COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

Report and Accounts

31 December 2006

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

DIRECTORS' REPORT

Directors	G Galbraith		
	C Oades	Resigned	8 May 2006
	P Matthews		
	P van Hoegaerden	Resigned	28 February 2007
	J Goldin	Resigned	8 May 2006
	D Kearney		
	S Guha	Appointed	8 May 2006
	C Sleight	Appointed	8 May 2006
	G Smith	Appointed	28 February 2007
Secretary:	P Matthews		

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 2006

RESULTS AND DIVIDENDS
The consolidated profit after taxation for the year amounts to £11,357,000 (2005 restated £4,960,000)
A final dividend of £2,000,000 (2005 £10,000,000) was paid on 31 December 2006

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS
The principal activities of the group are the promoting, manufacturing and selling of beverages
The level of business continues to be satisfactory

PRINCIPAL RISKS AND UNCERTANTIES
The company is the holding company of a group whose principal activities are the promotion, manufacturing and selling of beverages The principal risks of the company are a) the material amount of stock on hand which if not saleable by the group could result in material losses and b) termination of agreements or a change in business relationships with one of the three principal customers of the company which would result in a decrease in turnover of the company by a material amount

KEY PERFORMANCE INDICATORS
The company's Key Performance Indicators are the level of turnover, reflecting the volume of products sold and the level of operating profit and ensuring that the operating expenses are managed in an efficient manner in order to minimise costs for The Coca-Cola Company as a whole The consolidated results for the company show sales of £132,170,000 (2005 £131,450,000) and a pre-tax profit of £15,210,000 (2005 restated £8,788,000)

FUTURE DEVELOPMENTS
No new developments of any significance are anticipated

CHARITABLE CONTRIBUTIONS
During the year charitable donations of £383,000 (2005 £937,000) were made

The donations made during the year were for the following purposes
Community £9,000
Education £1,000
Sports and Recreation £107,000
Environmental awareness £264,000
Others £2,000

DIRECTORS' REPORT (continued)

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 2006, the company had an average 14 days (2005 - 13 days) purchases outstanding in trade creditors

DIRECTORS STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Having made enquiries of fellow directors and the company's auditors, each of the directors confirms that
To the best of each directors' knowledge and belief, there is no relevant audit information of which the company's auditors are unaware , and

Each director has taken all the steps a director might be reasonably expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

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

G. Galbraith

G Galbraith
Director

Date 19/10/07

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period In preparing those financial statements, 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 UK 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 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 financial statements comply with the Companies Act 1985 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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

We have audited the group and parent company financial statements (the ' financial statements") of Coca-Cola Holdings (United Kingdom) Limited for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 25 These financial statements have been prepared under 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
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London
Date 19 OCTOBER 2007

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £000	Restated 2005 £000
Turnover	2 3	132,170	131,450
Cost of sales		(45,600)	(56,378)
GROSS PROFIT		86,570	75,072
Administrative expenses		(72,114)	(65,878)
OPERATING PROFIT	4	14,456	9,194
Interest receivable and similar income	5	885	692
Interest payable and similar charges	6	(131)	(1,098)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	15,210	8,788
Tax on profit on ordinary activities	9	(3,853)	(3,828)
PROFIT FOR THE YEAR		11,357	4,960

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £000	Restated 2005 £000
Profit on ordinary activities for the year		11,357	4,960
Actuarial return less expected return on pension assets	21	3,672	8,374
Experience gains arising on scheme liabilities	21	106	5,000
Change in assumptions underlying the present value of the scheme liabilities	21	3,120	(16,432)
Actuarial gain/(loss) in pension plan	21	6,898	(3,058)
Deferred tax on defined benefit pension scheme	21	(2,069)	917
Total recognised gains in the year		16,186	2,819
Prior year adjustment		(3,101)	
Total recognised gains since last annual report		13,085	

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

GROUP BALANCE SHEET

at 31 December 2006

	Notes	2006 £000	2005 £000
FIXED ASSETS			
Tangible assets	11	14,672	15,222
		14,672	15,222
CURRENT ASSETS			
Stocks	13	39,104	39,267
Debtors amounts falling due within one year	14	24,089	18,989
Cash at bank and in hand		22,684	17,704
		85,877	75,960
CREDITORS: amounts falling due within one year	15	(17,476)	(20,229)
NET CURRENT ASSETS		68,401	55,731
TOTAL ASSETS LESS CURRENT LIABILITIES		83,073	70,953
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	-	(1,594)
Provision for contractual obligations	16	(4,476)	(3,070)
NET PENSION LIABILTY	21	(13,917)	(19,846)
		64,680	46,443
CAPITAL AND RESERVES			
Called-up share capital	17 18	200	200
Profit and loss account	18	64,480	46,243
EQUITY SHAREHOLDERS' FUNDS	18	64,680	46,443

G. Galbraith

G Galbraith
Director

Date 19/10/07

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

COMPANY BALANCE SHEET

at 31 December 2006

	Notes	2006 £000	2005 £000
FIXED ASSETS			
Tangible assets	11	6,853	6,495
Investments	12	17,924	19,546
		24,777	26,041
CURRENT ASSETS			
Stocks	13	39,104	39,098
Debtors	14	3,889	4,769
Cash at bank and in hand		5,544	2,863
		48,537	46,730
CREDITORS: amounts falling due within one year	15	(3,506)	(15,417)
NET CURRENT ASSETS		45,031	31,313
TOTAL ASSETS LESS CURRENT LIABILITIES		69,808	57,354
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	(949)	(888)
		68,859	56,466
CAPITAL AND RESERVES			
Called-up share capital	17,18	200	200
Profit and loss account	18	68,659	56,266
EQUITY SHAREHOLDERS' FUNDS	18	68,859	56,466

G Galbraith

G Galbraith

Director

Date 19/10/07

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

In preparing the finanacial statements for the current year, the group has adopted FRS 20 (Share-based payments) The adaptation of FRS 20 has resulted in a change in accounting policy for share-based payment transactions and accordingly prior year comparatives have been restated where required FRS 20 requires equity settled share-based payments to be measured at fair value on the grant date and charged to the profit and loss account over the vesting period based on the group's estimate of the number of options that will vest Fair value is determined at the date of the grant using an appropriate pricing model

The implementation of FRS 20 has resulted in an increase to wages and salaries of £3 101,000 in the profit and loss account for the year ended 31 December 2005

Basis of consolidation

The group accounts incorporate the accounts of the company and each of its subsidiary undertakings for the year ended 31 December 2006

Fixed asset investments

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Depreciation

Depreciation is provided using the straight line method
Estimated useful lives of assets by category are as follows

Freehold 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

Leasing commitments

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

1 ACCOUNTING POLICIES (continued)

Foreign currencies

Monetary assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions Monetary assets and liabilities at the balance sheet date are translated at the year-end rates of exchange All exchange differences arising are reported as part of the results for the year

Research and development expenditure

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

Pension costs

For the defined benefit scheme any increase in the present value of the liabilities expected to arise from employee service in the period is charged against operating profit and included as part of staff costs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

Pension scheme assets are measured using market values and liabilities are measured on a actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of retun on a high quality corporate bond of equivalent currency and term to the scheme liabilities Actuarial valuations are obtained at least triennially and are updated at each balance sheet date The resulting defined benefit asset or liability net of the related deferred taxation is presented separately after other net assets on the face of the balance sheet

Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by an external valuer using an appropriate pricing model In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition which are treated of vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

At each balance sheet date before vesting, the cumulative expense is calculated, representing the event to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity

The Group has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006

For awards granted before 7 November 2002 the Group recognises only the intrinsic value or cost of these potential awards as an expense This is accrued over the performance period of each plan based on the intrinsic value of the equity-settled awards

Cash Flow

Publicly available consolidated accounts are 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

3 SEGMENTAL ANALYSIS

The amount of group turnover, in respect of continuing activities, 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

	Turnover		Profit on ordinary activities before taxation	
				Restated
	2006	**2005**	**2006**	**2005**
Area of activity	£000	£000	£000	£000
Services	78,227	65,962	6,410	4,292
Beverages	53,943	65,488	8,800	4,496
	132,170	131,450	15,210	8,788

				Restated
	2006	**2005**	**2006**	**2005**
Geographical area	£000	£000	£000	£000
United Kingdom	59,594	63,207	5,482	3,409
Other European countries	57,611	48 754	7,375	2,649
Africa	3 618	3,411	684	743
North America	3,459	8,315	270	363
Latin America	2,983	2,716	535	566
Far East	4 905	5,047	864	1,058
	132,170	131 450	15,210	8 788

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

		Restated
	2006	**2005**
Area of activity	£000	£000
Services	2,898	(7 746)
Beverages	61,782	54,189
	64,680	46,443

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

	2006	**2005**
	£000	£000
Depreciation of owned tangible fixed assets	1,799	1,852
Operating lease expenses		
- Land and buildings	4,757	4,797
- Plant and equipment	3	-
- Motor vehicles	60	88
Audit services	108	101
Non-audit services	152	258

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2006	2005
	£000	£000
Bank interest receivable	841	692
Net interest income on pensions	44	-
	885	692

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£000	£000
Bank interest payable	120	519
Net interest charge on pension	-	567
Bank charges	11	12
	131	1,098

7 DIRECTORS' EMOLUMENTS

	2006	2005
	£000	£000
Remuneration	758	761
Non-cash benefits received and performance compensation	929	362
	1,687	1,123

	2006	2005
	£000	£000
Number of directors accruing benefits under defined benefits schemes	4	5

The emoluments of the highest paid director are as follows	2006	2005
	£000	£000
Highest paid director	545	273
Accrued pension at the end of the year	70	104

8 STAFF COSTS

		Restated
	2006	2005
	£000	£000
Wages and salaries	23,184	23,113
Share-based payments	4,051	3,101
Social security costs	4,791	2,530
Other pension costs	5 603	2,984
	37 629	31,728

The monthly average number of persons employed by the group during the year including directors was as follows

	2006	2005
Production	15	15
Administration	273	287
	288	302

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of taxation charge in the year

	2006 £'000	2005 £'000
Based on profit for the year		
UK corporation tax at 30%	5,261	3,380
Under/(over) provision in prior period	10	(4)
	5,271	3,376
Deferred taxation		
Origination and reversal of timing differences	(1,418)	452
	3,853	3,828

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

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	15 210	8,788
Tax on profit on ordinary activities before tax at 30%	4,563	2,636
Effects of		
Permanent disallowables	298	267
Capital allowances for period in (excess)/arrears of depreciation	(16)	28
Under/(over) provision in prior period	10	(4)
Other timing differences	888	886
Pension provision	(472)	(437)
Current tax charge for the year	5,271	3 376

(c) Factors that may affect future tax charges

From financial year 2008, the UK Corporation tax rate will reduce from 30% to 28% It is estimated that as a result the company's deferred tax asset will decrease by £19,000 In addition, the deferred tax associated with pensions is expected to decrease by £397,000

10 DIVIDENDS

	2006 £000	2005 £000
Equity dividends on ordinary shares		
Final dividend paid	2,000	10 000

In accordance with FRS21, dividends proposed by the directors but not approved at the balance sheet date have not been recognised as a liability

11 TANGIBLE FIXED ASSETS

Group

	Freehold Land & Buildings	Leasehold Buildings	Plant, Equipment & Vehicles	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 January 2006	3,193	10,837	10,179	24,209
Additions	-	276	1,153	1,429
Disposals	-	(62)	(1,032)	(1,094)
At 31 December 2006	3,193	11,051	10,300	24,544
Depreciation				
At 1 January 2006	1,200	2,454	5,333	8,987
Charge for the year	171	808	820	1,799
Disposals	-	(11)	(903)	(914)
At 31 December 2006	1,371	3,251	5,250	9,872
Net book value at				
At 31 December 2006	1,822	7,800	5 050	14,672
At 1 January 2006	1,993	8,383	4,846	15 222

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 2006 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 (2005 - £700,000)

Company

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant, Equipment & Vehicles	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 January 2006	3 005	3,647	4 632	11,284
Additions	-	-	829	829
At 31 December 2006	3 005	3,647	5 461	12,113
Depreciation				
At 1 January 2006	1,246	1,099	2,444	4,789
Charge for the year	171	-	300	471
At 31 December 2006	1,417	1,099	2,744	5,260
Net book value at 31 December 2006	1 588	2,548	2,717	6,853
Net book value at 1 January 2006	1 759	2,548	2,188	6,495

12 FIXED ASSET INVESTMENTS

Company	Subsidiary undertakings £000
At 1 January 2006	19,546
Liquidated investment	(1,622)
At 31 December 2006	17,924

Details of the investments in which the group holds at least 20% 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
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

13 STOCKS

		Group		Company
	2006	**2005**	**2006**	**2005**
	£000	£000	£000	£000
Finished product	588	1,132	588	963
Ingredients	38,387	38,015	38,387	38,015
Packaging materials	129	120	129	120
	39,104	39,267	39,104	39,098

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

14 DEBTORS

		Group		Company
	2006	**2005**	**2006**	**2005**
	£000	£000	£000	£000
Due within one year				
Trade debtors	453	2,988	-	-
Amounts owed by other group undertakings	20,394	12 740	3 372	3,350
Prepayments and accrued income	1,186	759	-	-
Other debtors	1,760	2,478	517	1,419
Corporation tax	-	24	-	-
Deferred tax asset (note 16)	296	-	-	-
	24,089	18 989	3,889	4,769

15 CREDITORS amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
Trade creditors	2,715	4,853	683	365
Other creditors	9,765	8,422	-	-
Corporation Tax	2,925	917	874	681
Amounts owed to other group undertakings	2,071	6,037	1,949	14,371
	17,476	20,229	3,506	15,417

16 PROVISION FOR LIABILITIES AND CHARGES

Group	Provision for contractual obligations £000
At 1 January 2006	3,768
Charge in the year	1,415
Utilisation	(707)
At 31 December 2006	4,476

The provision for contractual obligations relates to a vacant property lease The provision is expected to be fully utilised by the third quarter of 2014 Due to a new evaluation of the provision required, management has decided to increase the value of the provision

	Deferred Tax £000
At 1 January 2006	1,594
Charge in the year	(1,890)
Utilisation	-
	(296)

Deferred taxation has been fully provided for all timing differences which are expected to reverse in the future The balance of £296,000 as at 31 December 2006 relates to accelerated capital allowances and other timing differences

Group	2006 £'000
At 1 January 2006	1594
Accelerated capital allowances	18
Other timing differences	(1,908)
At 31 December 2006	(296)

Company	2006 £'000
At 1 January 2006	889
Accelerated capital allowances	60
At 31 December 2006	949

17 SHARE CAPITAL

	2006 £000	2005 £000
Authorised, allotted, called up and fully paid		
200 000 ordinary shares of £1 each	200	200

18 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group

	Share Capital £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 1 January 2005	200	50,322	50,522
Profit for the year as restated	-	4 960	4 960
Share-based payments	-	3,101	3,101
Dividend paid	-	(10,000)	(10,000)
Pension deficit	-	(2,141)	(2,141)
At 31 December 2005 as restated	200	46,242	46,442
Profit for the year	-	11 357	11,357
Share-based payments	-	4,052	4,052
Dividend paid	-	(2,000)	(2,000)
Pension gain		4,829	4 829
At 31 December 2006	200	64 480	64,680

Company

	Share Capital £000	Profit & Loss Account £000	Total Shareholders Funds £000
At 1 January 2005	200	51,969	52,169
Profit for the year	-	14,297	14,297
Dividend Paid	-	(10,000)	(10,000)
At 31 December 2005	200	56,266	56 466
Profit for the year	-	12,393	12,393
At 31 December 2006	200	68,659	68,859

19 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 £12 393,000 (2005 £14,257,000) has been generated within the accounts of the company

20 FINANCIAL COMMITMENTS

The company has no capital commitments authorised but not contracted for

At 31 December 2006 the Group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Other	
	2006 £000	2005 £000	2006 £000	2005 £000
Leases expiring				
Within one year	1,730	1,730	640	303
Within two to five years	65	195	-	16
Thereafter	3 199	3,178	-	-
	4,994	5,103	640	319

21 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

Composition of the scheme

A full actuarial valuation was carried out at 1 June 2005 and updated to 31 December 2006 by a qualified independent actuary The major assumptions used by the actuary were (in nominal terms)

	2006	2005
Rate of increase in salaries	4 00%	3 80%
Rate of increase of pensions in payment	3 00%	2 80%
Discount rate	5 00%	4 75%
Inflation assumption	3 00%	2 80%

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

		2006 £'000		2005 £'000
Equities	7 50%	62,868	7 10%	55,941
Bonds	4 50%	7,888	4 10%	4,615
Cash	5 00%	4,305	4 50%	1,400
Total market value of assets		75,061		61,956
Actuarial value of liability		(94,942)		(90,308)
Deficit in scheme		(19,881)		(28,352)
Related deferred tax asset		5,964		8,506
Net pension liability		(13 917)		(19,846)

The analysis of the amounts charged to the Profit and Loss account and Statement of Total Recognised Gains and Losses for the year ended 31 december 2006 are as follows

	2006 £'000	2005 £'000
Service cost	4,403	2,984
Past service cost	1,200	-
Current Total operating charge	5,603	2 984

The past service cost relates to a one-off discretionary increase in respect of pre 1997 earnings to pensions in payment granted during 2006

Analysis of net return on pension scheme

	2006 £'000	2005 £'000
Expected return on pension scheme assets	4,389	3 354
Interest on pension liabilities	(4,345)	(3,921)
Net return/(charge)	44	(567)

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

	2006 £'000	2005 £'000
Actual return less expected return on assets	3,672	8 374
Experience gains and losses on liabilities	106	5,000
Changes in assumptions	3,120	(16 432)
Actuarial gain/(loss) recognised in STRGL	6,898	(3,058)

21 PENSION COSTS (continued)

Movement in deficit during the year

	2006 £'000	2005 £'000
Deficit in scheme at beginning of year	(28,352)	(26,749)
Movement in year		
Current service cost	(4,403)	(2,984)
Past service cost	(1,200)	-
Contributions	7,132	5,006
Net return on assets/(interest cost)	44	(567)
Actuarial gain/(loss)	6,898	(3,058)
Deficit in scheme at end of year	(19,881)	(28,352)

The actuarial valuation at 31 December 2006 showed a decrease in the deficit from £28,352,000 at 31 December 2005 to £19 881 000 Employer contributions during 2006 amounted to £7,132,000 (including a payment of £1,200,000 in respect of discretionary increases) The current employer contribution rate agreed between the employer and Trustees is 20% of Pensionable Salaries less any employee contributions (until 1 June 2007 when this raises to 21 %) plus £2,950 000 p a

History of experience gains and losses

Difference between expected and actual return on scheme assets	2006	2005	2004	2003	2002
amount (£'000)	3,672	8,374	1,457	3,054	(9,008)
percentage of scheme assets	5%	14%	3%	8%	-29%
Experience gains and losses on scheme liabilities					
amount (£'000)	106	5 000	(481)	(534)	(693)
percentage of scheme liabilities	0%	5.5%	-1%	-1%	-1%
Total amount recognised in statement of total recognised gains and losses					
amount (£'000)	6,898	(3,058)	(1,293)	(3,672)	(10,380)
percentage of scheme liabilities	7%	-3%	-2%	-6%	-19%

22 SHARE-BASED PAYMENTS

Certain employees are granted share options in the equity of our ultimate parent undertaking, The Coca-Cola Company ("TCCC") These options are only settleable in equity

1999 STOCK OPTION PLAN

The 1999 Stock option Plan (the "1999 Option Plan") was approved by shareowners of TCCC in April 1999 Following the approval of the 1999 Option Plan, no grants were made from the 1991 Option Plan, and shares available under the 1991 Option Plan were no longer available to be granted Under the 1999 Option Plan, a maximum of 120 million shares of TCCC common stock was approved to be issued or transferred to certain officers and employees pursuant to stock options granted under the 1999 Option Plan Options to purchase common stock under the 1999 Option Plan have been granted to employees at fair market value at the date of grant

Stock options granted in December 2003 and thereafter generally become exercisable over a four-year annual vesting period and expire 10 years from the date of grant Stock options granted from 1999 through July 2003 generally become exercisable over a four-year annual vesting period and expire 15 years from the date of grant

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2006 is £4,051,000 (2005 £3 101,000)

22 SHARE-BASED PAYMENTS (continued)

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

	2006 Number	2006 WAEP
Outstanding as at 1 January	6,255,938	£ 23 79
Granted during the year	-	-
Forfeited during the year	(232,474)	£ 24 03
Exercised	(245,929)	£ 22 49
Expired during the year	(67,173)	£ 25 26
Outstanding at 31 December (1)	5,710,362	£ 23 80
Exercisable at 31 December	3 782 169	£ 24 75

(1) Included within this balance are options over 1,428,036 (2005 1,635,548) shares that have not been recognised in accordance with FRS 20 as the options were granted on or before 7 November 2002 These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20

For the share options outstanding as at 31 December 2006, the weighted average remaining contractual life is 8 years (2005 8 years)

No options were granted during 2006 The weighted average fair value of options granted during 2005 was £ 4 78 The range of exercise prices for options outstanding at the end of the year was £ 21 29- £ 34 05 (2005 £ 21 29 34 05 £)

The fair value of each option award is estimated on the date of the grant using a Black-Scholes-Merton option-pricing model that uses the assumptions noted in the following table The expected term of the options granted represents the period of time that options granted are expected to be outstanding and is derived by analysing historic exercise behaviour, Expected volatilities are based on implied votalities from traded options on TCCC's stock, historical volatility of TCCC's stock, and other factors The risk-free interest rate for the period matching the expected term of the option is based on the U S Treasury yield curve in effect at the time of the grant The dividend yield is the calculated yield on TCCC's stock at the time of the grant

The following table sets forth information about the weighted-average fair value of options granted during the past two years and the weighted average assumptions used for such grants

	2006	2005
Dividend yield (%)	2 70%	2 60%
Expected share price volatility (%)	19 30%	19 90%
Rsik-free interest rate (%)	4 50%	4 30%
Expected life of options (years)	6 years	6 years

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur The expected volatility reflects the assumption that the historical volatility is indicative of future trends which may also not be necessarily be the actual outcome

23 CONTINGENT LIABILITIES

The company has entered into unlimited cross guarantees with the other UK group companies

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

25 RELATED PARTY TRANSACTIONS

The group is taking advantage of the exemption under FRS 8 (3) not to disclose related party transactions with other members of the Coca Cola Company group