

1724995

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

Report and Accounts

31 December 1997



A06 *AK5UVDPA* 619

COMPANIES HOUSE 09/02/99

COMPANIES HOUSE 29/01/99

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

DIRECTORS' REPORT

Directors: A Cochrane (appointed 11/8/97)
S L Ewart
G Galbraith (appointed 11/8/97)
R Guy
S A Randazza (appointed 11/8/97)
J Rosenbaum (resigned 11/8/97)
A Taylor

Secretary: J Owen (appointed 25/9/98)
S L Ewart (appointed 8/12/97, resigned 25/9/98)
B A Saha (resigned 8/12/97)

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 1997.

RESULTS AND DIVIDENDS

The consolidated profit for the year amounts to £361,467,770 (1996 - £38,799,000). An interim dividend of £416,000,000 (1996 - £8,354,000) was paid on 1 July 1997. The directors do not recommend a further dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the group are the promoting, manufacturing and selling of beverages. Coca-Cola Holdings (United Kingdom) Limited sold its 49% holding in Amalgamated Beverages Great Britain Limited on 10 February 1997 to Coca-Cola Enterprises, for a consideration of £615,958,440.

FUTURE DEVELOPMENTS

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

FIXED ASSETS

Details of the company's fixed assets are given in notes 11,12 and 13 to the accounts.

CHARITABLE CONTRIBUTIONS

During the year charitable donations of £13,615 (1996 - £16,641) 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 1997 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 FRS 8 (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.

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 Randazza

Director

Date: 20/1/99

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

REPORT OF THE AUDITORS

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

We have audited the accounts on pages 5 to 21, 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 8 to 10.

Respective responsibilities of directors and auditors

As described on page 3, 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 1997 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
Registered Auditor
London

Date : 20.1.99

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1997

	Notes	1997 £000	1997 £000	1996 £000
TURNOVER				
<i>Continuing operations:</i>				
Turnover	3	112,995		111,027
Cost of sales		<u>64,431</u>		<u>74,697</u>
Gross Profit			48,564	36,330
Distribution costs		2,890		3,318
Administrative expenses		<u>38,246</u>		<u>26,898</u>
			41,136	30,216
			<u>7,428</u>	<u>6,114</u>
<i>Discontinued operations:</i>				
Income from interests in associated undertakings	3 & 13		<u>1,598</u>	<u>57,700</u>
OPERATING PROFIT				
Continuing operations		7,428		6,114
Discontinued operations		<u>1,598</u>		<u>57,700</u>
			9,026	63,814
<i>Discontinued operations:</i>				
Gain on sale of associated undertaking	5		<u>514,107</u>	<u>0</u>
			523,134	63,814
Interest receivable and similar income	6	22,345		1,119
Interest payable and similar charges	9	<u>(3,004)</u>		<u>(3,499)</u>
			19,341	(2,380)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>542,475</u>	<u>61,434</u>
Tax on profit on ordinary activities	10		<u>181,007</u>	<u>22,635</u>
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY			361,468	38,799
DIVIDENDS				
Ordinary dividend paid on equity shares			416,000	8,354
AMOUNTS TRANSFERRED FROM RESERVES / RETAINED PROFIT FOR THE YEAR				
			<u>(54,532)</u>	<u>30,445</u>
RECOGNISED GAINS AND LOSSES				

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £361,467,770 in the year ended 31 December 1997, and the profit of £38,799,000 in the year ended 31 December 1996.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

BALANCE SHEET - GROUP

at 31 December 1997

	Notes	1997 £000	1996 £000
FIXED ASSETS			
Intangible assets	11	229	264
Tangible assets	12	14,011	14,477
Investments	13	149	98,745
		<u>14,389</u>	<u>113,486</u>
CURRENT ASSETS			
Stocks	14	33,712	29,255
Debtors: amounts falling due within one year	15	246,956	27,542
Cash at bank and in hand		16,832	16,457
		<u>297,500</u>	<u>73,254</u>
CREDITORS: amounts falling due within one year	16	<u>236,284</u>	<u>56,318</u>
NET CURRENT ASSETS		<u>61,216</u>	<u>16,936</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		75,605	130,422
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	1,551	1,836
		<u>74,054</u>	<u>128,586</u>
CAPITAL AND RESERVES			
Called-up share capital	18	200	200
Capital contribution	19	45,449	45,449
Profit and loss account	19	28,405	82,937
		<u>74,054</u>	<u>128,586</u>



S L Ewart Director



S Randazza Director

Date : 20/1/99

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

BALANCE SHEET - COMPANY at 31 December 1997

	Notes	1997 £000	1996 £000
FIXED ASSETS			
Tangible assets	12	5,820	5,902
Investments	13	10,397	48,234
		<u>16,217</u>	<u>54,136</u>
CURRENT ASSETS			
Stocks	14	31,009	25,728
Debtors	15	238,151	20,053
Cash at bank and in hand		5,653	7,006
		<u>274,813</u>	<u>52,787</u>
CREDITORS: amounts falling due within one year	16	223,562	43,989
NET CURRENT ASSETS		<u>51,251</u>	<u>8,798</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		67,468	62,934
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	17	588	633
		<u>66,880</u>	<u>62,301</u>
CAPITAL AND RESERVES			
Called-up share capital	18	200	200
Capital contribution	19	45,449	45,449
Profit and loss account		21,231	16,652
		<u>66,880</u>	<u>62,301</u>


S L Ewart Director


S Randazza Director

Date : 20/1/99

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

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 1997.

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 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

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.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

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.

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 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 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.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

1. ACCOUNTING POLICIES

(continued)

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.

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	
	1997 £000	1996 £000	1997 £000	1996 £000
<i>Continuing operations:</i>				
Services	35,393	24,139	1,731	1,451
Beverages - <i>Subsidiary undertakings</i>	77,602	86,888	25,039	2,283
	<u>112,995</u>	<u>111,027</u>	<u>26,770</u>	<u>3,734</u>
<i>Discontinued operations:</i>				
Beverages - <i>Associated undertakings</i>	0	0	515,705	57,700
	<u>112,995</u>	<u>111,027</u>	<u>542,475</u>	<u>61,434</u>
<i>Geographical area</i>				
	1997 £000	1996 £000	1997 £000	1996 £000
<i>Continuing operations:</i>				
United Kingdom - <i>Subsidiary undertakings</i>	29,692	35,205	22,000	213
Other European countries	63,615	50,423	3,129	2,108
Eastern Bloc and Scandinavia	6,733	11,117	0	(122)
Africa	4,616	5,921	486	363
Latin America	4,473	4,590	377	443
Far East	3,866	3,771	778	729
	<u>112,995</u>	<u>111,027</u>	<u>26,770</u>	<u>3,734</u>
<i>Discontinued operations:</i>				
United Kingdom - <i>Associated undertakings</i>	0	0	515,705	57,700
	<u>112,995</u>	<u>111,027</u>	<u>542,475</u>	<u>61,434</u>

COCA-COLA HOLDINGS' (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

3. ANALYSIS OF TURNOVER AND PROFITS BETWEEN ACTIVITIES AND MARKET (continued)

Area of activity	Net Assets	
	1997 £000	1996 £000
<i>Continuing operations:</i>		
Services	3,688	2,980
Beverages - <i>Subsidiary undertakings</i>	70,366	27,051
	<u>74,054</u>	<u>30,031</u>
<i>Discontinued operations:</i>		
Beverages - <i>Associated undertakings</i>	0	98,555
	<u>74,054</u>	<u>128,586</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/(crediting):

	1997 £000	1996 £000
Amortisation of goodwill	35	36
Rental income receivable	(328)	(329)
Amortisation of Wimbledon Debenture	41	35
Depreciation of owned tangible fixed assets	1,542	1,629
Depreciation of assets held under finance leases and hire purchase contracts	76	77
Loss on disposal of tangible fixed assets	53	383
Payments under operating leases		
- Plant and equipment	267	367
- Motor vehicles	378	279
- Property	3,554	3,069
Auditors' remuneration		
- Audit services	77	79
- Non audit services	10	72

5. EXCEPTIONAL ITEMS

	1997 £000	1996 £000
Gain on sale of investment in associated undertaking	<u>514,107</u>	<u>0</u>

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

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £000	1996 £000
Interest receivable - third parties	973	1,055
Interest receivable - parent company	20,868	0
Other	504	64
	<u>22,345</u>	<u>1,119</u>

7. DIRECTORS' EMOLUMENTS

	1997 £000	1996 £000
Remuneration	873	963
Money and non-cash benefits received under long-term incentive plans	206	0
	<u>1,079</u>	<u>963</u>
The emoluments of the highest paid director are as follows :	1997 £000	1996 £000
Highest paid director	396	333

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.

During the year seven directors were granted share options. Two directors exercised share options during the year.

8. STAFF COSTS

	1997 £000	1996 £000
Wages and salaries	13,615	10,015
Social security costs	1,047	818
Other pension costs	1,019	1,021
	<u>15,681</u>	<u>11,854</u>

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

	1997 No.	1996 No.
Production	65	65
Administration	216	214
	<u>281</u>	<u>279</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £000	1996 £000
Payable within five years:		
Bank loans and overdrafts	62	94

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

Loans from fellow group undertakings	2,023	1,982
Royalties due to parent undertaking	271	263
Other	4	10
Loss on exchange	644	1,150
	<u>3,004</u>	<u>3,499</u>

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	1997 £000	1996 £000
UK corporation tax at 31.49% (1996: 33%)	9,368	1,775
<i>Exceptional item</i>		
Sale of investment in associated undertaking	171,253	0
Deferred taxation	(285)	(207)
	<u>180,336</u>	<u>1,568</u>
Adjustment relating to prior years	41	(39)
	<u>180,377</u>	<u>1,529</u>
Discontinued operations - associated undertakings	630	21,106
	<u>181,007</u>	<u>22,635</u>

11. INTANGIBLE FIXED ASSETS

Goodwill arising on consolidation	£000
Cost:	
At 1 January 1997	<u>714</u>
Amortisation:	
At 1 January 1997	450
Charge for the year	35
	<u>485</u>
At 31 December 1997	<u>229</u>
Net book value at 31 December 1997	<u>264</u>
Net book value at 1 January 1997	<u>264</u>

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS at 31 December 1997

12. TANGIBLE FIXED ASSETS

Group

	Freehold Land & Buildings £000	Plant, equipment and vehicles £000	Total £000
<u>Cost or valuation:</u>			
At 1 January 1997	8,874	14,896	23,770
Additions	35	1,229	1,264
Disposals	0	(563)	(563)
Transfers to/from other group companies and contracts-in-progress	31	(31)	0
At 31 December 1997	8,940	15,531	24,471
<u>Depreciation:</u>			
At 1 January 1997	1,818	7,475	9,293
Charge for the year	217	1,398	1,615
Disposals	0	(374)	(374)
Transfers to/from other group companies and contracts-in-progress	0	(74)	(74)
At 31 December 1997	2,035	8,425	10,460
<u>Net book value at:</u>			
31 December 1997	6,905	7,106	14,011
1 January 1997	7,056	7,421	14,477

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 1997 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 (1996 - £700,000).

Plant and equipment costing £998,454 (1996 - £998,454) with accumulated depreciation of £676,175 (1996 - £524,184), is leased by the company under finance leases. The company continues to pay a peppercorn rent on these leases.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS at 31 December 1997

12. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold Land & Buildings £000	Plant, equipment and vehicles £000	Total £000
Cost or valuation:			
At 1 January 1997	6,151	1,884	8,035
Additions	0	207	207
Disposals	0	(40)	(40)
At 31 December 1997	6,151	2,051	8,202
Depreciation:			
At 1 January 1997	924	1,209	2,133
Charge for the year	159	118	277
Disposals	0	(28)	(28)
At 31 December 1997	1,083	1,299	2,382
Net book value at 31 December 1997	5,068	752	5,820
Net book value at 1 January 1997	5,227	675	5,902

13. FIXED ASSET INVESTMENTS

Company

	Subsidiary undertakings £000	Associated undertakings £000	Total £000
At 1 January 1997	10,397	37,837	48,234
Sale of investment in associated undertaking		(37,837)	(37,837)
At 31 December 1997	10,397	0	10,397

Group

	Associated undertakings £000	Marketable securities £000	Total £000
Cost			
At 1 January 1997	98,555	225	98,780
Share of profits for the year	967	0	967
Sale of investment in associated undertaking	(99,522)	0	(99,522)
At 31 December 1997	0	225	225

Amortisation

At 1 January 1997	0	35	35
Amortisation for year	0	41	41
At 31 December 1997	0	76	76

Net Book Value

At 31 December 1997	0	149	149
At 1 January 1997	98,555	190	98,745

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS at 31 December 1997

13. FIXED ASSET INVESTMENTS (continued)

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 :

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion of voting right and shares held</i>	<i>Nature of business</i>
<i>Subsidiary undertakings</i>				
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.

Details of the investments in which the group held more than 10% of the nominal value of any class of share capital but sold during the year are as follows :

Associated undertakings

Amalgamated Beverages Great Britain Limited	England & Wales	Ordinary Shares	Manufacture and distribution of soft drinks.
---------------------------------------------	-----------------	-----------------	----------------------------------------------

Amalgamated Beverages Great Britain Limited main results are as follows :

	1997 £000	1996 £000
Turnover	35,000	931,005
Depreciation	-	35,696
Profit on ordinary activities before taxation	3,262	117,756
Group's share of profits before taxation	1,598	57,700

Coca-Cola Holdings (United Kingdom) Limited sold its 49% holding in Amalgamated Beverages Great Britain Limited on 10th February 1997 to Coca-Cola Enterprises, for a consideration of £615,958,440.

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

14. STOCKS

	<i>Group</i>		<i>Company</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Finished product	1,758	2,099	349	261
Ingredients	31,089	26,311	30,640	25,454
Packaging materials	769	792	20	13
Consumables	96	53	0	0
	<u>33,712</u>	<u>29,255</u>	<u>31,009</u>	<u>25,728</u>

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

	<i>Group</i>		<i>Company</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Due within one year:				
Trade debtors	7,322	7,024	0	0
Amounts owed by subsidiary undertakings	0	0	4,500	4,500
Amounts owed by other group undertakings	131,384	6,092	122,566	1,368
Dividend receivable from subsidiary undertakings	0	0	9,000	9,000
Prepayments and accrued income	2,748	5,472	1,228	1,381
Tax recoverable	105,107	3,671	100,847	3,671
Other debtors	395	5,283	10	133
	<u>246,956</u>	<u>27,542</u>	<u>238,151</u>	<u>20,053</u>

COCA-COLA HOLDINGS' (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

16. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank overdraft	282	197	0	0
Trade creditors	6,905	5,177	0	86
Other creditors	7,843	10,868	219	2,278
Corporation Tax	181,110	2,358	179,124	1,291
Amounts owed to subsidiary undertakings	0	0	5,510	6,256
Amounts owed to other group undertakings	40,144	37,718	38,709	34,078
	<u>236,284</u>	<u>56,318</u>	<u>223,562</u>	<u>43,989</u>

Amounts due to fellow subsidiary undertakings include promissory notes, wholly repayable within one year as follows:

<i>Principal</i>	<i>Maturity date</i>
<i>£000</i>	
23,271	Repayable on demand
6,350	Repayable on demand
1,594	Repayable on demand
<u>31,215</u>	

17. PROVISION FOR LIABILITIES AND CHARGES

	<i>Group</i>	<i>Company</i>
	<i>£000</i>	<i>£000</i>
Deferred taxation		
Calculated at the effective tax rate of 31% (1996 - 33%)		
At 1 January 1997	1,836	634
Charge for the year	(285)	(46)
At 31 December 1997	<u>1,551</u>	<u>588</u>

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

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

17. PROVISION FOR LIABILITIES AND CHARGES (continued)

	<i>Provided</i>		<i>Not provided</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Group</i>				
Accelerated capital allowances	1,551	1,836	0	0
	1,551	1,836	0	0

	<i>Provided</i>		<i>Not provided</i>	
	<i>1997</i>	<i>1996</i>	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Company</i>				
Accelerated capital allowances	588	633	0	0
	588	633	0	0

18. SHARE CAPITAL

	<i>1997</i>	<i>1996</i>
	<i>£000</i>	<i>£000</i>
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	Capital Contributions	Profit & Loss Account	Total Shareholders Funds
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 1996	200	45,449	52,492	98,141
Profit for the year	-	-	30,445	30,445
Dividend paid	-	-	-	-
At 31 December 1996	200	45,449	82,937	128,586
Profit for the year	0	0	361,468	361,468
Dividend Paid	-	-	416,000	416,000
At 31 December 1997	200	45,449	28,405	74,054

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS at 31 December 1997

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 £420,578,380 (1996 - £1,508,000) has been dealt with in the accounts of the company.

21. FINANCIAL COMMITMENTS

	1997 £000	1996 £000
The group has capital commitments authorised, but not contracted for, of	1,593	1,504

At 31 December 1997 the group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	1997 £000	1996 £000	1997 £000	1996 £000
Leases expiring:				
Within one year	1,200	1,154	93	102
Within two to five years	0	0	362	312
Thereafter	2,400	2,400	147	279
	3,600	3,554	602	693

22. 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 valuation using the projected unit method.

The most recent valuation was 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 in salaries and pensions. It was assumed that the investment returns would be 9.0% per annum and that salary increases would average 7.0% per annum.

The pension charge for the year was £1,019,000 (1996 - £995,000).

COCA-COLA HOLDINGS (UNITED KINGDOM) LIMITED

NOTES TO THE ACCOUNTS

at 31 December 1997

23. 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.

23. 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.