

12.10.99

Coca-Cola Holdings (United Kingdom) Limited

Report and Accounts

31 December 1998



DIRECTORS REPORT

Directors: G. J. Darby (resigned 25 September 1998)
 J. K. Sheppard (appointed 25 September 1998)
 A. Cochrane (resigned 20 January 1999)
 S. L. Ewart
 G. Galbraith
 R. D. Guy
 S. A. Randazza
 A. T. Taylor

Secretary: S. L. Ewart (resigned 25 September 1998)
 J. M. Owen (appointed 25 September 1998)

Registered Office: 1 Queen Caroline Street, London W6 9HQ
Number: 1724995

The directors present their report and accounts of the company and its subsidiary undertakings for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The consolidated profit for the year amounts to £13,261,000 (1997 £361,468,000). An interim dividend of £16,101,000 was declared and paid during the year. A final dividend of £3,500,000 (1997 £416,000,000) was declared on 31 December 1998.

CREDITOR PAYMENT POLICY

The company recognises the importance of maintaining good business relations with its suppliers and is committed to paying all invoices within agreed terms.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the group are the promoting, manufacturing and selling of beverages.

FUTURE DEVELOPMENTS

No new developments of any significance are anticipated during the year.

CHARITABLE CONTRIBUTIONS

During the year charitable donations of £40,074 (1997 £13,615) were made.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the group has been continued through the newsletter "Well Red" in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the group's profit sharing schemes and are encouraged to invest in the group through participation in share option schemes.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 31 December 1998 were those listed above. The directors have no beneficial interests in the shares of the company.

RELATED PARTY TRANSACTIONS

Coca-Cola Holdings (United Kingdom) Limited is a 100% subsidiary undertaking of Refreshment Product Services Inc., and as such is taking advantage of the exemption under FRS8 (3) not to disclose related party transactions within the group.

DISABLED PERSONS

It is the group's policy to give full consideration to suitable applications for employment by disabled persons.

Disabled persons are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the group who become disabled to continue in their employment or be trained for other positions in the group.

YEAR 2000 COMPLIANCE

Certain computer and digital storage systems express dates using only the last two digits to define the applicable year and may, therefore, experience challenges handling dates near the end of and beyond the year 1999. This may challenge computer applications, causing them to create erroneous results unless corrective measures are taken. In addition, the operation of our business depends not only upon our own computer systems, but also to some degree on those of our third parties, for example vendors, utilities, government agencies and customers. This could expose us to risk in the event a third party does not remedy its own Year 2000 issues.

The Company is using a detailed project plan to address Year 2000 readiness associated with application systems, embedded chips, key suppliers/vendors and business continuity plans.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

On behalf of the Board.

S. L. Ewart
Director



Date:

8 October 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act, 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

To the members of Coca-Cola Holdings (United Kingdom) Limited

We have audited the accounts on pages 7 to 22, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and on the basis of the accounting policies set out on pages 10 and 11.

Respective Responsibilities of Directors and Auditors

As described on page 5, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of the evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1998, and of the profit for the group for the year then ended, and have been properly prepared in accordance with the Companies Act, 1985.

Ernst & Young

Ernst & Young
Registered Auditor
London

Date:

8th October 99.

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1998

	Notes	1998 £000	1998 £000	1997 £000
TURNOVER				
<i>Continuing operations:</i>				
Turnover	3		138,473	112,995
Cost of sales			71,341	64,431
Gross Profit			67,132	48,564
Distribution costs		2,805		2,890
Administrative expenses		51,645		38,246
Other Operating Expenses		(84)	54,366	41,136
			12,766	7,428
<i>Discontinued operations:</i>				
Income from interests in associated undertakings			-	1,598
OPERATING PROFIT	4	12,766		7,428
Continuing operations				1,598
Discontinued operations		-		
			12,766	9,026
<i>Continuing operations:</i>				
Loss on disposal of tangible fixed assets			(25)	-
<i>Discontinued operations:</i>				
Gain on sale of associated undertaking	5		158	514,107
			12,898	523,134
Interest receivable and similar income	6	8,226		22,345
Interest payable and similar charges	9	(3,073)		(3,004)
			5,153	19,341
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			18,051	542,475
Tax on profit on ordinary activities	10		4,790	181,007
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY			13,261	361,468
DIVIDENDS				
Ordinary dividend on equity shares - paid			16,101	416,000
- proposed			3,500	-
TRANSFER FROM RESERVES FOR THE YEAR			(6,340)	(54,532)

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £13,261,000 in the year ended 31 December 1998, and the profit of £361,468,000 in the year ended 31 December 1997.

BALANCE SHEET – GROUP
At 31 December 1998

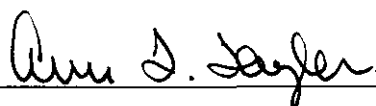
	Notes	1998 £000	1997 £000
FIXED ASSETS			
Intangible assets	11	193	229
Tangible assets	12	14,941	14,011
Investments	13	156	149
		<u>15,290</u>	<u>14,389</u>
CURRENT ASSETS			
Stocks	14	33,003	33,712
Debtors: amounts falling due within one year	15	25,315	246,956
Cash at bank and in hand		23,274	16,832
		<u>81,592</u>	<u>297,500</u>
CREDITORS: amounts falling due within one year	16	<u>27,549</u>	<u>236,284</u>
NET CURRENT ASSETS		<u>54,043</u>	<u>61,216</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>69,333</u>	<u>75,605</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	1,618	1,551
		<u>67,714</u>	<u>74,054</u>
CAPITAL AND RESERVES			
Called-up share capital	18	200	200
Capital contribution	19	-	45,449
Profit and loss account	19	67,514	28,405
		<u>67,714</u>	<u>74,054</u>

S. L. Ewart



Directors

A. T. Taylor



Date:


8 October 1999

Coca-Cola Holdings (United Kingdom) Limited

BALANCE SHEET – COMPANY
At 31 December 1998

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets	12	5,954	5,820
Investments	13	10,397	10,397
		<u>16,351</u>	<u>16,217</u>
CURRENT ASSETS			
Stocks	14	29,201	31,009
Debtors	15	17,337	238,151
Cash at bank and in hand		8,861	5,653
		<u>55,399</u>	<u>274,813</u>
CREDITORS: amounts falling due within one year	16	10,539	223,562
NET CURRENT ASSETS		48,360	51,251
TOTAL ASSETS LESS CURRENT LIABILITIES		61,212	67,468
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	17	690	588
		<u>60,522</u>	<u>66,880</u>
CAPITAL AND RESERVES			
Called-up share capital	18	200	200
Capital contribution	19	-	45,449
Profit and loss account		60,322	21,231
		<u>60,522</u>	<u>66,880</u>

S. L. Ewart



A. T. Taylor



Date:

8 October 1997

Directors

NOTES TO THE ACCOUNTS

At 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention, modified by the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts incorporate the accounts of the company and each of its subsidiary undertakings for the year ended 31 December 1998.

Depreciation

No depreciation is provided on freehold land. Depreciation on other tangible fixed assets acquired prior to 1 April 1985 is provided using the declining balance method over their estimated useful lives. Assets acquired on or after 1 April 1985 have been depreciated using the straight-line method. Estimated useful lives of assets by category are as follows:

Buildings	20-50 years
Leasehold improvements	40 years
Machinery and equipment	3-15 years
Fixtures and fittings	10 years
Motor vehicles	3-5 years
Wimbledon Debentures	Over the life of the Debenture

Assets held under lease or hire purchase contracts

Where plant, equipment or vehicles are leased or owned under a hire purchase agreement, the asset is treated in the accounts as being acquired at the beginning of the period of the lease or the hire purchase agreement and is depreciated on the normal company basis over its estimated life. Future instalments under such agreements are included with the creditors. Rentals paid under operating leases are charged to income on a straight lien basis over the term of the lease.

Stocks

Stocks held for ultimate realisation are valued consistently at the lower of cost and estimated net realisable value; cost includes appropriate production overhead expenses. All the other stocks are valued at the lower of cost and estimated net realisable value.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences if there is reasonable evidence, having taken account of the available losses carried forward, that such deferred taxation will be payable in the foreseeable future.

Foreign currencies

Assets, liabilities, revenues and costs, denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions.

NOTES TO THE ACCOUNTS (Contd.)

The assets and liabilities of investments in overseas divisions, subsidiary undertakings and related foreign currency borrowing are translated at the year-end rates of exchange and the revenue and costs at average rates of exchange. The resulting exchange differences are dealt with in retained profits to the extent that exchange gains or losses arising on the borrowing can be offset against the exchange differences arising on the investment. Any excess exchange loss or gain on the borrowing is taken to the profit and loss account.

Where specific hedging agreements have been entered into, the covered assets and liabilities are translated at the rates in the hedging agreements.

All other monetary assets and liabilities are translated at the year-end rates of exchange. All exchange differences thus arising are reported as part of the results for the year.

Non-monetary items are translated at the year-end rate and exchange differences arising are dealt with as a movement on reserves.

Lease agreements

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

Rentals in respect of operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Goodwill arising on consolidation

Goodwill arising on consolidation, representing the excess of the purchase consideration for companies over the fair value ascribed to their net tangible assets at the date of acquisition, is written off evenly over its expected useful economic life of 20 years.

Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

Pension costs

Contributions to the group pension scheme are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuation, are amortised over the average expected remaining working lives of the employees in proportion to their expected payroll cost. Differences between amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Cash flow

A consolidated cash flow statement is produced by the Group's ultimate parent undertaking, The Coca-Cola Company, and accordingly under FRS1 (revised), Coca-Cola Holdings (United Kingdom) Limited is not required to prepare a cash flow statement.

NOTES TO THE ACCOUNTS (Contd.)

2. TURNOVER

Turnover comprises the invoice price of goods and services supplied by the Group exclusive of value added tax and intra-group transactions.

3. SEGMENTAL ANALYSIS

The amount of group turnover and the extent of the profit on ordinary activities before taxation attributable to each of the major classes of activity of the group are as follows:

Area of Activity:	Turnover		Profit on ordinary activities before taxation	
	1998 £000	1997 £000	1998 £000	1997 £000
<i>Continuing operations:</i>				
Services	51,774	35,393	3,825	1,731
Beverages	86,699	77,602	14,068	25,039
	138,473	112,995	17,893	26,770
<i>Discontinued operations:</i>				
Beverages – Associated undertakings	-	-	158	515,705
	138,473	112,995	18,051	542,475
Geographical Area:	1998 £000	1997 £000	1998 £000	1997 £000
<i>Continuing operations:</i>				
United Kingdom	92,206	29,692	11,372	22,000
Other European countries	25,838	63,615	3,773	3,129
Eastern Block and Scandinavia	4,735	6,733	190	-
Africa	5,454	4,616	870	486
Latin America	5,682	4,473	772	377
Far East	4,558	3,866	915	778
	138,473	112,995	17,893	26,770
<i>Discontinued operations:</i>				
Beverages – Associated undertakings	-	-	158	515,705
	138,473	112,995	18,051	542,475

NOTES TO THE ACCOUNTS (Contd.)

	Net Assets	
	1998	1997
Area of Activity:	£000	£000
<i>Continuing operations:</i>		
Services	6,764	3,688
Beverages – Subsidiary undertakings	64,451	70,366
	71,215	74,054
<i>Discontinued operations:</i>		
Beverages – Associated undertakings	-	-
	71,215	74,054

The group's net assets all relate to activities carried out in the United Kingdom.

4. GROUP OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1998	1997
	£000	£000
Amortisation of goodwill	36	35
Rental income receivable	(480)	(328)
Amortisation of Wimbledon Debenture	41	41
Depreciation of owned tangible fixed assets	1,659	1,542
Depreciation of assets held under finance leases and hire purchase contracts	75	76
Loss on disposal of tangible fixed assets	25	53
Payments under operating leases – plant and equipment	249	267
– motor vehicles	453	378
– property	4,419	3,554
Auditors' remuneration: – audit services	78	77
– non-audit services	41	10

5. EXCEPTIONAL ITEMS

	1998	1997
	£000	£000
Gain on sale of investment in associated undertaking	158	514,107

The effect of the taxation charge for the year of the exceptional item recognised below operating profit is disclosed in note 10.

NOTES TO THE ACCOUNTS (Contd.)

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1998 £000	1997 £000
Interest receivable – third parties	1,427	973
Interest receivable – parent company	6,783	20,868
Other	16	504
	<u>8,226</u>	<u>22,345</u>

7. DIRECTORS' EMOLUMENTS

	1998 £000	1997 £000
Remuneration	1,567	873
Money and non-cash benefits received under long-term incentive plans	508	206
Contributions paid to defined contribution pension schemes	-	-
	<u>2,075</u>	<u>1,079</u>

The emoluments of the highest paid director are as follows:

Highest paid director	<u>365</u>	<u>396</u>
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The comparative figure for directors' emoluments has been restated to include emoluments paid to directors of Coca-Cola Holdings (United Kingdom) Limited in their capacity as directors of subsidiaries of the group.

8. STAFF COSTS

	1998 £000	1997 £000
Wages and salaries	13,745	13,615
Social security costs	1,167	1,047
Other pension costs	1,186	1,019
	<u>16,098</u>	<u>15,681</u>

NOTES TO THE ACCOUNTS (Contd.)

The average number of persons employed by the company during the year, including directors, was as follows:

	1998 No.	1997 No.
Production	65	65
Administration	260	216
	<u>325</u>	<u>281</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £000	1997 £000
<i>Payable within five years:</i>		
Bank loans and overdrafts	63	62
Loans from fellow group undertakings	2,104	2,023
Royalties due to parent undertaking	306	271
Other	37	4
Loss on exchange	563	644
	<u>3,073</u>	<u>3,004</u>

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

The Tax charge based on the profit for the year comprises:

	1998 £000	1997 £000
UK corporation tax @ 31% (1997 – 31.49%)	3,497	9,368
<i>Exceptional item:</i>		
– Sale of investment in associated undertaking	53	171,253
Deferred taxation	67	(285)
	<u>3,617</u>	<u>180,336</u>
Adjustment relating to prior years	1,173	41
	<u>4,790</u>	<u>180,377</u>
Discontinued operations – associated undertakings	-	630
	<u>4,790</u>	<u>181,007</u>

NOTES TO THE ACCOUNTS (Contd.)

11. INTANGIBLE FIXED ASSETS

	1998 £000
Goodwill arising on consolidation	
Cost:	
At 1 January and 31 December 1998	<u>714</u>
Amortisation:	
At 1 January 1998	485
Charge for the year	<u>36</u>
At 31 December 1998	<u>521</u>
Net Book Value:	
At 31 December 1998	<u>193</u>
At 1 January 1998	<u>229</u>

12. TANGIBLE FIXED ASSETS

Group:

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	Plant, Equipment & Vehicles £000	Total £000
Cost or valuation:				
At 1 January 1998	5,511	3,429	15,531	24,471
Additions	-	16	2,696	2,712
Disposals	-	-	(179)	(179)
Transfers to/from other group companies and contracts-in- progress	-	-	-	-
At 31 December 1998	<u>5,511</u>	<u>3,445</u>	<u>18,048</u>	<u>27,004</u>
Depreciation:				
At 1 January 1998	1,220	815	8,425	10,460
Charge for the year	143	75	1,516	1,734
Disposals	-	-	(131)	(131)
Transfers to/from other group companies and contracts-in- progress	-	-	-	-
At 31 December 1998	<u>1,363</u>	<u>890</u>	<u>9,810</u>	<u>12,063</u>
Net book value:				
At 31 December 1998	<u>4,148</u>	<u>2,555</u>	<u>8,238</u>	<u>14,941</u>
At 1 January 1998	<u>4,291</u>	<u>2,614</u>	<u>7,106</u>	<u>14,011</u>

NOTES TO THE ACCOUNTS (Contd.)

The cost or valuation of land and buildings includes property revalued in 1980 at £775,000. The potential tax liability on capital gains, if these properties had been sold at 31 December 1998 at their net book value and the proceeds of sale had not been reinvested in similar assets, would not have been greater than £700,000 (1997 - £700,000).

Plant and equipment costing £998,454 (1997 - £998,454) with accumulated depreciation of £751,621 (1997 - £676,175), is leased by the company under finance leases. The company continues to pay a peppercorn rent on these leases.

Company:	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	Plant, Equipment & Vehicles £000	Total £000
Cost or valuation:				
At 1 January 1998	2,722	3,429	2,051	8,202
Additions	-	16	412	428
Disposals	-	-	(15)	(15)
At 31 December 1998	2,722	3,445	2,448	8,615
Depreciation:				
At 1 January 1998	268	815	1,299	2,382
Charge for the year	84	75	132	291
Disposals	-	-	(12)	(12)
At 31 December 1998	352	890	1,419	2,661
Net book value:				
At 31 December 1998	2,370	2,555	1,029	5,954
At 1 January 1998	2,454	2,614	752	5,820

13. FIXED ASSETS - INVESTMENTS

Company:	Subsidiary Undertakings £000	Total £000
At 1 January 1998 and 31 December 1998	10,397	10,397

NOTES TO THE ACCOUNTS (Contd.)

Group:	Marketable Securities £000	Total £000
Cost:		
At 1 January 1998	225	225
Additions	48	48
	<hr/>	<hr/>
At 31 December 1998	273	273
	<hr/>	<hr/>
Amortisation:		
At 1 January 1998	76	76
Amortisation for year	41	41
	<hr/>	<hr/>
At 31 December 1998	117	117
	<hr/>	<hr/>
Net Book Value:		
At 31 December 1998	156	156
	<hr/>	<hr/>
At 1 January 1998	149	149
	<hr/>	<hr/>

Details of the investments in which the group holds more than 10% of the nominal value of any class of share capital are as follows:

Name of Company	Country of Registration	Holding	Proportion of voting rights and shares held	Nature of Business
Subsidiary Undertakings:				
Coca-Cola International Sales Limited	England & Wales	Ordinary Shares	100%	Promotion and sale of soft drinks and strategic supply services.
Refreshment Spectrum Limited	England & Wales	Ordinary Shares	100%	Manufacture and sale of soft drinks.
Beverage Services Limited	England & Wales	Ordinary Shares	100%	Provision of marketing, promotion and technical services for the development of soft drinks in the British and various European markets.

NOTES TO THE ACCOUNTS (Contd.)

14. STOCKS

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Finished product	2,099	1,758	504	349
Work in progress	71	-	-	-
Ingredients	30,210	31,089	28,638	30,640
Packaging materials	495	769	59	20
Consumables	128	96	-	-
	33,003	33,712	29,201	31,009

In the opinion of the directors the difference between purchase price or production cost of stocks and their replacement cost is not material.

15. DEBTORS

	Group		Company	
	1998 £000	1997 £000	1998 £000	1997 £000
Due within one year:				
Trade debtors	10,600	7,322	-	-
Amounts owed by subsidiary undertakings	-	-	1,610	4,500
Amounts owed by other group undertakings	6,395	131,384	7,500	122,566
Dividend receivable from subsidiary undertakings	-	-	6,500	9,000
Prepayments and accrued income	8,010	2,748	1,727	1,228
Tax recoverable	-	105,107	-	100,847
Other debtors	310	395	-	10
	25,315	246,956	17,337	238,151

16. CREDITORS: amounts falling due within one year

	1998 £000	1997 £000	1998 £000	1997 £000
Bank overdraft	-	282	-	-
Trade creditors	6,038	6,905	300	-
Other creditors	3,578	7,843	-	219
Corporation tax	3,860	181,110	1,472	179,124
Dividend payable	3,500	-	3,500	-
Amounts owed to subsidiary undertakings	-	-	3,765	5,510
Amounts owed to other group undertakings	10,573	40,144	1,502	38,709
	27,549	236,284	10,539	223,562

NOTES TO THE ACCOUNTS (Contd.)

17. PROVISION FOR LIABILITIES AND CHARGES

	Group £000	Company £000
Deferred taxation calculated at the effective tax rate of 31% (1997 - 31.49%)		
At 1 January 1998	1,551	588
Charge for the year	67	102
At 31 December 1998	1,618	690

The major components of the provision for deferred taxation and the amounts not provided are as follows:

	Provided		Not Provided	
	1998 £000	1997 £000	1998 £000	1997 £000
Group:				
Accelerated capital allowances	1,618	1,551	-	-
Company:				
Accelerated capital allowances	690	588	-	-

18. SHARE CAPITAL

	1998 £000	1997 £000
Authorised, allotted, called up and fully paid: 200,000 ordinary shares of £1 each	200	200

19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £000	Capital Contributions £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 1 January 1997	200	45,449	82,937	128,586
Profit for the year	-	-	361,468	361,468
Dividend paid	-	-	(416,000)	(416,000)
At 31 December 1997	200	45,449	28,405	74,054
Profit for the year	-	-	13,261	13,261
Dividend paid	-	-	(16,101)	(16,101)
Dividend declared	-	-	(3,500)	(3,500)
Transfer	-	(45,449)	45,449	-
At 31 December 1998	200	-	67,514	67,714

NOTES TO THE ACCOUNTS (Contd.)

20. PROFIT AND LOSS ACCOUNT

In accordance with the exemption allowed by the Companies Act, 1985, the company has not presented its own profit and loss account. Of the group's profit for the financial year, a profit before distribution of £13,242,000 (1997 - £420,578,000) has been dealt with in the accounts of the company.

21. FINANCIAL COMMITMENTS

	1998 £000	1997 £000
The company has capital commitments authorised, but not contracted for, of:	164	1,593

At 31 December 1998, the group had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings		Other	
	1998 £000	1997 £000	1998 £000	1997 £000
Leases expiring:				
- within one year	1,470	1,200	102	93
- within two to five years	-	-	638	362
- thereafter	3,365	2,400	31	147
	4,835	3,600	771	602

22. CONTINGENT LIABILITIES

- The company has entered into unlimited cross guarantees with the other UK group companies.
- The ultimate parent undertaking, The Coca-Cola Company ("TCCC"), grants certain senior executives options to buy its shares. When an option is exercised, TCCC makes a charge to the group company employing the holder of the option. Owing to the mobility of executives within the group, uncertainty as to the date on which they will exercise their options, and the fluctuation of the share price, it is not possible to ascertain with certainty the liability which the company would incur on exercise of all options held by current employees. Accordingly, no provision has been set up in these accounts. However, had they been both exercisable and exercised at the share price prevailing on 31 December 1998, the liability would have been £400,000.

NOTES TO THE ACCOUNTS (Contd.)

23. PENSION COSTS

The company and its principal subsidiary undertakings operate within a funded group pension scheme, which is a defined benefit scheme providing benefits based on final pensionable pay for the majority of employees. The assets of the scheme are held separately from those of the company, being invested with a pension fund management company. Contributions to the scheme are charged to the group profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent formal actuarial valuation was performed at 1 January 1997 and at that date the scheme had assets with a market value of £16,684,295 and a long-term funding deficit of £933,000. This deficit arises from a funding level on an actuarial basis of 95%. This deficit is being eliminated through increased company contributions to the scheme, starting on 1 January 1997. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the rates of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum and that salary increases would average 7% per annum.

The pension charge for the year was £1,186,000 (1997 – £1,019,000).

24. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member, is The Coca-Cola Company, incorporated in Delaware, USA, and the parent undertaking of the smallest such group is Refreshment Product Services Inc., a company incorporated in the USA. Copies of the accounts of The Coca-Cola Company can be obtained from this company's registered office.