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CADBURY LIMITED

REPORT AND ACCOUNTS

FOR THE 52 WEEKS

ENDED

2 JANUARY 1988

Coopers
& Lybrand

CADBURY LIMITED

REPORT AND ACCOUNTS

FOR THE 52 WEEKS ENDED 2 JANUARY 1988



CADEBURY LIMITEDBOARD OF THE DIRECTORS

Sir Adrian Cadbury	President
N C Bain	Chairman
C E Gillett	Deputy Chairman
D G Wellings	Managing Director
D Allen	
Dr R Bralsford	
F D Brooks	
N D Cadbury	
N S Hawkins	
D N Makin	
S R Ward	

SECRETARY

J H Grennall

REGISTERED OFFICE

Sournville
Birmingham
B30 2LU

AUDITORS

Coopers & Lybrand
43 Temple Row
Birmingham
B2 5JT

CADBURY LIMITED

Report of the directors for the 52 weeks ended 2 January 1988

The directors submit their report and audited accounts of the company for the 52 weeks ended 2 January 1988.

Results and dividends

The profit on ordinary activities for the financial year, after taxation, was £48.6 million. The directors have declared an ordinary dividend amounting to £29.5 million.

Review of the business

The principal activity of the company was the manufacture, marketing and sale of confectionery products to wholesale and retail outlets in the UK and the supply of selected confectionery products to overseas markets through fellow subsidiaries.

The total chocolate market was up marginally in 1987 compared with 1986; Cadbury Limited continued to develop its position as a leading manufacturer by increasing volume and share over and above the rate of market growth.

This success stemmed from continuing excellent performances from established brands, coupled with continuing successful innovation. The particular success of seasonal ranges supplemented standard volume growth.

Cadbury remained dominant in the moulded chocolate market, achieving share growth. This was the result of a solid performance from mainstream activity complemented by variety and innovation in the form of Cadbury Classics.

Within chocolate countlines, Crunchie continued its excellent performance and saw significant tonnage growth. The treat size range of chocolate countlines and Cadbury Buttons have become well established within the grocery multiples sector.

Boxed assortments had another excellent year with Roses achieving leadership of the twist-wrapped sector. Milk Tray continued with robust performances and benefited from the introduction of Special Collection.

The company is committed to further development of its production facilities, continuing to take advantage of new technology to provide improved quality and value for the consumer.

At the start of the year, the company's management services department was set up as a separate statutory entity, ITnet Limited. All assets and liabilities of the department were transferred to ITnet Limited at their book value.

CADBURY LIMITED

Report of the directors for the 52 weeks ended 2 January 1988 (continued)

Fixed assets

Details of changes in tangible fixed assets are given in note 12 to the accounts.

Research

The company has continued the programme of research and development of its products and production methods. Basic research in the confectionery field is undertaken for the group by a fellow subsidiary.

Disabled persons

The company has always carefully considered any application for employment by registered disabled persons. In the event of any employee becoming disabled, it is standard practice to offer other employment in all but the most extreme circumstances, with appropriate re-training where necessary. The company's training, development and promotion policies provide for equal opportunities for minority groups, including the disabled.

Employee involvement

During the year the company continued, by means of well established communication channels, to provide employees systematically with information on matters of concern to them. The Managing Director talked to managers on all sites, and briefing groups carried information to other employees. The regular publication of the company newspaper also kept employees in touch. The Cadbury Limited participation system, in which elected representatives of all employees meet directors and executive management in formal conferences to discuss business issues at all levels in the organisation, continued to function effectively.

Charitable and political contributions

During the year the company made contributions to charities totalling £5,564. There were no political contributions.

CADBURY LIMITEDReport of the directors
for the 52 weeks ended 2 January 1988 (continued)Directors and their interests

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

Messrs. C E Gillett, N S Hawkins and S R Ward will retire from the board by rotation and, being eligible, will offer themselves for re-election.

Dr R Bralsford was appointed to the board on 2 March 1987, and Mr D N Makin on 4 January 1988. In accordance with the articles of association, they will retire at the annual general meeting and, being eligible, will offer themselves for re-election.

Mr D J Wood retired from the board on 19 March 1987. Mr G W Peters resigned from the board on 31 July 1987.

The interests, as defined in the Companies Act 1985, of the directors at 2 January 1988 (other than directors of Cadbury Schweppes plc) in group companies were as follows:

Cadbury Schweppes plc ordinary shares of 25p fully paid

	<u>At 2 January 1988</u>		<u>At 3 January 1987</u> <u>(or date of appointment)</u>	
	<u>Beneficial</u>	<u>Non- beneficial</u>	<u>Beneficial</u>	<u>Non- beneficial</u>
D Allen	2,317	-	2,249	-
Dr R Bralsford	25	-	-	-
F D Brooks	528	-	499	-
C E Gillett	140,234	1,868,000	136,989	1,968,000
N S Hawkins	25	-	-	-
S R Ward	25	-	-	-
D G Wellings	-	-	-	-

Holdings of Cadbury Schweppes plc mortgage debenture stock were:

	<u>8.25% Mortgage debenture stock 1994-2004</u>	
	<u>2/1/88</u>	<u>3/1/87</u>
C E Gillett (beneficial)	1,848	1,848
C E Gillett (non-beneficial)	98,972	98,972

The interests of Sir Adrian Cadbury, and Messrs. N C Bain and N D Cadbury, are not shown as they are also directors of the parent company.

CADBURY LIMITED**Report of the directors
for the 52 weeks ended 2 January 1988 (continued)**

The following directors have been granted future options under Cadbury Schweppes plc savings related share option schemes:

	Ordinary shares of 25p each	
	<u>2/1/88</u>	<u>3/1/87</u>
	(or date of appointment)	
D Allen	5,256	4,685
Dr R Bralsford	3,523	3,523
F D Brooks	3,333	-
C E Gillett	4,336	4,336
N S Hawkins	5,815	4,673
S R Ward	3,542	3,542
D G Wellings	2,857	-

The following directors have been granted future options under a Cadbury Schweppes plc share option scheme for directors and senior executives:

	Ordinary shares of 25p each	
	<u>2/1/88</u>	<u>3/1/87</u>
	(or date of appointment)	
D Allen	67,000	48,000
Dr R Bralsford	40,000	40,000
F D Brooks	40,000	-
N S Hawkins	75,000	54,000
S R Ward	55,000	37,000
D G Wellings	100,000	-

No directors held preference shares in group companies.


At 2 January 1988, and at the date of appointment, Mr F D Brooks had been granted future options under a Cadbury Schweppes Inc. 1987 stock option plan of 4,100 American Depository shares, equivalent to 41,000 ordinary shares of 25p each in Cadbury Schweppes plc.

At no time during the period has any director been materially interested in any contract with any company in the group, which was significant in relation to the business of any such company.

Auditors

A resolution to re-appoint Coopers & Lybrand as auditors will be put to the members at the annual general meeting.

ON BEHALF OF THE BOARD


Managing Director

Bourville
29 February 1988

Report of the auditors to the members of
Cadbury Limited

We have audited the accounts on pages 7 to 19 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 2 January 1988 and of its profit and source and application of funds for the period then ended and comply with the Companies Act 1985.



Chartered Accountants
Birmingham
29 February 1988

CADEBURY LIMITED

Profit and loss account
for the 52 weeks ended 2 January 1988

	<u>Notes</u>	<u>1987</u> <u>£000</u>	<u>1986</u> <u>£000</u>
Turnover	4	485,966	452,171
Cost of sales		(345,697)	(325,257)
Gross profit		140,269	126,914
Distribution costs, including marketing		(58,907)	(53,828)
Administrative expenses		(31,405)	(38,747)
		49,957	34,339
Other operating income		-	7,048
Other operating charges		(52)	-
Trading profit	5	49,905	41,387
Interest receivable	8	4,523	730
Interest payable	9	(1,932)	(1,959)
Profit on ordinary activities before taxation		52,496	40,158
Tax on profit on ordinary activities	10	(3,883)	(2,715)
Profit on ordinary activities after taxation		48,613	37,443
Extraordinary profit		-	210
Dividends	11	(29,500)	(16,900)
Retained profit for the period		19,113	20,753
<u>Statement of retained profits</u>			
Retained profit at beginning of period		78,085	57,332
Retained profit for the period		19,113	20,753
Retained profit at end of period		97,198	78,085

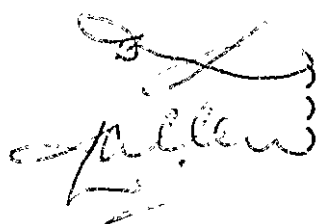
The notes on pages 10 to 19 form part of these accounts.

Auditors' report page 6.

CADBURY LIMITED

Balance sheet - 2 January 1988

	<u>Notes</u>	<u>1987</u> <u>£000</u>	<u>1986</u> <u>£000</u>
Tangible fixed assets	12	110,719	110,733
Current assets			
Stocks	13	60,118	71,347
Debtors	14	153,945	125,030
Cash at bank and in hand		10,540	5,006
		<u>224,603</u>	<u>201,383</u>
Creditors: amounts falling due within one year	15	(129,352)	(133,169)
Net current assets		<u>95,251</u>	<u>68,214</u>
Total assets less current liabilities		<u>205,970</u>	<u>178,947</u>
Creditors: amounts falling due after more than one year	16	(77,762)	(69,857)
Provision for liabilities and charges	17	(335)	(330)
		<u>(78,097)</u>	<u>(70,187)</u>
		<u>127,873</u>	<u>108,760</u>
Capital and reserves			
Called up share capital	18	30,675	30,675
Profit and loss account		97,198	78,085
		<u>127,873</u>	<u>108,760</u>



Directors

29 February 1988

The notes on pages 10 to 19 form part of these accounts.

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CADBURY LIMITEDStatement of source and application of funds
for the 52 weeks ended 2 January 1988

	<u>1987</u> £000	<u>1986</u> £000
Source of funds:		
Profit on ordinary activities before taxation	52,496	40,158
Depreciation	15,997	14,618
Total generated from operations	68,493	54,776
Disposal of tangible fixed assets	1,143	2,400
Total source of funds	69,636	57,176
Application of funds:		
Dividends paid to holding company	16,900	14,000
Tax paid including group relief	1,528	4,425
Purchase of tangible fixed assets	17,126	15,453
	35,554	33,878
Increase in working capital:		
(Decrease)/increase in stock	(11,229)	19,554
Increase/(decrease) in debtors	279	(1,076)
Decrease/(increase) in one year creditors (excluding borrowings)	17,949	(12,367)
Decrease in over one year creditors (excluding borrowings)	6	8
	7,005	6,119
Total application of funds	42,559	39,997
Net inflow of funds	27,077	17,179
Net borrowings at beginning of year	(398)	(17,577)
Net funds/(borrowings) at end of year	26,679	(398)
Representing:		
Variable loan - group company	98,418	69,782
Current obligations - finance leases	(8,977)	(8,305)
Non current obligations - finance leases	(39,620)	(38,886)
Loan from Cadbury Schweppes plc	(33,682)	(27,995)
Cash balances	10,540	5,006
	26,679	(398)

The notes on pages 10 to 19 form part of these accounts

Auditors' report page 6.

CADBURY LIMITEDNotes to the accounts - 2 January 1988Accounting policies

1

Accounting convention

The accounts are prepared under the historical cost convention.

Financial year

The annual accounts are made up to the Saturday nearest to 31 December. This results occasionally in a financial year of 53 weeks.

Foreign currencies

Overseas currencies are translated at the middle market rates at the balance sheet date, except in the case of third party transactions covered forward, where rates fixed in the contracts are used. Exchange differences are taken to the profit and loss account as they arise.

Turnover

This represents the invoiced value of sales (net of trade discounts) and royalties, excluding value added tax.

Research and development expenditure

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

Deferred taxation

Provision is made for deferred taxation, using the liability method, on the categories of timing differences listed below, except to the extent that these amounts are not regarded as likely to become payable in the foreseeable future.

The broad categories of timing differences are:

- (a) The excess of book value of tangible fixed assets over their tax written down value.
- (b) The excess of book value of leased assets over obligations under outstanding finance leases.
- (c) Income and expenditure in the accounts of the current period dealt with in other periods for taxation purposes.

Stock

Stock is valued at the lower of cost and estimated net realisable value. Cost is purchase price, or production cost in the case of products manufactured by the company. Production cost consists of direct material and labour costs together with a reasonable proportion of factory overheads on the basis of normal activity levels.

CADBURY LIMITEDNotes to the accounts - 2 January 1988 (continued)Stock (continued)

Some ingredients used by the company, particularly cocoa, are subject to major fluctuations in price and supply. To ensure a continuous flow of these materials in the future, the company enters into forward transactions which are dealt with in the accounts at the time the materials are secured.

Tangible fixed assets

Depreciation is charged on the original cost (net of investment and development grants) or subsequent valuation of assets (excluding assets in course of construction) in equal annual amounts over the expected lives of the assets. The principal rates used are as follows:

Plant	10%
Vehicles	12.5% - 20%
Office equipment	20%

In specific cases, higher depreciation rates are used, e.g. high speed machinery, machinery subject to technological changes, and machinery with a high obsolescence factor.

Fixed assets held under leases

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases.

Depreciation on leased assets is charged to profit and loss account on the same basis as shown above.

Leasing payments are treated as consisting of capital and interest elements, and the interest is charged to profit and loss account.

All other leases are 'operating leases' and the relevant annual rentals are charged wholly to profit and loss account.

Pensions

It is the general policy of the company to fund pension liabilities, on the advice of external actuaries, by payments to independent trusts or to insurance companies.

Financial statements

2 The profit and loss account covers the 52 weeks from 4 January 1987 to 2 January 1988 and the balance sheets have been drawn up at 3 January 1987 and 2 January 1988 respectively. Events relating to the 1987 financial year which occurred before 29 February 1988, the date of approval of the accounts by the Board of Directors, have been included in the accounts to the extent required by Statement of Standard Accounting Practice No. 17.

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CADBURY LIMITEDNotes to the accounts - 2 January 1988 (continued)Ultimate holding company

3 The company's ultimate holding company is Cadbury Schweppes plc, incorporated in Great Britain.

Turnover and profit on ordinary activities before taxation

	<u>1987</u>	<u>1986</u>
4	£000	£000
Turnover comprises:		
Sales to third parties	435,806	405,461
Sales to fellow subsidiary companies	50,160	46,710
	<u>485,966</u>	<u>452,171</u>

Sales and profits principally arose from the manufacture and sale of confectionery products within the United Kingdom.

Trading profit

	<u>1987</u>	<u>1986</u>
5	£000	£000
Trading profit is after charging:		
Directors' emoluments	805	529
Employees' emoluments	71,926	74,043
Depreciation on owned assets less grants	8,258	7,355
Depreciation on assets under finance leases	7,739	7,263
Hire of plant and machinery - operating leases	2,404	4,986
Properties - operating leases	300	300
Auditors' remuneration	52	50

Directors' emoluments

	<u>1987</u>	<u>1986</u>
6	£000	£000
As directors:		
Management remuneration including pension contributions	730	529
Compensation for loss of office	75	-
	<u>805</u>	<u>529</u>

The Chairman and two other directors were remunerated by Cadbury Schweppes plc or its subsidiary companies in respect of their services to the group as a whole. No emoluments were paid to them by Cadbury Limited.

Cadbury Schweppes plc made charges to the company in respect of management which also cover their services and are included in these accounts.

CADBURY LIMITEDNotes to the accounts - 2 January 1988 (continued)

	<u>1987</u>	<u>1986</u>
Emoluments of the highest paid director (excluding pension contributions)	<u>£112,931</u>	<u>£63,784</u>

	<u>1987</u> No.	<u>1986</u> No.
Number of other directors whose emoluments were within the scale:		
Up to £5,000	2	4
£10,001 to £15,000	1	-
£15,001 to £20,000	-	1
£35,001 to £40,000	-	1
£40,001 to £45,000	1	1
£45,001 to £50,000	-	1
£50,001 to £55,000	1	2
£55,001 to £60,000	1	1
£60,001 to £65,000	-	-
£70,001 to £75,000	2	-
£90,001 to £95,000	1	-

Employees and emoluments

	<u>1987</u> No.	<u>1986</u> No.
--	--------------------	--------------------

7

The average number of employees (including directors)
employed by the company were:

Production	5,004	5,095
Distribution, selling and marketing	876	847
Administration	604	844

	<u>6,484</u>	<u>6,786</u>
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	£000	£000
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Employees' emoluments comprised:

Wages and salaries	66,976	66,886
Social security costs	5,036	4,831
Other pension costs	719	2,855

	<u>72,731</u>	<u>74,572</u>
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	<u>1987</u> No.	<u>1986</u> No.
--	--------------------	--------------------

Number of employees whose emoluments
were within the scale:-

£30,001 to £35,000	19	10
£35,001 to £40,000	13	2
£40,001 to £45,000	1	2
£45,001 to £50,000	1	2
£50,001 to £55,000	3	1
£55,001 to £60,000	2	-
£60,001 to £65,000	-	1
£85,001 to £90,000	1	-

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CADBURY LIMITED

Notes to the accounts - 2 January 1988 (continued)

Interest receivable

	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
8		
External loans repayable within 5 years	45	-
Inter-company	4,478	730
	<u>4,523</u>	<u>730</u>

Interest payable

	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
9		
External loans repayable within 5 years	14	316
External loans not repayable within 5 years	2	3
Finance leases repayable within 5 years	310	228
Finance leases not repayable within 5 years	1,606	1,404
Bank overdrafts	-	8
	<u>1,932</u>	<u>1,959</u>

Tax on profit on ordinary activities

	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
10		
Corporation tax at 7½% (1986 - 7%)	4,300	2,810
Deferred tax	(75)	35
	<u>4,225</u>	<u>2,845</u>
(Over)/under provision in prior periods:		
Corporation tax	(422)	(235)
Deferred tax	80	105
	<u>3,883</u>	<u>2,715</u>

The charge for taxation of £3,883,000 has been increased by £150,000 (1986 - £51,000) in respect of timing differences for which deferred tax has not been provided.

Cadbury Schweppes plc has agreed to surrender to the company, without charge, the maximum amount of advance corporation tax which can be offset against the company's corporation tax liabilities for years commencing after 1 January 1983, until further notice.

The balance of deferred taxation at 2 January 1988 has been increased to take account of expected future mainstream corporation tax rates. The adjustment is included in the tax charge analysed above.

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CADEBURY LIMITEDNotes to the accounts - 2 January 1988 (continued)Dividends

	<u>1987</u> £000	<u>1986</u> £000
11		
Final declared	<u>29,500</u>	<u>16,900</u>

Tangible fixed assets

12	<u>Plant and machinery</u> £000	<u>In course of construction</u> £000	<u>Total</u> £000
Cost:			
At beginning of period	155,511	16,541	172,052
Transfer on completion of construction	17,016	(17,016)	-
Additions	-	17,042	17,042
Transfers from other group companies	29	71	100
Disposals	(2,320)	-	(2,320)
Transfers to other group companies	(1,892)	-	(1,892)
At end of period	<u>168,344</u>	<u>16,638</u>	<u>184,982</u>
Depreciation:			
At beginning of period	61,319	-	61,319
Depreciation for period	15,997	-	15,997
Transfers from other group companies	16	-	16
Disposals	(2,017)	-	(2,017)
Transfers to other group companies	(1,052)	-	(1,052)
At end of period	<u>74,263</u>	<u>-</u>	<u>74,263</u>
Net book values:			
At end of period	<u>94,081</u>	<u>16,638</u>	<u>110,719</u>
At beginning of period	<u>94,192</u>	<u>16,541</u>	<u>110,733</u>

Plant and machinery includes vehicles, fixtures and fittings. Assets in course of construction include payments on account.

Finance leases

	<u>1987</u> £000	<u>1986</u> £000
Included in the above are:		
Plant and machinery under finance leases	85,843	75,343
Assets held pending completion of lease	504	-
	<u>86,347</u>	<u>75,343</u>
Less accumulated depreciation	(24,558)	(16,819)
	<u>61,789</u>	<u>58,524</u>

CADBURY LIMITED

Notes to the accounts - 2 January 1988 (continued)Stocks

	<u>1987</u>	<u>1986</u>
	£000	£000
13		
Raw materials and consumables	18,236	23,557
Work-in-progress	9,172	9,692
Finished goods and goods for resale	32,710	38,098
	<u>60,118</u>	<u>71,347</u>
Stock value at most recent price	<u>60,118</u>	<u>71,793</u>

Debtors

	<u>1987</u>	<u>1986</u>
	£000	£000
14		
Trade debtors	40,040	37,708
Amounts owed by group companies		
- variable loan	98,418	69,782
- other	7,013	7,304
Loans to employees		
- receivable within one year	80	162
- receivable after more than one year	243	488
Other debtors	173	44
Prepayments and accrued income	7,978	9,542
	<u>153,945</u>	<u>125,030</u>

All amounts are receivable within one year unless otherwise indicated. No repayment terms have been fixed for the inter-group variable loan.

Creditors: amounts falling due within one year

	<u>1987</u>	<u>1986</u>
	£000	£000
15		
Current obligations under finance leases	<u>8,977</u>	<u>8,305</u>
Trade creditors	40,612	61,492
Amounts owed to Cadbury Schweppes plc	63	1,181
Amounts owed to other group companies	879	789
Amounts owed to associated companies	-	232
Current corporation tax	2,775	1,915
Other taxes and social security costs	24,895	21,895
Other creditors	451	677
Accruals and deferred income	21,200	19,783
Final dividend declared	29,500	16,900
	<u>120,375</u>	<u>124,864</u>
Total	<u>129,352</u>	<u>133,169</u>

CADBURY LIMITED

Notes to the accounts - 2 January 1988 (continued)

Creditors: amounts falling due after more than one year

	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
16		
Wholly repayable within five years:		
Obligations under finance leases	29,678	28,328
Corporation tax	4,300	2,810
Not wholly repayable within five years:		
Loan from Cadbury Schweppes plc	33,682	27,995
Obligations under finance leases	9,942	10,558
Other creditors	160	166
	<u>77,762</u>	<u>69,857</u>

The loan from Cadbury Schweppes plc is interest free and no terms have been fixed for repayment.

Provision for liabilities and charges

17

	<u>Deferred taxation</u>
	<u>£000</u>
At beginning of period	330
Profit and loss account	5
At end of period	<u>335</u>

No deferred tax has been provided on the excess of capital allowances over depreciation or on finance leases as future group capital expenditure plans are expected to prevent reversals, and 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 total liability for deferred taxation was made up as follows:

	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>
Not provided in accounts:		
Accelerated capital allowances	12,660	2,275
Finance leases	4,440	615
	<u>17,100</u>	<u>2,890</u>
Provided in accounts:		
Short term timing differences	335	330
	<u>17,435</u>	<u>3,220</u>

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CADEBURY LIMITEDNotes to the accounts - 2 January 1988 (continued)Capital

	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>

18

Ordinary shares of £1 each:
Authorised

31,00031,000

Called up, allotted and fully paid

30,67530,675Commitments for capital expenditure

	<u>1987</u>	<u>1986</u>
	<u>£000</u>	<u>£000</u>

19

Commitments for capital expenditure are estimated
as follows:

Contracted for but not provided in the accounts
Authorised by the board but not contracted for

1,581

6,162

18,58514,31520,16620,477Commitments under finance leases

20 The future minimum lease payments to which the company is committed under
finance leases as at 2 January 1988 are as follows:

<u>Financial year</u>	<u>£000</u>
Within one year	10,686
Two to five years	32,928
More than five years	10,556
	<u>54,170</u>
Less: finance charges allocated to future periods	<u>(5,573)</u>
	<u>48,597</u>

Interest payable on minimum lease payments due after 5 years is at a variable
percentage based on LIBOR.

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CADEBURY LIMITEDNotes to the accounts - 2 January 1988 (continued)Commitments under operating leases

21 During the next year, the company is contracted to make payments under operating leases which mature as follows:

	<u>Land and buildings</u> £000	<u>Other</u> £000	<u>Total</u> £000
Within one year	-	190	190
Two to five years	-	996	996
More than five years	300	-	300
	<u>300</u>	<u>1,186</u>	<u>1,486</u>

Contingent liabilities

22(a) The potential amount of deferred taxation calculated at expected future tax rates, not provided, is £17,100,000 (1986 - £2,890,000).

(b) Indemnities have been given by the company's bankers totalling £5,000,000 (1986 - £5,000,000).

Employee share scheme

23 During the year, the company paid £347,000 in order to acquire for every qualifying employee 25 ordinary shares in Cadbury Schweppes plc.