

1861142

DIRECTORS REPORT AND ACCOUNTS

Coca-Cola International Sales Limited

31 DECEMBER 2000



COCA-COLA INTERNATIONAL SALES LIMITED

DIRECTORS' REPORT

Directors: A Taylor
J Sheppard
D M Cullinan (Appointed 19 June 2000)
J Owen (Appointed 19 June 2000)
N T Long (Appointed 19 June 2000)
C Christensen (Resigned 19 June 2000)
S L Ewart (Resigned 19 June 2000)
A Robinson (Resigned 23 May 2001)

Secretary: J Owen

Registered

Office: 1 Queen Caroline Street, London W6 9HQ
Number: 1861142

The directors present their report and the accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,316,000 (1999: profit of £695,000). The Directors do not recommend the payment of a dividend (1999: nil).

CREDITOR PAYMENT POLICY

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the company are the toll manufacture, procurement and supply of soft drinks in the UK and Ireland.

In January 2000 the Directors decided to re-align the business of CCISL and as a result ceased a number of business activities.

FUTURE DEVELOPMENTS

It is anticipated that CCISL will continue its current business.

DIRECTORS AND THEIR INTERESTS

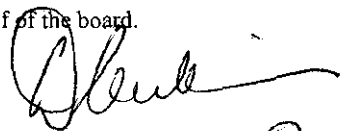
The directors of the company during the year ended 31 December 2000 were those listed above. The directors have no beneficial interests in the shares of the company.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. 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.

Director
Date


29 Oct 2001

COCA-COLA INTERNATIONAL SALES 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; 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS to the members of
Coca-Cola International Sales Limited

We have audited the accounts on pages 5 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit on those accounts and report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 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 as at 31 December 2000 and its loss 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

Date: *29 October 2001*

COCA-COLA INTERNATIONAL SALES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

		2000	1999
	Notes	£'000	£'000
TURNOVER			
Continued	2	17,109	14,812
Discontinued		39,454	36,348
		<hr/> 56,563	<hr/> 51,160
Cost of sales	3	(53,579)	(45,947)
		<hr/> 2,984	<hr/> 5,213
GROSS PROFIT			
Distribution costs	4	(999)	(1,007)
Administrative expenses		(1,923)	(2,953)
Other operating charges		(226)	(250)
		<hr/>	<hr/>
OPERATING (LOSS)/ PROFIT			
Continued	5	895	899
Discontinued		(1,059)	104
		<hr/> (164)	<hr/> 1,003
Cost of fundamental restructuring	6	(3,092)	-
Loss on the disposal of assets of discontinued activities	6	(117)	-
Interest receivable and similar income	9	112	71
Interest payable and similar charges	10	(28)	(28)
		<hr/> (3,289)	<hr/> 1,046
(LOSS)/ PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Taxation	11	973	(351)
		<hr/> (2,316)	<hr/> 695
(LOSS)/ PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO SHAREHOLDERS			
Dividend		-	-
		<hr/>	<hr/>
NET (LOSS)/ PROFIT RETAINED FOR THE FINANCIAL YEAR		<hr/> (2,316)	<hr/> 695
STATEMENT OF RETAINED PROFITS			
At 1 January 2000		7,170	
Loss for the year		(2,316)	
		<hr/>	
At 31 December 2000		<hr/> 4,854	

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £2,316,000 in the year ended 31 December 2000 and the profit of £695,000 in the year ended 31 December 1999.

COCA-COLA INTERNATIONAL SALES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

		2000	1999
	Notes	£'000	£'000
FIXED ASSETS			
Tangible assets	12	175	354
		<u>175</u>	<u>354</u>
CURRENT ASSETS			
Stocks	13	888	3,389
Debtors	14	7,762	9,290
Cash at bank and in hand		3,411	2,724
		<u>12,061</u>	<u>15,403</u>
CREDITORS - amounts falling due within one year	15	(5,058)	(8,587)
NET CURRENT ASSETS		<u>7,003</u>	<u>6,816</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,178</u>	<u>7,170</u>
PROVISIONS FOR LIABILITIES AND CHARGES	6	(2,324)	-
		<u>4,854</u>	<u>7,170</u>
CAPITAL AND RESERVES			
Called-up share capital	16 & 17	-	-
Profit and loss account	17	4,854	7,170
		<u>4,854</u>	<u>7,170</u>

D M Cullinan
Director



29 Oct 2001

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life as follows:

Plant and machinery: 5 years

Computer equipment: 4 years

Freehold Buildings: 20 years or the remaining franchise

(c) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items.

(d) Deferred taxation

Provision is made for deferred taxation, using the liability method, on all timing differences which are expected to reverse in the future.

(e) 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. Monetary assets and liabilities at the balance sheet date are translated at the year-end rates of exchange. All exchange differences thus arising are reported as part of the results for the year.

(f) Pensions

Contributions made in the period to the Group Pension Scheme are charged to profit so as to spread the cost of 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.

(g) 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 International Sales Limited is not required to prepare a cash flow statement.

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

2 TURNOVER

Turnover comprises the invoiced price of goods and services supplied by the company stated net of value added tax. The whole of the company's turnover arises from the promotion and sale of soft drinks and strategic supply services.

An analysis of turnover by geographical market by destination is given below :

	2000	1999
	£'000	£'000
United Kingdom	34,383	29,846
Other European Countries	14,578	12,013
Eastern Bloc and Scandinavia	3,755	4,460
Africa	862	1,896
North America	341	369
Latin America	2,526	2,547
Asia	118	29
	<hr/> 56,563 <hr/>	<hr/> 51,160 <hr/>

3 COST OF SALES AND OPERATING EXPENSES

	2000			1999		
	Continued	Discontinued	Total	Continued	Discontinued	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of Sales	16,203	37,376	53,579	13,911	32,036	45,947
Distribution costs	-	999	999	-	1,007	1,007
Administrative expenses	8	1,915	1,923	-	2,953	2,953
Other operating charges	3	223	226	2	248	250
	<hr/> 16,214 <hr/>	<hr/> 40,513 <hr/>	<hr/> 56,727 <hr/>	<hr/> 13,913 <hr/>	<hr/> 36,244 <hr/>	<hr/> 50,157 <hr/>

4 DISTRIBUTION COSTS

Distribution costs comprise of freight outwards charges only.

5 OPERATING PROFIT

Operating profit is stated after charging:

	2000	1999
	£'000	£'000
Depreciation of owned fixed assets	68	105
Auditors remuneration - audit services	25	25

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

6 EXCEPTIONAL ITEMS

2000

£'000

Recognised below operating profit:

Loss on disposal of assets

117

Cost of fundamental restructuring

3,092

3,209

Upon a review of the organisational structure, management reorganised the company structure resulting in staff redundancies and consolidation of resources. Restructuring costs in the year were £3,209,000

The effect on the taxation charge for the year of the exceptional items recognised below operating profit was £920,400.

The restructuring is analysed as follows:

£'000

Loss on disposal of fixed assets

117

Write off of stock

107

Termination of contracts

137

Redundancy costs

301

Bad Debt

199

Legal costs

24

885

Provision for contractual obligations

2,324

3,209

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

7 DIRECTORS' EMOLUMENTS

The majority of directors who are engaged in the company's business are employed by a fellow subsidiary undertaking. The emoluments of directors who are also directors of the fellow subsidiary undertaking are included in the accounts of the fellow subsidiary undertakings in which they are paid. The remaining directors' emoluments are detailed below.

An administration fee amounting to £998,000 (1999 - £833,000) was charged by the fellow subsidiary undertaking in respect of administration and occupation costs, which includes those directors' emoluments which are not separately identifiable.

	2000	1999
	£'000	£'000
Total emoluments (including pension contributions)	162	73

The company has made contributions of £3,847 on behalf of the directors into a defined benefits scheme during the year.

8 STAFF COSTS

	2000	1999
	£'000	£'000
Wages and salaries	707	601
Social security costs	56	51
Other pension costs	66	57
	829	709

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

	2000	1999
	No.	No.
Administration	15	13

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

9 INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£'000	£'000
Interest income	108	65
Rental income	4	1
Fees and commission income	-	5
	<hr/>	<hr/>
	112	71
	<hr/>	<hr/>

10 INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£'000	£'000
Bank charges	28	26
Fees and commission expense	-	2
	<hr/>	<hr/>
	28	28
	<hr/>	<hr/>

11 TAXATION

UK corporation tax is provided at the rate of 30% (1999 - 30%). The taxation charge for the year is as follows :

	2000	1999
	£'000	£'000
Corporation tax (credit)/ charge on (loss)/ profit for the year	(973)	351
	<hr/>	<hr/>

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

12 TANGIBLE FIXED ASSETS

	Land	Freehold Buildings	Computers	Plant & Machinery	Total
	£'000	£'000	£'000	£'000	£'000
Cost:					
At 1 January 2000	5	183	139	561	888
Additions	-	-	-	6	6
Disposals	-	-	-	(567)	(567)
At 31 December 2000	5	183	139	-	327
Depreciation:					
At 1 January 2000	-	6	139	389	534
Charge for the year	-	7	-	61	68
Disposals	-	-	-	(450)	(450)
At 31 December 2000	-	13	139	-	152
Net book value at:					
At 1 January 2000	5	177	0	172	354
At 31 December 2000	5	170	-	-	175

13 STOCKS

	2000	1999
	£'000	£'000
Finished product	395	2,410
Ingredients	493	856
Packaging materials	-	123
	888	3,389

In the opinion of the directors the difference between purchase price or production cost of stocks and their replacement cost is not material. Stocks are held in consignment at an independent Toll Packer and at various warehouses in the United Kingdom.

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

14 DEBTORS

	2000	1999
	£'000	£'000
Due within one year:		
Trade debtors	3,277	7,244
Amounts owed by group undertakings	1,720	616
Other debtors	1,002	633
Prepayments and accrued income	682	797
Tax Recoverable	1,081	-
	<u>7,762</u>	<u>9,290</u>

15 CREDITORS: amounts falling due within one year

	2000	1999
	£'000	£'000
Trade creditors	2,822	6,303
Amounts due to group undertakings	1,407	1,168
Other creditors and accruals	829	872
Corporation tax payable and other taxes	-	244
	<u>5,058</u>	<u>8,587</u>

16 SHARE CAPITAL

	2000	1999
Number of ordinary shares	100	100
	£	£
Ordinary shares of £1 each		
Authorised	100	100
Allotted, called up and fully paid	<u>100</u>	<u>100</u>

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital	Profit & Loss Account	Total Shareholders Funds
	£'000	£'000	£'000
At 1 January 1999	-	6,475	6,475
Profit for the year	-	695	695
At 31 December 1999	-	7,170	7,170
Loss for the year	-	(2,316)	(2,316)
At 31 December 2000	-	4,854	4,854

18 PENSION COSTS

The company operates within a group pension 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 at 1 June 1999. The assumptions which have the most significant effect on the results of the valuation are stated below:

Investment return	Pre retirement	7%
	Post retirement	6%

Remuneration growth	4.5%
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The pension charge for the year was £66,000 (1999 - £57,000).

Details of the actuarial valuation of the Group Scheme are included in the accounts of the parent undertaking, Coca-Cola Holdings (United Kingdom) Limited registered in England & Wales.

19 CONTINGENT LIABILITIES

The ultimate parent undertaking, The Coca-Cola Company (TCCC), grants certain senior executives options to buy its shares. When an option is exercised, TCCC makes a charge to the group company employing the holder of the option. Owing to the mobility of executives within the group, uncertainty as to the date on which they will exercise their options, and the fluctuation of the share price, it is not possible to ascertain with certainty the liability which the company would incur on exercise of all options held by current employees. Accordingly, no provision has been set up in these accounts. However, had they been both exercisable and exercised at the share price prevailing on 31 December 2000, the liability would have been £550,360.

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2000

20 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 Coca-Cola Holdings (United Kingdom) Limited registered in England and Wales. Copies of both companies' accounts can be obtained from this company's registered office.

21 RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Coca-Cola Holdings (United Kingdom) Ltd, a company registered in England and Wales, which prepares consolidated financial statements, the company pursuant to paragraph 17 of FRS 8 "Related Party Transactions" has not included details of transactions with other companies which are subsidiaries of the Coca-Cola group.

There are no other related party transactions.