06/2010

and were signed on its

Director



## **1 ACCOUNTING POLICIES**

### **Accounting convention**

A summary of the principal accounting policies is set out below all of which have been applied consistently throughout the year

### **Basis of preparation**

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

### **Preparation of consolidated financial statements**

The Company has taken advantage of the exemption permitted by section 400 of the Companies Act 2006 not to prepare group financial statements on the grounds that group financial statements are prepared by the ultimate UK parent company. Consequently, the financial statements represent information about the Company as an individual undertaking rather than the group

### **Cash flow statement**

The Company has taken advantage of the exemption permitted by Financial Reporting Standard 1 (Revised) Cash Flow Statements, not to prepare a cash flow statement on the grounds it is a wholly owned subsidiary undertaking

### **Turnover**

This represents the invoiced value of sales (net of trade discounts) and royalties excluding value added tax

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows

Freehold buildings and long leasehold properties	2.5% - 5%
Plant and equipment	
Machinery and equipment (including cold drink equipment)	7% - 11%
Vehicles	12.5% - 20%
Office equipment	20% - 33%

Short leasehold properties are depreciated over the term of the lease

In specific cases higher depreciation rates are used, e.g. machinery subject to technological changes, and any machinery with a high obsolescence factor

Development grants are shown as deferred income, and credited to the profit and loss account on an installment basis

Major software development costs (comprising the cost of bought-in packages and related labour costs incurred during installation, when supplied externally) are capitalised and subsequently amortised over the expected useful life of the product

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost equals purchase price or production cost in the case of products manufactured by the Company. Production cost consists of material and direct labour costs together with a reasonable proportion of manufacturing overheads on the basis of normal activity level

**1 ACCOUNTING POLICIES - continued**

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**Pension costs**

The company operates a defined benefit pension scheme, which requires contributions to be made to an administered fund. The scheme was closed to new members in October 2005 from which time membership of a defined contribution plan is available

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit and loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the profit and loss account as other finance income or expense. Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur

The defined benefit pension asset or liability in the balance sheet comprises the total for the scheme of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme

Contributions to the defined contribution scheme are recognised in the profit and loss account in the period in which they become payable

**1 ACCOUNTING POLICIES - continued**

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

**Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Taxation**

Current tax is provided at amounts expected to be paid using tax rates and laws that have been enacted at the balance sheet date.

**Provision for liabilities**

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

**Financial Instruments**

The Company uses financial instruments, in particular, forward currency contracts and options, to manage the financial risks associated with the Company's underlying business activities and the financing of those activities.

The Company does not undertake any trading activity in financial instruments. Forward exchange contracts and options are used to hedge foreign exchange exposures arising on forecast payments in foreign currencies. Upon maturity, gains and losses are taken to the profit and loss account.

**Share Based Payments**

The Company adopted the provisions of FRS 20 "Share-based Payment" during 2007. On adoption the Company recognised compensation expense for all share-based payment awards that were granted or awarded after 7 November 2002 and were outstanding, but not yet vested as of 1 January 2006.

FRS20 requires measurement at the date of grant of the fair value of all equity settled share awards that are expected to vest, including employee share options. Management measures the fair value using a Black-Scholes model, unless the awards are subject to market conditions, in which case a Monte Carlo simulation model is used. The Monte Carlo simulation model utilises multiple input variables to estimate the probability that market conditions will be achieved.

An expense is recognised on a straight line basis over the vesting period, after allowing for estimated forfeitures. Performance share units are only recognised when it becomes probable that the performance criteria specified in the plan will be achieved. As the Company's share-based payments involve equity instruments of the ultimate parent company, Coca-Cola Enterprises Inc ("CCE Inc"), a corresponding increase is recognised in equity as a contribution from the parent.

The Company pays a charge to CCE Inc in respect of the cost of awards made to its employees based on the fair value at vesting, in the case of an award of shares, or exercise in the case of an award of options. These payments are charged directly to equity, as they represent a return of the capital contribution recognised at the grant date, up to the amount of that contribution, and a distribution thereafter.

**2 TURNOVER**

The Company has a single activity which is the manufacture, sale and distribution of non-alcoholic beverages in Great Britain.

Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**3 STAFF COSTS**

a) Staff costs

	2009 £'000	2008 £'000
Wages and salaries	166,396	166,672
Social security costs	18,862	16,225
Pension costs	<u>13,866</u>	<u>16,374</u>
	<u>199,124</u>	<u>199,271</u>

Included in pension costs are £12.8m (2008 £15.7m) in respect of defined benefit scheme and £1.1m (2008 £0.7m) in respect of the defined contribution scheme

The average number of employees (including Directors) employed by the Company was

	2009 Number	2008 Number
Production	1,310	1,278
Distribution and marketing	3,178	3,233
Administration	<u>354</u>	<u>375</u>
	<u>4,842</u>	<u>4,886</u>

b) Directors' remuneration

	2009 £'000	2008 £'000
Aggregate emoluments	1,982	1,193
Company contributions paid to a pension scheme	<u>60</u>	<u>48</u>
	<u>2,042</u>	<u>1,241</u>

Number of directors accruing benefits under defined benefit schemes	1	2
In respect of the highest paid director	£'000	£'000
Aggregate emoluments	<u>706</u>	<u>514</u>
Contributions to a defined benefit scheme	<u>-</u>	<u>-</u>
Accrued pension at the end of the year	<u>-</u>	<u>-</u>
Accrued lump sum at the end of the year	<u>-</u>	<u>-</u>



Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**4 OPERATING PROFIT**

	2009 £'000	2008 £'000
Operating profit is stated after charging		
Depreciation on owned assets	68,377	60,065
Operating lease rentals - plant and machinery	18,054	17,688
- land and buildings	4,850	9,019
Foreign exchange gains	(8,743)	(2,330)
Auditors' remuneration - audit services	395	393

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2009 £'000	2008 £'000
Short term loans and deposits	205	603
Group interest receivable	462	3,817
Other interest receivable	946	580
	<u>1,613</u>	<u>5,000</u>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	2009 £'000	2008 £'000
Bank overdraft and other short term borrowings	1	723
Interest payable to ultimate parent company	338	179
Group interest payable	49	463
Other interest payable	44	175
	<u>432</u>	<u>1,540</u>

**7 TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2009 £'000	2008 £'000
Current tax		
UK corporation tax	41,544	36,060
Deferred tax (refer note 17)	4,774	(6,082)
Tax on profit on ordinary activities	<u>46,318</u>	<u>29,978</u>

UK corporation tax has been charged at 28% (2008 - 28.5%)

Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**7 TAXATION - continued**

**Factors affecting the tax charge**

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

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	<u>239,058</u>	<u>206,007</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28.5%)	66,936	58,712
Effects of		
Expenses not deductible for tax purposes	854	1,089
Capital allowances for year in excess of depreciation	(1,048)	(1,534)
Utilisation of group relief	(22,523)	(25,487)
Adjustment for tax charge in respect of previous periods	(2,520)	3,586
Movement in short term timing differences Doubtful debt provision	-	(624)
Movement in short term timing differences Share based payments	628	318
Movement on pension timing differences	<u>(783)</u>	<u>-</u>
Current tax charge	<u>41,544</u>	<u>36,060</u>

**Factors that may affect future tax charges**

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years

**8 DIVIDENDS**

	2009 £'000	2008 £'000
Dividend paid £415.09 (2008 £438.38) per ordinary share	<u>148,655</u>	<u>157,000</u>

Coca-Cola Enterprises Limited

Notes to the Financial Statements – continued  
for the Year Ended 31 December 2009

**9 TANGIBLE FIXED ASSETS**

	Land and buildings £'000	Plant & equipment £'000	In course of construction £'000	Totals £'000
<b>COST</b>				
At 1 January 2009	175,875	822,829	21,493	1,020,197
Additions	2,525	42,874	27,289	72,688
Disposals	(509)	(86,701)	-	(87,210)
Transfer on completion	3,445	16,795	(20,240)	-
At 31 December 2009	<u>181,336</u>	<u>795,797</u>	<u>28,542</u>	<u>1,005,675</u>
<b>DEPRECIATION</b>				
At 1 January 2009	51,163	536,657	-	587,820
Charge for year	4,373	64,004	-	68,377
Disposals	(256)	(84,304)	-	(84,560)
Reclassification/transfer	121	(121)	-	-
At 31 December 2009	<u>55,401</u>	<u>516,236</u>	<u>-</u>	<u>571,637</u>
<b>NET BOOK VALUE</b>				
At 31 December 2009	<u>125,935</u>	<u>279,561</u>	<u>28,542</u>	<u>434,038</u>
At 31 December 2008	<u>124,712</u>	<u>286,172</u>	<u>21,493</u>	<u>432,377</u>

The net book value of land and building comprises

	2009 £'000	2008 £'000
Land and buildings	123,578	122,945
Short leasehold	<u>2,357</u>	<u>1,767</u>
Net book value	<u>125,935</u>	<u>124,712</u>

**10 INVESTMENTS**

	2009 £	2008 £
Investment in subsidiary undertaking		
Cost	<u>2</u>	<u>2</u>

The investment represents 100% of the share capital of Coca-Cola Enterprises Pension Scheme Trustee Limited

**11 STOCKS**

	2009 £'000	2008 £'000
Raw materials and consumables	16,695	16,228
Finished goods and goods for resale	38,463	38,706
Sundry stocks	<u>4,644</u>	<u>13,590</u>
	<u>59,802</u>	<u>68,524</u>

The replacement cost of stock is not considered to be materially different from the balance sheet value

Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**12 DEBTORS**

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade debtors	360,389	307,318
Amounts due from ultimate parent company	113	223
Amounts due from group undertakings	45,881	58,484
Other debtors	100	197
Prepayments	<u>3,147</u>	<u>2,189</u>
	<u>409,630</u>	<u>368,411</u>
Amounts falling due after more than one year		
Prepayments	<u>6,479</u>	<u>6,846</u>
	<u>416,109</u>	<u>375,257</u>

Comparatives have been re-presented for better presentational purposes following a review of the useful lives of prepayments

	2009 £'000	2008 £'000
Included within trade debtors above are the following amounts owed by related parties		
Coca-Cola International Sales Limited	2,718	4,551
SA Coca-Cola Services NV	4,063	5,417
Beverages Services Ltd	17	87
Waters & Robson	<u>296</u>	<u>168</u>
	<u>7,094</u>	<u>10,223</u>

**13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 £'000	2008 £'000
Trade creditors	117,763	107,716
Amounts due to ultimate parent company	378	28,131
Amounts due to group undertakings	12,971	16,932
Corporation tax	17,061	1,194
Social security and other taxes	4,601	5,307
VAT	27,526	27,615
Accruals and deferred income	<u>179,184</u>	<u>155,240</u>
	<u>359,484</u>	<u>342,135</u>

	2009 £'000	2008 £'000
Included within trade creditors and accruals above are the following amounts due to related parties		
Atlantic Industries	8,823	7,694
Coca-Cola International Sales Limited	38	36
Waters & Robson	1,179	-
Varoise de Concentres S A S	1,896	502
European Refreshments Limited	<u>3,257</u>	<u>321</u>
	<u>15,193</u>	<u>8,553</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2009 £'000	2008 £'000
Not wholly repayable within five years		
Loan from immediate parent company	<u>40,902</u>	<u>40,902</u>

The amount not wholly repayable within five years is an interest free loan

**15 OPERATING LEASE COMMITMENTS**

At 31 December 2009 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Plant and equipment	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Expiring				
Within one year	216	140	2,200	3,307
Between one and five years	3,283	2,576	10,359	12,811
In more than five years	<u>1,139</u>	<u>2,219</u>	<u>986</u>	<u>892</u>
	<u>4,638</u>	<u>4,935</u>	<u>13,545</u>	<u>17,010</u>

**16 FINANCIAL INSTRUMENTS**

The Company's principal financial instruments, other than derivatives, comprise bank loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance to support the group's operations. The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The Company utilises derivative financial instruments to mitigate exposure to certain market risks associated with the ongoing operations. The primary risks we seek to manage through the use of derivative financial instruments include interest rate risk, currency exchange risk, and commodity price risk.

The main financial risks mitigated by the Company's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Company implements policies and strategies adopted by the Company's ultimate parent company for managing each of these risks and they are summarised below. These policies have remained unchanged during the year.

Interest rate risk

At the ultimate parent company's instruction the Company borrows at both fixed and floating rates of interest to generate the desired interest profile and to manage exposure to fluctuations in interest rates. It is the Company's ultimate parent company's policy that, where appropriate, borrowings are on a medium to long term basis with fixed interest rates to reduce exposure to interest rate risks.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, bank loans and intergroup loans. It is the Company's ultimate parent company's policy that fixed asset investments are matched by medium to long term borrowings. As at 31 December 2009 approximately 9% of the Company's fixed assets are covered by medium to long term funds.

Short-term flexibility is achieved by short-term borrowing and overdraft facilities.

Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**16 FINANCIAL INSTRUMENTS - continued**

Foreign currency risk

The Company's principle borrowings are denominated in Sterling. The Company also has transactional currency exposures. Such exposures arise from the purchase of raw materials denominated in currencies other than Sterling. The Company's policy is to reduce currency exposures at the time of purchases through forward currency contracts.

Interest rate profile of financial liabilities and assets

The interest rate profile of the financial liabilities of the Company as at 31 December 2009 and 31 December 2008 were as follows:

	2009 £'000	2008 £'000
Fixed rate interest	-	28,000
Floating rate interest	16,508	10,940
Interest free	<u>340,497</u>	<u>315,437</u>
	<u>357,005</u>	<u>354,377</u>

The financial liabilities of the Company comprised:

Total borrowings	40,902	40,902
Other creditors falling due within one year	<u>316,103</u>	<u>313,475</u>
	<u>357,005</u>	<u>354,377</u>

Floating rate financial liabilities comprise a revolving credit facility at commercial rates.

The interest rate profile of the financial assets of the Company as at 31 December 2009 and 31 December 2008 were as follows:

	2009 £'000	2008 £'000
Floating rate interest	78,641	77,097
Interest free	<u>361,913</u>	<u>313,862</u>
	<u>440,554</u>	<u>390,959</u>

The financial assets of the Company comprise:

Cash and deposits	34,071	24,737
Debtors falling due within one year	<u>406,483</u>	<u>366,222</u>
	<u>440,554</u>	<u>390,959</u>

Floating rate financial assets comprises cash and bank deposits bearing interest at commercial rates.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

## 16 FINANCIAL INSTRUMENTS - continued

Currency exposures

After taking into account the effects of currency options and forward exchange contracts the Company does not have any significant currency exposures on monetary assets and liabilities

Maturity of financial liabilities

The maturity of the Company's financial liabilities as at 31 December 2009 and 31 December 2008 were as follows

	2009 £'000	2008 £'000
In one year or less, or on demand	316,103	313,475
In more than five years	<u>40,902</u>	<u>40,902</u>
	<u>357,005</u>	<u>354,377</u>

Fair value of financial instruments

As at 31 December 2009 the book values and fair values of all the Group financial instruments were as follows

	Book value £'000	Fair value £'000
<u>2009</u>		
Cash and deposits	34,071	34,071
Debtors falling due within one year	406,483	406,483
Other creditors falling due within one year	(316,103)	(316,103)
Other borrowings falling due after more than one year	<u>(40,902)</u>	<u>(40,902)</u>
	<u>83,549</u>	<u>83,549</u>
	Book value £'000	Fair value £'000
<u>2008</u>		
Cash and deposits	24,737	24,737
Debtors falling due within one year	366,222	366,222
Other creditors falling due within one year	(313,475)	(313,475)
Other borrowings falling due after more than one year	<u>(40,902)</u>	<u>(40,902)</u>
	<u>36,582</u>	<u>36,582</u>

Comparatives have been re-presented as certain accruals and prepayments are not included

Fair Values of financial instruments

The fair values of our cash and cash equivalents, accounts receivable, and accounts payable approximate their carrying amounts due to their short-term nature. The fair value of all other instruments is approximately equal to the book value due to their short-term nature or the fact that they bear interest at floating rates

**Coca-Cola Enterprises Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2009**

**17 PROVISIONS FOR LIABILITIES**

	At 1 January 2009 £'000	Arising during the year £'000	Utilised £'000	At 31 December 2009 £'000
Deferred taxation	35,265	4,774	(807)	39,232
Environmental costs	1,233	1,174	(1,275)	1,132
Onerous contracts	513	160	(490)	183
Insurance claims	2,728	1,600	(1,683)	2,645
Customer claims	981	1,196	(330)	1,847
	<u>40,720</u>	<u>8,904</u>	<u>(4,585)</u>	<u>45,039</u>

The provision in respect of environmental costs reflects the levy imposed on packaging waste. All of the associated outflows are estimated to occur within two years of the balance sheet date.

The provision in respect of onerous contracts reflects the costs on leasehold properties not utilised by the Company less amounts receivable under sub-leases. The associated outflows will occur over the remaining lease periods.

Provision for insurance claims is made in respect of claims notified, and for claims incurred but which have not yet been notified, based on advice from the Company's external insurance advisers. The associated outflows are estimated to arise over a period of up to five years from the balance sheet date.

The provision in respect of customer claims reflects expected costs to be incurred in respect of audits conducted by customers on invoicing and retrospective discounts from prior years.

	2009 £'000	2008 £'000
The total potential liability for deferred taxation is as follows		
Accelerated capital allowances	39,232	37,145
Short term timing differences	<u>-</u>	<u>(1,880)</u>
	<u>39,232</u>	<u>35,265</u>

**18 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid			2009 £'000	2008 £'000
Number	Class	Nominal value		
358,130	Ordinary	£0.01	4	4
200,000	Deferred	£1.00	<u>200</u>	<u>200</u>
			<u>204</u>	<u>204</u>

The deferred shares carry no rights to vote or receive dividends and on a winding-up the holders are entitled only to receive payment of the amount paid up on the share after the repayment to each holder of an ordinary share of a sum of £5 per share.



Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

19 RESERVES

	Profit and loss account £'000	Share premium £'000	Share based payment reserve £'000	Other reserves £'000	Totals £'000
At 1 January 2009	146,986	228,967	6,754	72,453	455,160
Profit for the year	192,740	-	-	-	192,740
Dividends paid	(148,655)	-	-	-	(148,655)
FRS17 loss STRGL	(22,797)	-	-	-	(22,797)
FRS20 Share based payments equity	-	-	2,501	-	2,501
Repayment of equity contribution	-	-	(257)	-	(257)
At 31 December 2009	<u>168,274</u>	<u>228,967</u>	<u>8,998</u>	<u>72,453</u>	<u>478,692</u>
Profit and loss account excluding pension liability	187,973				
Pension deficit (refer note 20)	<u>(19,699)</u>				
Profit and loss account	<u>168,274</u>				

Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**20 EMPLOYEE BENEFIT OBLIGATIONS**

The Coca-Cola Enterprises Pension Scheme ('the Scheme') is a defined benefit arrangement. A full actuarial valuation was carried out as at 5 April 2007 and updated to 31 December 2009 by a qualified independent actuary. The major assumptions used by the actuary were:

	2009	2008	2007
	%	%	%
Discount rate	5.75	6.50	5.80
Expected return on scheme assets at the end of the year	7.33	7.14	7.82
Rate of increases in salaries	4.25	4.00	4.00
Inflation assumption	3.25	3.20	3.40
Rate of increases to pensions in payment accrued before 6 April 1997	3.25	3.00	3.20
Rate of increases to pensions in payment accrued after 5 April 1997	3.25	3.00	3.20

Mortality	PNXA00 tables with 92 series projections based on year of birth, rated up 2 years	
	2009	2008
Retiring today		
Males	83.9	83.8
Females	86.2	86.1
Retiring in 20 years		
Males	84.9	84.9
Females	87.1	87.1

**Recognised in the Balance Sheet.**

	2009	2008
	£'000	£'000
Plan assets at fair value		
Equities	326,536	242,769
Gilts and bonds	56,490	50,912
Property	24,410	21,325
Other	18,215	4,844
Fair value of plan assets	425,651	319,850
Present value of funded obligations	(453,011)	(350,092)
Defined benefit pension scheme deficit	(27,360)	(30,242)
Related deferred tax asset	7,661	8,468
Net liability in the balance sheet	(19,699)	(21,774)
Expected rate of return on plan assets at balance sheet date	7.33%	7.14%

**Recognised in the Profit and Loss account:**

	2009	2008
	£'000	£'000
Current service cost	12,784	15,661
Recognised in arriving at operating profit	12,784	15,661
Expected return on scheme assets	(24,342)	(31,150)
Interest cost	23,046	20,651
Other finance cost	(1,296)	(10,499)
Total recognised in profit and loss account	11,488	5,162

**20 EMPLOYEE BENEFIT OBLIGATIONS - continued**

**Taken to the Statement of Total Recognised Gains and Losses:**

	2009 £'000	2008 £'000
Actuarial loss	(31,664)	(86,508)
Tax relating to actuarial loss	<u>8,867</u>	<u>24,655</u>
Actuarial loss recognised in STRGL	<u>(22,797)</u>	<u>(61,853)</u>
Cumulative amount of actuarial losses	<u>(118,053)</u>	<u>(86,389)</u>

**Changes in the present value of the defined benefit obligation are as follows:**

	2009 £'000	2008 £'000
Present value of defined benefit obligation at beginning of the year	350,092	349,676
Service cost (employer cost)	12,784	15,661
Contributions by scheme participants	5,740	5,775
Interest cost	23,046	20,651
Actuarial losses/(gains) on scheme liabilities	70,948	(32,997)
Benefits paid	<u>(9,599)</u>	<u>(8,674)</u>
Present value of defined benefit obligation at end of year	<u>453,011</u>	<u>350,092</u>

**Changes in the present value of the scheme assets are as follows:**

	2009 £'000	2008 £'000
Fair value of scheme assets at start of year	319,850	388,469
Contributions by employer	46,035	22,635
Contributions by scheme participants	5,740	5,775
Expected return on scheme assets	24,342	31,150
Actuarial gains/(losses) on scheme assets	39,284	(119,505)
Benefits paid	<u>(9,600)</u>	<u>(8,674)</u>
Fair value of scheme assets at end of year	<u>425,651</u>	<u>319,850</u>

Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**20 EMPLOYEE BENEFIT OBLIGATIONS - continued**

**History of assets, liabilities and actuarial gains and losses:**

	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Fair value of scheme assets	425,651	319,850	388,469	339,944
Present value of defined benefit obligation	(453,011)	(350,092)	(349,676)	(325,448)
(Deficit)/surplus in the scheme	(27,360)	(30,242)	38,793	14,496
Experience gain/(loss) on scheme liabilities				
Amount (£000' s)	823	(6,340)	(244)	5,709
Percentage of the present value of the scheme liabilities	0%	(2%)	0%	2%
Difference between the expected and actual return on scheme assets				
Amount (£000' s)	39,284	(119,505)	(5,976)	15,024
Percentage of the present value of the scheme assets	9%	(37%)	2%	4%

**Estimated contributions:**

The employer's best estimate of contributions to be paid to the scheme by the company next year is £37.3m

The employer's best estimate of contributions to be paid to the scheme by employees next year is £5.7m

**Changes in the Pension Scheme:**

Following full and active dialogue with employees and employee representatives, we announced in May 2010 the outcome of our consultation on proposals to make changes to the CCE defined benefit pension scheme. This scheme was closed to new employees from October 2005 and therefore this only applies to existing members. We need to make changes to the scheme in order to ensure our pension provision is sustainable by managing future cost and risk as well as to ensure fairness for all employees, whether or not they are members of the defined benefit scheme. It is expected that these changes will lead to curtailments recognised in 2010 and an expected reduction in the future service costs and the defined benefit pension obligation.

**21 ULTIMATE PARENT COMPANY**

The Company's immediate parent company is Amalgamated Beverages Great Britain Limited. The Company's ultimate UK parent company, Bottling Great Britain Ltd, is the only group of which the Company is a member, and for which group financial statements are prepared. Copies of these group financial statements are available from Charter Place, Uxbridge, UB8 1EZ. Intermediate parent companies comprise Coca-Cola Enterprises UK Limited and Coca-Cola Enterprises Great Britain Limited.

The Company's ultimate parent undertaking and controlling party is Coca-Cola Enterprises Inc, a corporation incorporated in the United States of America. Copies of the group financial statements of Coca-Cola Enterprises Inc are available from 2500 Windy Ridge Parkway, Atlanta, Georgia 30339.

**22 CONTINGENT LIABILITIES**

As at 31 December 2009 the Company has a duty deferment guarantee in the amount of £200k (2008 £200k).

**23 RELATED PARTY DISCLOSURES**

In accordance with Financial Reporting Standard 8, Related Party Disclosures, The Coca-Cola Company is considered to be a related party, as a consequence of its shareholdings in the Company's ultimate parent company

The Company has not disclosed transactions with related parties that are part of the Bottling Great Britain group of companies as permitted by the above standard

Material transactions during the year with The Coca-Cola Company and its subsidiary and associate undertakings are detailed below

Company	Nature of transaction	2009	2008
		£'000	£'000
		Income/ (Expenditure)	Income/ (Expenditure)
Atlantic Industries	Product concentrate	(459,441)	(425,152)
Varoise de Concentres S A S	Product concentrate	(6,917)	(12,181)
Coca-Cola International Sales Limited	Raw Materials	(1,657)	(1,021)
Waters & Robson	Raw Materials	(1,303)	-
European Refreshments Limited	Finished goods	(11,722)	(3,901)
SA Coca-Cola Services NV	Marketing support	<u>60,176</u>	<u>53,550</u>

**24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009	2008
	£'000	£'000
Profit for the financial year	192,740	176,029
Dividends paid	<u>(148,655)</u>	<u>(157,000)</u>
	44,085	19,029
Other recognised gains and losses relating to the year (net)	(22,797)	(61,853)
FRS20 Share based payments equity contribution from parent	2,501	1,116
Repayment of equity contribution	<u>(257)</u>	<u>(1)</u>
<b>Net addition to shareholders' funds</b>	23,532	(41,709)
Opening shareholders' funds	<u>455,364</u>	<u>497,073</u>
<b>Closing shareholders' funds</b>	<u>478,896</u>	<u>455,364</u>

Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2009

**25 SHARE-BASED PAYMENT**

The Company participates in the Coca-Cola Enterprises Inc share-based compensation plans that provide for the granting of non-qualified share options and restricted shares (units), some with market or performance conditions, to certain executives and management level employees. The Group believes that these awards better align the interests of our employees with the interests of our shareholders.

The share based payment schemes in place are an Employee Share Plan, a Share Options Plan, a Restricted Shares Plan and a Performance Share Plan.

The charge for the year ended 31 December 2009 for all non Employee Share Plan awards was £2.5m (2008 £1.1m) and the recharge by Coca-Cola Enterprises Inc was £0.3m (2008 £1k).

**Employee Share Plan**

The Coca-Cola Enterprises Ltd UK Employee Share Plan has been in operation since March 2001 and has been approved by HM Revenue and Customs. Under the Plan UK employees are given an opportunity to purchase Coca-Cola Enterprise Inc shares (partnership shares) out of pre-tax salary up to a maximum value of £1,500 per year. For each share purchased by the employee the Company provides a free matching share. During the 2009 financial year, 175,129 matching shares (2008 196,328 matching shares) were purchased by the Trustee of the Plan at a cost to the Company of £1.9m (2008 £1.8m).

The following table illustrates the number of, and movements in, matching shares during the year.

	2009	2008
Outstanding as at 1 January		
Purchased before 7 November 2002	71,672	89,500
Purchased 7 November 2002 onwards	<u>738,300</u>	<u>605,714</u>
	809,972	695,214
Movements during the year		
Purchased during the year	175,128	196,328
Forfeited during the year	(17,165)	(13,140)
Sold during the year	(93,751)	(54,471)
Transferred during the year	(5,612)	(13,959)
Outstanding as at 31 December		
Purchased before 7 November 2002	55,063	71,672
Purchased 7 November 2002 onwards	<u>813,509</u>	<u>738,300</u>
	<u>868,572</u>	<u>809,972</u>
Exercisable at 31 December	403,212	365,679

Fair value per share at 31 December 2009 was \$21.20 (2008 \$12.03)

## 25 SHARE-BASED PAYMENT - continued

**Share Options**

Share options (1) are granted with exercise prices equal to or greater than the fair value of CCE Inc stock on the date of grant, (2) generally vest over a period of 36 months, and (3) expire 10 years from the date of grant. Some of the share options granted contained market conditions that require the share price to increase for a defined period 25 percent for one-half of the award to vest and 50 percent for the other one-half of the award to vest. Generally, when options are exercised, CCE Inc issue new shares, rather than issuing treasury shares. Options are normally forfeited if the employee leaves the Group before the options vest.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2009		2008	
	Number	WAEP (1)	Number	WAEP (1)
Outstanding as at 1 January				
Granted before 7 November 2002	659,788		707,279	
Granted 7 November 2002 onwards	<u>916,931</u>		<u>556,419</u>	
	<u>1,576,719</u>	\$18.66	<u>1,263,698</u>	\$24.16
Movements during the year				
Granted during the year	117,751	\$18.83	384,599	\$9.82
Forfeited during the year	(36,606)	\$20.24	(11,300)	\$24.13
Exercised during the year (2)	(121,638)	\$17.42	(300)	\$23.61
Expired during the year	(263,962)	\$31.43	(59,978)	\$34.91
Outstanding as at 31 December				
Granted before 7 November 2002	326,558		659,788	
Granted 7 November 2002 onwards	<u>945,706</u>		<u>916,931</u>	
	<u>1,272,264</u>	\$18.21	<u>1,576,719</u>	\$18.66
Exercisable at 31 December (3)	994,926	\$19.60	942,492	\$21.65

Comparatives have been re-presented for better presentation.

(1) Weighted Average Exercise Price at date of grant

(2) Weighted Average Exercise Price at date of exercise was \$20.11 (2008: \$25.99)

(3) Weighted Average Remaining Contractual Life at 31 December 2009 was 5.17 (2008: 3.48)

**Restricted Shares (Units) & Performance Shares (Units)**

Restricted shares (units) generally vest upon continued employment for a period of at least 42 months and the attainment of certain share price or performance targets. Certain of the restricted shares (units) expire five years from the date of grant if the share price or performance targets have not been met. The restricted share awards entitle the participant to full dividends and voting rights where as restricted share unit awards entitle the participant to hypothetical dividends (which vest, in some cases, only if the restricted share units vest), but not voting rights. Unvested restricted shares (units) are restricted as to disposition and subject to forfeiture. Restricted shares are normally forfeited if the employee leaves the Group before the shares vest.

Some of the restricted shares (units) granted in 2009 were performance share units for which the ultimate number of shares earned will be determined at the end of a three-year performance period. These performance share units are subject to the performance criteria of compounded annual growth in net income per share over the performance period, as adjusted for certain items detailed in the plan document. The purpose of the adjustments is to ensure a consistent year-over-year comparison of the specified performance criteria.

Coca-Cola Enterprises Limited

Notes to the Financial Statements - continued  
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**25 SHARE-BASED PAYMENT - continued**

The following table illustrates the number and weighted average prices (WAP) of, and movements in, share awards during the year

	2009 Number	WAP (1)	2008 Number	WAP (1)
Outstanding as at 1 January				
Granted 7 November 2002 onwards	<u>424,273</u>		<u>193,365</u>	
	<u>424,273</u>	\$17.27	<u>193,365</u>	\$27.33
Movements during the year				
Granted	213,153	\$18.15	249,528	\$9.82
Forfeited	(54,563)	\$16.11	(18,620)	\$21.92
Exercised	-		-	
Expired	-		-	
Outstanding as at 31 December				
Granted 7 November 2002 onwards	<u>582,863</u>		<u>424,273</u>	
	<u>582,863</u>	\$16.80	<u>424,273</u>	\$17.27

(1) Weighted Average Price at date of award

(2) Weighted Average Price at date of vesting was \$12.03 (2008 Nil)

**26 POST BALANCE SHEET EVENTS**

On 25 February 2010, some key strategic changes to the business of the ultimate parent company, Coca-Cola Enterprises Inc, and its subsidiaries were announced. The key impact this will have on the Group and its operations are discussed in the Directors Report.