

Company Number: 149075

CADBURY BEVERAGES LIMITED
ANNUAL REPORT AND ACCOUNTS
for the 52 weeks ended 2 January 2000



CADBURY BEVERAGES LIMITED

DIRECTORS

J Bird
H Blanks
N F K Franklin
R E Little

SECRETARY

J E Hudspith

REGISTERED OFFICE

25 Berkeley Square
LONDON W1X 6HT

AUDITORS

Arthur Andersen
Chartered Accountants
1 Surrey Street
LONDON
WC2R 2PS

CADBURY BEVERAGES LIMITED

Report of the Directors

The directors present their Report together with the audited accounts of Cadbury Beverages Limited (the "Company") for the 52 weeks ended 2 January 2000 (the "year").

Review of the Business

The Company is a subsidiary of Cadbury Schweppes plc.

The principal activities of the Company throughout the year were the sale under licence of Schweppes branded soft drink products, and the provision of management services to a fellow member of the Cadbury Schweppes Group.

During the year the Company sold a significant part of its branded soft drinks business to The Coca-Cola Company.

Results and Dividends

The loss on ordinary activities for the year after taxation was £725,000 (1998 profit: £732,000).

The Directors do not recommend the payment of a final dividend (1998: £500,000).

Future Developments

The Company will continue to provide and develop its services.

Research

The company, in conjunction with the Cadbury Schweppes Group, continues its involvement in basic research aimed at improving products and production methods.

Directors and their Interests

The Directors at the date of this report are as stated on page 1.

All Directors held office throughout the year with the exception of H Blanks and N F K Franklin who were appointed on 17 August 1999 and K R Pratt and R D Stern who resigned on 30 July 1999.

CADBURY BEVERAGES LIMITED

Report of the Directors - continued

Directors and their Interests - Continued

The interests of the directors holding office at year end in the share capital of Cadbury Schweppes plc are detailed below. The figures at the start of the year have been restated to reflect the share split of ordinary shares of 25p each into ordinary shares of 12.5p each, undertaken by Cadbury Schweppes plc on 21 May 1999.

	<u>Ordinary Shares of 12.5p each</u>	
	<u>3 January 1999 or date of appointment if later</u>	<u>2 January 2000</u>
J Bird	46,918	57,544
H Blanks	59,128	59,128
N F K Franklin	23,378	23,378
R E Little	11,788	12,739

The following Directors have been granted options under the Cadbury Schweppes Savings-Related Share Option Scheme 1982 over the following ordinary shares of 12.5p each:

	<u>Number of Ordinary Shares over which options granted</u>			
	<u>3 January 1999 or date of appointment if later</u>	<u>Granted during year</u>	<u>Exercised during year</u>	<u>2 January 2000</u>
J Bird	8,604	Nil	Nil	8,604
H Blanks	4,258	537	Nil	4,795
N F K Franklin	9,662	Nil	Nil	9,662
R E Little	11,344	Nil	Nil	11,344

The following Director has been granted options under the Cadbury Schweppes plc Share Option Scheme 1984 for Main Board Directors and Senior Executives:

	<u>Number of options over Ordinary Shares</u>			
	<u>3 January 1999 or date of appointment if later</u>	<u>Granted during year</u>	<u>Exercised during year</u>	<u>2 January 2000</u>
R E Little	12,586	Nil	6,340	6,246

CADBURY BEVERAGES LIMITED

Report of the Directors - continued

Directors and Their Interests - Continued

The following Directors have been granted options under the Cadbury Schweppes plc Share Option Plan 1994:

<u>Number of options over Ordinary Shares</u>				
	<u>3 January 1999 or date of appointment if later</u>	<u>Granted during year</u>	<u>Exercised during year</u>	<u>2 January 2000</u>
J Bird	112,000	26,500	Nil	138,500
H Blanks	115,000	26,500	Nil	141,500
N F K Franklin	67,000	28,000	Nil	95,000
R E Little	35,246	8,000	Nil	43,246

In respect of share options granted for each of the above mentioned schemes, the range of exercise prices and the periods within which the options are normally exercisable, are shown in the Annual Report and Form 20-F of Cadbury Schweppes plc.

None of the directors had any other interest in the securities of Cadbury Schweppes plc, or the Company, or any other subsidiary of Cadbury Schweppes plc, at any time during the year.

Policy on Payment to Suppliers

The Company adheres to the CBI Prompt Payers Code whereby the policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, ensure that the suppliers are made aware of the terms of payment and abide by the terms of payment. The Company's creditor days outstanding at the year end was 55 (1998: 36).

Year 2000

The Company established a project team during 1998 which dealt with the wide ranging aspects of the Year 2000 issue. The project team identified systems and equipment that could have potentially malfunctioned due to the so-called Millennium bug. The Company rectified these systems and equipment as necessary and no significant systems problems arose.

The total costs of becoming Year 2000 compliant were not significant to the company.

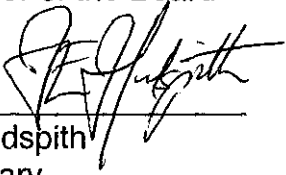
CADBURY BEVERAGES LIMITED

Report of the Directors - continued

Auditors

The auditors, Arthur Andersen, are willing to continue in office. A resolution for their re-appointment and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board



J E Hudspith
Secretary

23 October 2000

25 Berkeley Square
LONDON W1X 6HT

Statement of directors' responsibilities in relation to accounts

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

After making enquiries, the directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Directors consider that in preparing the accounts the Company has used appropriate accounting policies that have been consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards that the Directors consider applicable, have been followed subject to any material departures disclosed and explained in the accounts.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

To the shareholders of **CADBURY BEVERAGES LIMITED**

We have audited the accounts on pages 8 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 and 12

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 6 the Company's Directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. 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 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 the Company's affairs as at 2 January 2000 and of its loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
LONDON
WC2R 2PS

23 October 2000

CADBURY BEVERAGES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 2 JANUARY 2000

	<u>Notes</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
TURNOVER	4	11,657	14,921
Cost of Sales		(10,298)	(13,050)
		-----	-----
GROSS PROFIT		1,359	1,871
Operating expenses		(1,641)	(456)
		-----	-----
OPERATING PROFIT	5	(282)	1,415
Interest receivable	8	4	2
Interest payable and similar charges	9	(371)	(269)
Disposal of business	10	852	-
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		203	1,148
Tax on profit on ordinary activities	11	(928)	(416)
		-----	-----
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(725)	732
Dividends to ordinary shareholders	12	-	(500)
		-----	-----
RETAINED (LOSS)/PROFIT FOR THE YEAR		(725)	232
RETAINED PROFIT B/F		1,305	1,073
		-----	-----
RETAINED PROFIT C/F		580	1,305
		=====	=====

There are no recognised gains or losses in either year other than the profit for that year.

The accompanying notes form an integral part of this profit and loss account.

CADBURY BEVERAGES LIMITED
MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Total recognised gains and losses (as above)	(725)	732
Dividends to ordinary shareholders	-	(500)
	-----	-----
Net (decrease)/increase in shareholders' funds	(725)	232
Shareholders' funds at the beginning of the year	1,305	1,073
	-----	-----
Shareholders' funds at the end of the year	580	1,305
	=====	=====

CADBURY BEVERAGES LIMITED

BALANCE SHEET – 2 JANUARY 2000

	<u>Notes</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
FIXED ASSETS			
Tangible assets	13	584	2,693
		-----	-----
CURRENT ASSETS			
Stocks	14	15	258
Debtors	15	27,332	7,568
Cash at bank and in hand		473	924
		-----	-----
		27,820	8,750
DEFERRED TAX	16	227	205
CREDITORS			
Amounts falling due within one year	17	(27,613)	(9,831)
		-----	-----
NET CURRENT ASSETS/LIABILITIES		434	(876)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		1,018	1,817
PROVISIONS FOR LIABILITIES AND CHARGES			
	18	(438)	(512)
		-----	-----
NET ASSETS		580	1,305
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	19	-	-
Retained profit		580	1,305
		-----	-----
TOTAL CAPITAL EMPLOYED		580	1,305
		=====	=====

SIGNED ON BEHALF OF THE BOARD

R E Little

.....

R E Little

23 October 2000

The accompanying notes form an integral part of this balance sheet.

CADBURY BEVERAGES LIMITED

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) ***Basis of Accounting***

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

b) ***Financial Year***

The annual accounts are made up to the Sunday nearest to 31 December. Periodically this results in a financial year of 53 weeks.

c) ***Cashflow Statement***

In accordance with the provisions of Financial Reporting Standard No 1, the Company has not prepared a cashflow statement because its parent company, Cadbury Schweppes plc, which is incorporated in Great Britain, has prepared consolidated accounts which include the accounts of the Company for the financial year and a cashflow statement, and which are publically available.

d) ***Foreign Currencies***

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date, except in the case of third party transactions carried forward where rates fixed in the contracts are used. Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates ruling at the date of the transaction, or where appropriate at the rate of exchange in a related forward exchange contract. Exchange differences are taken to the profit and loss account.

e) ***Turnover***

Turnover represents the invoiced value of sales (net of trade discounts), excluding Value Added Tax.

f) ***Research and Development Expenditure***

Expenditure is written off in the financial year in which it is incurred.

CADBURY BEVERAGES LIMITED

NOTES ON THE ACCOUNTS (continued)

1. ACCOUNTING POLICIES (continued)

g) *Taxation*

Corporation taxation payable is provided on taxable profits at the current rate.

Deferred taxation is calculated using the liability method and is provided in respect of timing differences, which in the opinion of the directors will probably reverse, at the rates of taxation likely to be in force at the time of reversal.

h) *Tangible Fixed Assets*

Tangible fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life. The principal rates are as follows:

Leasehold improvements	4% per annum
Fixtures & fittings	10% per annum
Office equipment	20% per annum
Computer equipment	33% per annum

i) *Stocks*

Stocks are valued at the lower of cost and estimated net realisable value. Cost includes all expenditure incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price, less future costs expected to be incurred to disposal.

j) *Pensions*

The costs of providing pensions and other termination benefits are charged to the profit and loss account on a consistent basis over the service lives of employees. Such costs are calculated by reference to actuarial valuations and variations from such regular costs are spread over the remaining service lives of the current employees. To the extent to which such costs do not equate with cash contributions a provision is recognised in the balance sheet.

k) *Leases*

No assets are held under finance leases. All leases are operating leases and the relevant annual rentals are charged wholly to the profit and loss account.

CADBURY BEVERAGES LIMITED

NOTES ON THE ACCOUNTS (continued)

2. ACCOUNTS

The profit and loss account covers the 52 weeks from 4 January 1999 to 2 January 2000 and the 52 weeks from 4 January 1998 to 2 January 1999. The balance sheets have been drawn up at 2 January 2000 and 2 January 1999 respectively.

3. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is Cadbury Schweppes Plc, registered in England and Wales. Copies of the Group Financial Statements of Cadbury Schweppes plc are available from 25 Berkeley Square, London W1X 6HT.

As a subsidiary of Cadbury Schweppes Plc, the Company has taken advantage of the exemption in FRS 8 "related party disclosures" not to disclose transactions with other members of the Group headed by Cadbury Schweppes Plc.

4. TURNOVER

An analysis of turnover by geographical market is given below:

	1999 <u>£000</u>	1998 <u>£000</u>
United Kingdom	3,415	6,404
Europe	7,622	7,890
Americas	90	120
Africa & others	530	507
	<u>11,657</u>	<u>14,921</u>
	=====	=====

5. OPERATING PROFIT

Operating Profit is after charging:

	1999 <u>£000</u>	1998 <u>£000</u>
Depreciation on owned assets	471	877
Loss on fixed asset write-off	0	65
	<u>471</u>	<u>942</u>
	=====	=====

The audit fee of the Company has been borne by a fellow member of the Cadbury Schweppes Group in the current year and prior year.

CADBURY BEVERAGES LIMITED

NOTES ON THE ACCOUNTS (continued)

6. DIRECTORS' REMUNERATION

Remuneration of the directors in respect of their services to the company was as follows:

	1999 <u>£000</u>	1998 <u>£000</u>
Emoluments including salaries, benefits in kind and annual bonus	650 =====	501 =====

The above amounts for remuneration include emoluments in respect of the highest paid director of £248,013 (1998: £196,943).

The above amounts do not include any gains made on exercise of share options. Two directors exercised share options in the period (2 directors in 1998).

During the year, 6 directors (4 directors in 1998) were members of the Company's defined benefit pension scheme.

At year end, the accrued pension under the Company's defined benefit scheme for the highest paid director was £72,872 (1998: £65,118).

7. EMPLOYEES AND EMOLUMENTS

Particulars of employees' emoluments (including executive Directors) are shown below:

	1999 <u>£000</u>	1998 <u>£000</u>
Wages and salaries	8,322	9,108
Social security costs	824	743
Other pension costs	434	559
	-----	-----
	9,580 =====	10,410 =====

CADBURY BEVERAGES LIMITED

NOTES ON THE ACCOUNTS (continued)

7. EMPLOYEES AND EMOLUMENTS (continued)

The average number of employees (including Directors) employed by the Company in administration and selling was:

<u>1999</u>	<u>1998</u>
<u>Number</u>	<u>Number</u>
99	150
=====	=====

8. INTEREST RECEIVABLE

<u>1999</u>	<u>1998</u>
<u>£000</u>	<u>£000</u>

Bank interest receivable

4	2
=====	=====

9. INTEREST PAYABLE AND SIMILAR CHARGES

<u>1999</u>	<u>1998</u>
<u>£000</u>	<u>£000</u>

Inter-company interest payable

285 211

Bank overdrafts

1 2

Other

85 56

-----	-----
371	269
=====	=====

CADBURY BEVERAGES LIMITED

NOTES ON THE ACCOUNTS (continued)

10. PROFIT ON DISPOSAL OF BUSINESS

	1999	1998
	<u>£000</u>	<u>£000</u>
Branded soft drinks business sold to The Coca Cola Company	852	-
	=====	=====

The profit on the sale of the part of the soft drinks business sold to The Coca Cola Company represents the value received less costs directly related to the sale.

11. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	1999	1998
	<u>£000</u>	<u>£000</u>
Corporation tax:		
current year at 30.25% (1998 – 31%)	950	440
Deferred tax:		
in respect of short-term timing differences (Note 16)	(22)	(24)
	-----	-----
	928	416
	=====	=====

12. DIVIDENDS

	1999	1998
	<u>£000</u>	<u>£000</u>
Ordinary shares		
final £nil per share		
(1998: £100,000 per share)	0	500
	=====	=====

CADBURY BEVERAGES LIMITED
NOTES ON THE ACCOUNTS (continued)

13. TANGIBLE FIXED ASSETS

The movement in fixed assets in the year was as follows:

	Leasehold Improvements <u>£000</u>	Plant & Equipment <u>£000</u>	Total <u>£000</u>
COST:			
At beginning of year	1,374	5,179	6,553
Additions	0	63	63
Disposals	(1,374)	(1598)	(2,972)
	-----	-----	-----
At end of year	0	3,644	3,644
	=====	=====	=====
DEPRECIATION:			
At beginning of year	461	3,399	3,860
Charge for year	28	443	471
Disposals	(489)	(782)	(1,271)
	-----	-----	-----
At end of year	0	3,060	3,060
	=====	=====	=====
NET BOOK VALUE			
At end of year	0	584	584
	=====	=====	=====
At beginning of year	913	1,780	2,693
	=====	=====	=====

14. STOCKS

	1999 <u>£000</u>	1998 <u>£000</u>
Raw materials and consumables	0	5
Finished goods and goods for resale	15	253
	-----	-----
	15	258
	=====	=====

The estimated replacement cost of stocks as at 2 January 2000 is not materially different from their balance sheet value.

CADBURY BEVERAGES LIMITED
NOTES ON THE ACCOUNTS (continued)

15. DEBTORS

	1999	1998
	<u>£000</u>	<u>£000</u>
Trade debtors	3,542	1,924
Amounts owed by other Group undertakings	20,603	4,995
Other debtors	2,676	649
VAT	511	0
	-----	-----
	27,332	7,568
	=====	=====

All amounts are receivable within one year.

16. DEFERRED TAXATION

	1999	1998
	<u>£000</u>	<u>£000</u>
Deferred taxation at beginning of year	205	181
Current year profit and loss (Note 11)	22	24
	-----	-----
Deferred taxation at end of year	227	205
	=====	=====

The deferred tax asset in 1999 relates to the pension provision accruing due to the surplus on the pension fund.

No deferred tax has been provided on the excess of capital allowances over depreciation as Cadbury Schweppes plc has undertaken to surrender group relief free of charge to the Company in order to eliminate any tax liability arising from any net reversal of these timing differences. The full liability for deferred tax not provided in the accounts is £0 (1998: £136,000).

CADBURY BEVERAGES LIMITED

NOTES ON THE ACCOUNTS (continued)

17. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	1999 <u>£000</u>	1998 <u>£000</u>
Trade creditors	1,563	1,261
Amounts owed to other Group undertakings	16,150	4,019
UK corporation tax payable	922	494
VAT	0	90
Accruals and deferred income	8,478	3,467
Dividends payable	500	500
	----- 27,613 =====	----- 9,831 =====

18. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise:

	1999 <u>£000</u>
Pension provision (note 20):	
Provision at beginning of year	512
Amounts utilised and released	(111)
Interest charged during the year	37

Provision at end of year	438 =====

19. CALLED UP SHARE CAPITAL	1999 <u>£000</u>	1998 <u>£000</u>
Authorised:		
10,000 ordinary shares of £1 each	£10,000	£10,000
	=====	=====
Allotted, called up and fully paid:		
5 ordinary shares of £1 each	£5	£5
	=====	=====

20. PENSION ARRANGEMENTS

The Company is a member of the Cadbury Schweppes Group of companies which operates Group pension schemes for its UK subsidiaries.

CADBURY BEVERAGES LIMITED

NOTES ON THE ACCOUNTS (continued)

20. PENSION ARRANGEMENTS (continued)

The major scheme is the Cadbury Schweppes Pension Fund for which the last full valuation was carried out as at 5 April 1999 on the projected unit method when the market value of the assets was £1,277m. The level of funding on the assumptions shown below was 114%. The principal long term assumptions used for the purposes of the actuarial valuation were as follows:

Rate of return on new investments	7.25%
Earnings increases	5%
Pensions increases	3%
Growth of dividends	4.25%

The total pension costs for the Company were £434,000 (1998: £559,000) which together with the pension costs of other subsidiaries in the Group schemes were assessed by qualified actuaries based on the latest actuarial assessment. A provision of £438,000 (1998: £512,000) included in the balance sheet represents the accumulated excess of pension costs over the amounts actually contributed to the external funds of the Group schemes.

21. COMMITMENTS

a) The Company leases motor vehicles. The minimum rentals payable in the following year under the foregoing leases are as follows:

	1999	1998
	£000	£000
Operating leases which expire		
- within one year	32	200
- within 2-5 years	64	227
	-----	-----
	96	427
	=====	=====

b) In the normal course of business, the company enters into forward commitments for the purchase and sale of foreign currencies. These commitments are only entered into on the basis of forecast requirements.

22. GUARANTEE

At 2 January 2000, the Company had guaranteed an amount of £50,000 (1998: £50,000) to HM Customs and Excise in regard to deferment of duty.