

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

Report and Accounts

31 December 2004



COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

DIRECTORS' REPORT

Directors:	G Galbraith	
	C Oades	
	P Matthews	
	P van Hoegaerden	
	J Goldin	Appointed: 30th July 2004
	J Sheppard	Resigned: 30th July 2004
	A Taylor	Resigned: 30th July 2004
	D Kearney	Appointed: 11th October 2005
Secretary:	P Matthews	Appointed: 31st December 2003

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 2004.

RESULTS AND DIVIDENDS

The consolidated profit after taxation for the year amounts to £9,208,000 (2003 - £8,230,000). An interim dividend of £12,500,000 (2003 - £5,000,000) was paid on 31 December 2004. A final dividend of £10,000,000 was proposed. (2003: Nil)

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.

CHARITABLE CONTRIBUTIONS

During the year charitable donations of £851,000 (2003 - £615,000) were made.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the group has been continued through the newsletter 'Update' 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 2004 were those listed above. The directors have no beneficial interests in the shares of the company.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

DIRECTORS' REPORT

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.

CREDITOR PAYMENT POLICY

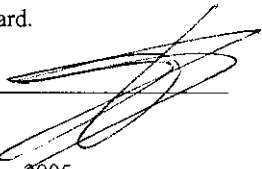
The company recognises the importance of maintaining good relations with its suppliers and is committed to paying all invoices within the agreed terms.

At 31 December 2004, the company had an average 13 days (2003 - 13 days) purchases outstanding in trade creditors.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board.

P van Hoegaerden: 
Director

Date: 25th October, 2005

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

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 or 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.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COCA COLA HOLDINGS (UNITED KINGDOM) LIMITED

We have audited the group's financial statements for the year ended 31 December 2004 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 26. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

25 OCTOBER 2005

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
Turnover	2, 3	137,701	125,358
Cost of sales		(58,748)	(52,798)
GROSS PROFIT		<u>78,953</u>	<u>72,560</u>
Distribution costs		-	(116)
Administrative costs		(65,641)	(59,855)
Exchange (loss) / gain		(110)	357
OPERATING PROFIT	4	<u>13,202</u>	<u>12,946</u>
Loss on disposal of tangible fixed assets	5	-	(59)
Release of provision for contractual obligations	6	-	410
Interest receivable and similar income	7	942	781
Interest payable and similar charges		(420)	(486)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>13,724</u>	<u>13,592</u>
Tax on profit on ordinary activities	10	(4,516)	(5,362)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>9,208</u>	<u>8,230</u>
Dividends	11	(22,500)	(5,000)
RETAINED(LOSS) / PROFIT FOR THE YEAR		<u>(13,292)</u>	<u>3,230</u>

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit of £9,208,000 in the year ended 31 December 2004, and the profit of £8,230,000 in the year ended 31 December 2003.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

GROUP BALANCE SHEET

at 31 December 2004

	Notes	2004 £000	2003 £000
FIXED ASSETS			
Goodwill	12	-	14
Tangible assets	13	16,614	17,005
		<u>16,614</u>	<u>17,019</u>
CURRENT ASSETS			
Stocks	15	33,701	34,251
Debtors: amounts falling due within one year	16	30,995	21,025
Cash at bank and in hand		13,923	22,639
		<u>78,619</u>	<u>77,915</u>
CREDITORS: amounts falling due within one year	17	(29,368)	(17,170)
NET CURRENT ASSETS		<u>49,251</u>	<u>60,745</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		65,865	77,764
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	18	(1,580)	(1,177)
Provision for restructuring	18	(3,770)	(2,780)
		<u>60,515</u>	<u>73,807</u>
CAPITAL AND RESERVES			
Called-up share capital	19,20	200	200
Profit and loss account	20	60,315	73,607
		<u>60,515</u>	<u>73,807</u>

P van Hoegaerden: _____

Director

Date: 25th October, 2005

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

COMPANY BALANCE SHEET

at 31 December 2004

	Notes	2004 £000	2003 £000
FIXED ASSETS			
Tangible assets	13	6,817	6,863
Investments	14	19,546	10,397
		<u>26,363</u>	<u>17,260</u>
CURRENT ASSETS			
Stocks	15	33,327	31,684
Debtors	16	14,901	3,604
Cash at bank and in hand		2,218	3,328
		<u>50,446</u>	<u>38,616</u>
CREDITORS: amounts falling due within one year	17	(23,786)	(1,716)
NET CURRENT ASSETS		<u>26,660</u>	<u>36,900</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		53,023	54,160
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	18	(854)	(780)
		<u>52,169</u>	<u>53,380</u>
CAPITAL AND RESERVES			
Called-up share capital	19,20	200	200
Profit and loss account	20	51,969	53,180
		<u>52,169</u>	<u>53,380</u>

P van Hoegaerden:

Director

Date: 25th October, 2005

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2004

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 in the United Kingdom.

Basis of consolidation

The group accounts incorporate the accounts of the company and each of its subsidiary undertakings for the year ended 31 December 2004.

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	20-40 years
Leasehold land and buildings	20 years or the remaining lease term
Leasehold improvements	15 - 20 years or the remaining lease term
Machinery and equipment	3 - 15 years
Fixtures and fittings	6 years
Motor vehicles	5 years

Assets held under lease

Rentals paid under operating leases are charged to income on a straight line 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

Deferred tax is recognised in respect of all material differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2004

1. ACCOUNTING POLICIES (continued)

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.

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.

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

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as is possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial value of liabilities of the pension scheme is allocated over the average remaining service lives of current employees. Differences between the amount charged in the profit and loss account and payments made to schemes are treated as assets or liabilities 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 under FRS 1 (revised), Coca-Cola Holdings (United Kingdom) Limited is not required to prepare a cash flow statement.

2. TURNOVER

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

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2004

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 and geographical area of the group are as follows:

Area of activity	Turnover		Profit on ordinary activities before taxation	
	2004 £000	2003 £000	2004 £000	2003 £000
Services	70,228	64,131	5,072	5,178
Beverages	67,473	61,227	8,652	8,414
	<u>137,701</u>	<u>125,358</u>	<u>13,724</u>	<u>13,592</u>

Geographical area	2004 £000		2003 £000	
	2004 £000	2003 £000	2004 £000	2003 £000
United Kingdom	72,573	62,237	5,595	5,700
Other European countries	46,813	50,930	6,482	5,844
Africa	3,146	2,800	370	460
North America	8,944	1,833	516	455
Latin America	2,180	2,327	261	384
Far East	4,045	5,111	500	749
	<u>137,701</u>	<u>125,238</u>	<u>13,724</u>	<u>13,592</u>

The net assets, by area of activity, are as follows:

Area of activity	2004 £000	2003 £000
	2004 £000	2003 £000
Services	8,451	10,700
Beverages	52,064	63,107
	<u>60,515</u>	<u>73,807</u>

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

4. GROUP OPERATING PROFIT

Group operating profit is stated after charging

	2004 £000	2003 £000
Amortisation of goodwill	14	36
Depreciation of owned tangible fixed assets	1,199	1,152
Payments under operating leases		
- Land and buildings	5,349	5,472
- Plant and equipment	6	30
- Motor vehicles	168	255
Audit services	112	95

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED**NOTES TO THE ACCOUNTS
at 31 December 2004****5. LOSS ON DISPOSAL OF FIXED ASSETS**

	2004 £000	2003 £000
Loss on disposal of tangible fixed assets	-	59

6. RELEASE OF PROVISION FOR CONTRACTUAL OBLIGATIONS

Included in profit on ordinary activities before taxation for 2003 is £410,000 of unused provisions for contractual obligations which were released. The effect on the taxation charge for the year of this item was £123,000.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £000	2003 £000
Bank interest receivable	942	781

8. DIRECTORS' EMOLUMENTS

	2004 £000	2003 £000
Remuneration	814	1,148
Non-cash benefits received and performance compensation	413	1,140
	<u>1,227</u>	<u>2,288</u>

The emoluments of the highest paid director are as follows :

	2004 £000	2003 £000
Highest paid director	371	1,106

9. STAFF COSTS

	2004 £000	2003 £000
Wages and salaries	24,375	20,945
Social security costs	2,346	3,070
Other pension costs	4,476	3,328
	<u>31,197</u>	<u>27,343</u>

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

	2004	2003
Production	14	14
Administration	272	266
	<u>286</u>	<u>280</u>

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of taxation charge in the year:

	2004 £'000	2003 £'000
Based on profit for the year :		
UK corporation tax at 30%	4,004	4,086
Under provision in prior period	109	1,188
	<u>4,113</u>	<u>5,274</u>
Deferred taxation	403	88
	<u>4,516</u>	<u>5,362</u>

(b) Factors affecting the current tax charge for the year

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	13,724	13,592
Tax on profit on ordinary activities before tax at 30%	<u>4,116</u>	<u>4,078</u>
Effects of:		
Permanent disallowables	279	388
Capital allowances for period in excess of depreciation	(391)	(380)
Under provision in prior period	109	1,188
Current tax charge for the year	<u>4,113</u>	<u>5,274</u>

(c) Factors that may affect future tax charges

There are currently no factors that will significantly affect future tax charges.

11. DIVIDENDS

	2004 £000	2003 £000
Interim dividend paid	12,500	5,000
Final dividend-proposed	10,000	-
	<u>22,500</u>	<u>5,000</u>

12. GOODWILL

Goodwill		£000
Cost:		
At 1 January 2004		<u>714</u>
Amortisation:		
At 1 January 2004		700
Charge for the year		14
At 31 December 2004		<u>714</u>
Net book value at 31 December 2004		<u>-</u>
Net book value at 1 January 2004		<u>14</u>

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004

13. TANGIBLE FIXED ASSETS

Group

	Freehold Land & Buildings £000	Leasehold Buildings £000	Plant, Equipment & Vehicles £000	Total £000
<u>Cost or valuation:</u>				
At 1 January 2004	3,142	10,224	9,844	23,210
Additions	-	252	967	1,219
Disposals	-	-	(640)	(640)
At 31 December 2004	3,142	10,476	10,171	23,789
<u>Depreciation:</u>				
At 1 January 2004	870	1,506	3,829	6,205
Charge for the year	164	178	857	1,199
Disposals	-	-	(229)	(229)
At 31 December 2004	1,034	1,684	4,457	7,175
<u>Net book value at:</u>				
At 31 December 2004	2,108	8,792	5,714	16,614
At 1 January 2004	2,272	8,718	6,015	17,005

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 2004 at their net book value and the proceeds of the sale had not been reinvested in similar assets, would not have been greater than £700,000 (2003 - £700,000).

Company

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	Plant, Equipment & Vehicles £000	Total £000
<u>Cost or valuation:</u>				
At 1 January 2004	2,954	3,647	4,210	10,811
Additions	-	-	339	339
At 31 December 2004	2,954	3,647	4,549	11,150
<u>Depreciation:</u>				
At 1 January 2004	916	1,099	1,933	3,948
Charge for the year	164	-	221	385
At 31 December 2004	1,080	1,099	2,154	4,333
Net book value at 31 December 2004	1,874	2,548	2,395	6,817
Net book value at 1 January 2004	2,038	2,548	2,277	6,863

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2004

14. FIXED ASSET INVESTMENTS

<i>Company</i>	Subsidiary undertakings £000
At 1 January 2004	10,397
Purchase of £1 ordinary share capital in Coca-Cola International Sales Limited	9,149
At 31 December 2004	<u>19,546</u>

Additional share-capital of £9,149,000 was issued by Coca-Cola International Sales Limited to Coca-Cola Holdings Limited in respect of the transfer of trade and net assets from Refreshment Spectrum Limited to Coca-Cola International Sales Limited.

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 right and shares held	Nature of business
Subsidiary undertakings				
Coca-Cola International Sales Limited	England & Wales	Ordinary Shares	100%	Toll manufacture and procurement of soft drinks.
Refreshment Spectrum Limited	England & Wales	Ordinary Shares	100%	Transferred trade and assets to Coca Cola International Sales Limited on 29 October 2004. No further trade has taken place.
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.

15. STOCKS

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Finished product	975	1,718	608	558
Ingredients	32,617	31,869	32,610	30,990
Packaging materials	102	657	102	129
Consumables	7	7	7	7
	<u>33,701</u>	<u>34,251</u>	<u>33,327</u>	<u>31,684</u>

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

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004

16. DEBTORS

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Due within one year:				
Trade debtors	4,154	5,208	-	-
Amounts owed by other group undertakings	22,071	10,998	12,794	2,589
Prepayments and accrued income	497	2,252	-	32
Other tax recoverable	-	796	-	796
Other debtors	4,273	1,771	2,107	187
	<u>30,995</u>	<u>21,025</u>	<u>14,901</u>	<u>3,604</u>

17. CREDITORS: amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£000	£000	£000	£000
Trade creditors	5,489	5,360	478	532
Other creditors	8,082	9,180	0	88
Corporation Tax	2,033	1,857	637	538
Amounts owed to other group undertakings	3,764	773	12,706	558
Final dividend-proposed	10,000	-	10,000	-
	<u>29,368</u>	<u>17,170</u>	<u>23,821</u>	<u>1,716</u>

18. PROVISION FOR LIABILITIES AND CHARGES

Group:	Provision for contractual obligations	Deferred Tax	Total
	£000	£000	£000
At 1 January 2004	2,780	1,177	3,957
Charge in the year	1,725	403	2,128
Utilisation	(735)	-	(735)
At 31 December 2004	<u>3,770</u>	<u>1,580</u>	<u>5,350</u>

The provision for contractual obligations relate to a vacant property lease. The provision is expected to be fully utilised by 2013.

Deferred taxation provided in the accounts is shown below. Deferred taxation has been fully provided for all timing differences which are expected to reverse in the future - there are no unprovided amounts.

Group	2004	2003
	£'000	£'000
Accelerated capital allowances	1,628	1,177
Other timing differences	(48)	-
	<u>1,580</u>	<u>1,177</u>
Company	2004	2003
	£'000	£'000
Accelerated capital allowances	<u>854</u>	<u>780</u>

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 2004

19. SHARE CAPITAL

	2004 £000	2003 £000
Authorised, allotted, called up and fully paid: 200,000 ordinary shares of £1 each	200	200

20. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group

	Share Capital £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 1 January 2003	200	70,377	70,577
Profit for the year	-	8,230	8,230
Dividend paid	-	(5,000)	(5,000)
At 31 December 2003	200	73,607	73,807
Profit for the year	-	9,208	9,208
Interim dividend paid	-	(12,500)	(12,500)
Final dividend-proposed	-	(10,000)	(10,000)
At 31 December 2004	200	60,315	60,515

Company

	Share Capital £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 1 January 2003	200	54,733	54,933
Profit for the year	-	3,447	3,447
Dividends	-	(5,000)	(5,000)
At 31 December 2003	200	53,180	53,380
Profit for the year	-	21,289	21,289
Interim dividend paid	-	(12,500)	(12,500)
Final dividend-proposed	-	(10,000)	(10,000)
At 31 December 2004	200	51,969	52,169

21. 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 £21,289,000 (2003 - £3,447,000) has been generated within the accounts of the company.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS at 31 December 2004

22. FINANCIAL COMMITMENTS

The company has no capital commitments authorised but not contracted for.

At 31 December 2004 the Group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2004	2003	2004	2003
	£000	£000	£000	£000
Leases expiring:				
Within one year	716	1,731	36	41
Within two to five years	26	26	107	81
Thereafter	3,144	3,144	-	-
	<u>3,886</u>	<u>4,901</u>	<u>143</u>	<u>122</u>

23. PENSION COSTS

The group operates within a group pension scheme (the Coca-Cola Company Pension and Assurance Scheme) which is a defined benefit scheme. It is funded by the payment of contributions to a pension fund management company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. In accordance with the trust deed, the scheme is subject to a full revaluation every three years.

The most recent formal actuarial valuation was performed as at 1 June 2002. The fair value of the scheme assets was £37,060,000. The present value of the scheme liabilities was £50,162,000. The resulting deficit of the scheme was £13,102,000. The Scheme had an ongoing funding level of 73.9%. The trustees and Group are currently in discussion as to the future contribution rate to address the deficit.

Had the group adopted FRS 17 early, the group's net assets and profit and loss reserve at 31 December would have been as follows:

	2004	2003
	£'000	£'000
Net assets excluding pension liability	60,515	73,807
Pension liability	(26,749)	(26,211)
Net assets including pension liability	<u>33,766</u>	<u>47,596</u>
	2004	2003
	£'000	£'000
Profit & loss reserve excluding pension liability	60,315	73,607
Pension reserve	(26,749)	(26,211)
Profit & loss reserve	<u>33,566</u>	<u>47,396</u>

Composition of the scheme

The group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 1 June 2002 and updated to 31 December 2004 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	2004	2003
Rate of increase in salaries	3.80%	3.80%
Rate of increase of pensions in payment	0.00%/2.80% ⁽¹⁾	0.00%/2.80%(1)
Discount rate	5.30%	5.40%
Inflation assumption	2.80%	2.80%

⁽¹⁾ Pre 1997 accrual / Post 1997 accrual

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NOTES TO THE ACCOUNTS

at 31 December 2004

23. PENSION COSTS (continued)

The assets in the scheme and the expected rate of return were:

		2004		2003
		£'000		£'000
Equities	7.50%	38,708	7.80%	30,526
Bonds	4.50%	6,187	4.80%	7,475
Cash	4.75%	1,714	4.00%	1,331
Total market value of assets		46,609		39,332
Actuarial value of liability		(73,358)		(65,543)
Deficit in scheme		(26,749)		(26,211)
Related deferred tax asset/(liability)		-		-
Net pension liability		(26,749)		(26,211)

Had the group adopted FRS 17 early, the amounts that would have been charged to the Profit and Loss account and Statement of Total Recognised Gains and Losses for the year ended 31 December 2004 are as follows:

	2004	2003
	£'000	£'000
Service cost	2,808	2,256
Past service cost	-	-
Total operating charge	2,808	2,256

Analysis of net return on pension scheme

	2004	2003
	£'000	£'000
Expected return on pension scheme assets	2,978	2,247
Interest on pension liabilities	(3,574)	(3,038)
Net return	(596)	(791)

Analysis of amount recognised in statement of total recognised gains and losses

	2004	2003
	£'000	£'000
Actual return less expected return on assets	1,457	3,054
Experience gains and losses on liabilities	(481)	(534)
Changes in assumptions	(2,269)	(6,192)
Actuarial (loss)/gain recognised in STRGL	(1,293)	(3,672)
Adjustment due to surplus cap	-	-
Net (loss)/gain recognised	(1,293)	(3,672)

Movement in deficit during the year

	2004	2003
	£'000	£'000
Deficit in scheme at beginning of year	(26,211)	(23,539)
Movement in year:		
Current service cost	(2,808)	(2,256)
Contributions	4,159	4,047
Net return on assets/(interest cost)	(596)	(791)
Actuarial gain/(loss)	(1,293)	(3,672)
Deficit in scheme at end of year	(26,749)	(26,211)

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NOTES TO THE ACCOUNTS at 31 December 2004

23. PENSION COSTS (continued)

The actuarial valuation at 31 December 2004 showed an increase in the deficit from £26,211,000 at 31 December 2003 to £26,749,000. Employer contributions during 2004 amounted to £4,159,000. The current employer contribution rate agreed between the employer and Trustees is 15% of Pensionable Salaries plus £1,850,000 paid by 31 July each year until 2012.

History of experience gains and losses

	2004	2003	2002
Difference between expected and actual return on scheme assets:			
amount (£'000)	1,457	3,054	(9,008)
percentage of scheme assets	3%	8%	-29%
Experience gains and losses on scheme liabilities:			
amount (£'000)	(481)	(534)	(693)
percentage of scheme liabilities	-1%	-1%	-1%
Total amount recognised in statement of total recognised gains and losses:			
amount (£'000)	(1,293)	(3,672)	(10,380)
percentage of scheme liabilities	-2%	-6%	-19%

24. CONTINGENT LIABILITIES

(a) The company has entered into unlimited cross guarantees with the other UK group companies.

(b) 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.

25. 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 Coca-Cola Company's accounts can be obtained from this company's registered office.

26. 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 FRS 8 (3) not to disclose related party transactions.