Registered No 1861142

Coca-Cola International Sales Limited

Report and Financial Statements

31 December 2010

Directors
B Gerber
D Kearney
S Guha
I Panizio
S Roche
J Woods

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
1 Queen Caroline Street
London W6 9HQ

Directors' report

The directors present their report and financial statements for the year ended 31 December 2010

Results and dividends

The profit for the year after taxation amounted to £472,000 (2009 – profit of £1,162,000) No interim dividend was paid during the year (2009 – £1,700,000)

Principal activity and review of the business

The principal activities of the company are the manufacture and procurement of soft drinks in the UK

Future developments

It is anticipated that Coca-Cola International Sales Limited will continue its current business

Principal risks and uncertainties

During the year the company discontinued the sale of water to the local bottler

The company has two remaining principal customers with whom it has agreements Should there be a termination of these agreements or a change in business relationships, the turnover of the company could decrease 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 The turnover for the year was £20,415,000 (2009 – £21,616,000) and operating profit was £642,000 (2009 – profit of £1,599,000)

Going concern

No material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors

The directors who served the company during the year and subsequently were as follows

S Guha	
C Sleight	(resigned 30 June 2010)
I Panizio	(appointed 2 March 2010)
M Benda	(resigned 12 August 2011)
C Wiegele	(resigned 12 August 2011)
G Smith	(resigned 8 January 2010)
S Roche	(appointed 21 March 2011)
J Woods	(appointed 21 March 2011)
B Gerber	(appointed 28 July 2011)
D Kearney	(appointed 28 July 2011)

Directors' report

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

At 31 December 2010, the company had an average of 16 days (2009 – 52 days) purchases outstanding in trade creditors

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board

Director
D Kearney
08 September 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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,
- 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Independent auditor's report

to the members of Coca-Cola International Sales Limited

We have audited the financial statements of Coca-Cola International Sales Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report

to the members of Coca-Cola International Sales Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

J I Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

9 September 2011

Profit and loss account

for the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Turnover	2	20,415	21,616
Cost of sales		(19,334)	(19,967)
Gross profit		1,081	1,649
Administrative expenses		(439)	(50)
Operating profit	3	642	1,599
Interest receivable and similar income	6	25	34
Interest payable and similar charges	7	–	(15)
Profit on ordinary activities before taxation		667	1,618
Tax	8	(195)	(456)
Profit for the financial year	16	472	1,162

The above results are all in respect of continuing operations

Statement of total recognised gains and losses

for the year ended 31 December 2010

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £472,000 in the year ended 31 December 2010 (2009 – profit of £1,162,000)

Balance sheet
at 31 December 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Tangible assets	10	68	78
Current assets			
Debtors	11	6,391	6,808
Cash at bank and in hand		5,719	6,444
		12,110	13,255
Creditors amounts falling due within one year	12	(1,070)	(3,017)
Net current assets		11,040	10,235
Total assets less current liabilities		11,108	10,313
Provisions for liabilities and charges			
Provision for contractual obligations		(323)	-
		10,785	10,313
Capital and reserves			
Called up share capital	15,16	9,149	9,149
Profit and loss account	16	1,636	1,164
Shareholders' funds	16	10,785	10,313

The financial statements were approved by the Board of directors and authorised for issue on 8 September 2011 and signed on behalf of the Board

Director
D Kearney
08 September 2011

Notes to the financial statements

at 31 December 2010

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

Statement of cash flows

Publicly available group financial statements are produced by the group's ultimate parent undertaking, The Coca-Cola Company and, under FRS 1 (revised), Coca-Cola International Sales Limited is therefore not required to prepare a statement of cash flows

Depreciation

Freehold land is not depreciated Other tangible assets are depreciated at rates calculated to write off the cost of each asset evenly over its expected useful life as follows

Freehold buildings	–	20 years
Plant and machinery	–	7 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Interest income is recognised as interest accrues using the effective interest method

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax in the future at the balance sheet date

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Notes to the financial statements

at 31 December 2010

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

An analysis of turnover by geographical market is given below

	2010	*2009*
	£000	*£000*
United Kingdom	20,415	21,571
Europe	-	45
	20,415	21,616

3. Operating profit

This is stated after charging

	2010	*2009*
	£000	*£000*
Auditor's remuneration - audit services	22	20
– non-audit services (taxation)	7	12
Depreciation of owned fixed assets	10	10

4. Directors' emoluments

The directors received no remuneration for the year ended 31 December 2010 (2009 £Nil)

5. Staff costs

All staff costs are borne by the fellow subsidiary, Beverage Services Limited, from which they are paid

6. Interest receivable and similar income

	2010	*2009*
	£000	*£000*
Interest income	21	30
Rental income	4	4
	25	34

Notes to the financial statements

at 31 December 2010

7. Interest payable and similar charges

	2010	*2009*
	£000	*£000*
Interest charges	-	15

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2010	*2009*
	£000	*£000*
Current tax		
UK corporation tax on the profit for the year	191	451
Total current tax (note 8(b))	191	451
Deferred tax		
Origination and reversal of timing differences (note 13)	4	5
Tax on profit on ordinary activities	195	456

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK The differences are explained below

	2010	*2009*
	£000	*£000*
Profit on ordinary activities before tax	667	1,618
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	187	453
Effects of		
Permanent disallowances	8	3
Capital allowances in excess of depreciation	(4)	(5)
Current tax for the year (note 8(a))	191	451

Notes to the financial statements

at 31 December 2010

8. Tax (continued)

(c) Factors that may affect future tax charges

The total future tax charge is expected to follow the UK statutory rate of corporation tax, after allowing for expenses which are not deductible against tax

Prior to the balance sheet date, the UK Government announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011 This tax charge became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balance as at 31 December 2010 has been calculated based on a rate of 27%, where the temporary difference is expected to reverse after 1 April 2011

On 23 March 2011, the UK Government announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 The UK Government also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by April 2014 The overall effect of the further reductions from 27% to 23%, if these applied to the deferred tax balance at 31 December 2010, would be to further reduce the deferred tax asset by approximately £2,000 These changes have not yet been substantively enacted at the balance sheet date and therefore are not included in the figures above

9. Dividends

	2010	*2009*
	£000	*£000*
Ordinary – interim paid	-	1,700

10. Tangible fixed assets

	Freehold land	*Freehold property*	*Plant and machinery*	*Total*
	£000	*£000*	*£000*	*£000*
Cost				
At 1 January 2010 and 31 December 2010	5	183	338	526
Depreciation				
At 1 January 2010	–	110	338	448
Provided during the year	–	10	–	10
At 31 December 2010	–	120	338	458
Net book value				
At 31 December 2010	5	63	–	68
At 31 December 2009	5	73	-	78

Notes to the financial statements

at 31 December 2010

11. Debtors

	2010 £000	2009 £000
Due within one year		
Trade debtors	5	104
Amounts owed by group undertakings	1,857	2,797
Other debtors	1,515	887
Deferred tax asset (note 13)	14	18
	3,391	3,808
Due after more than one year		
Loan to group undertakings	3,000	3,000
	6,391	6,808

In 2009, Coca-Cola International Sales Limited entered into a loan agreement with its parent company, Coca-Cola Holdings (UK) Limited wherein the company lent a sum of £3,000,000 to be repaid on 19 December 2014 This loan bears interest at the 3-month LIBOR rate with an initial rate of interest set at 0 60563% This rate shall be reset on a quarterly basis thereafter to reflect the then current 3-month LIBOR rate On each reset, all accrued and unpaid interest shall be added to the principal sum such that it shall thereafter itself bear interest

12. Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	851	2,851
Amounts due to group undertakings	21	–
Corporation tax payable	17	131
Accruals	181	35
	1,070	3,017

Notes to the financial statements

at 31 December 2010

13. Deferred taxation

The movement in deferred taxation is as follows

	2010 *£000*	*2009* *£000*
At 1 January	18	23
Charge for the year (note 8)	(4)	(5)
At 31 December (note 11)	14	18
The deferred tax asset consists of		
Decelerated capital allowances	14	18

14. Provisions for liabilities and charges

	2010 *£000*	*2009* *£000*
Provision for contractual obligations	323	–

The provision for contractual obligations relates to the termination of various property leases as a result of the discontinuation of the sale of water to the local bottler at the Colwall site The provision is expected to be fully utilised by 2013

15. Issued share capital

Allotted, called up and fully paid	*No*	*2010* *£000*	*No*	*2009* *£000*
Ordinary shares of £1 each	9,148,686	9,149	9,148,686	9,149

16. Reconciliation of shareholders' funds and movements on reserves

	Share capital *£000*	*Profit and loss account* *£000*	*Total share-holders' funds* *£000*
At 1 January 2009	9,149	1,702	10,851
Profit for the year	–	1,162	1,162
Dividend paid	–	(1,700)	(1,700)
At 1 January 2010	9,149	1,164	10,313
Profit for the year	–	472	472
At 31 December 2010	9,149	1,636	10,785

Notes to the financial statements

at 31 December 2010

17. Related party transactions

As the company ıs a wholly-owned subsıdıary of Coca-Cola Holdıngs (Unıted Kıngdom) Lımıted, a company regıstered ın England and Wales whıch prepares group financıal statements, the company, pursuant to FRS 8 'Related Party Dısclosures', has not ıncluded detaıls of transactıons wıth other companıes whıch are wholly owned subsıdıarıes of the Coca-Cola group

18. Ultimate parent undertaking and controlling party

The ımmedıate parent undertakıng ıs Coca-Cola Holdıngs (Unıted Kıngdom) Lımıted The parent undertakıng of the largest group of undertakıngs for whıch group financıal statements are drawn up, and of whıch the company ıs a member, ıs The Coca-Cola Company, ıncorporated ın Delaware, USA The parent undertakıng of the smallest such group ıs Coca-Cola Holdıngs (Unıted Kıngdom) Lımıted, regıstered ın England and Wales Copıes of both companıes' financıal statements can be obtaıned from thıs company's regıstered office