

***Cadbury Limited***

***Annual Report and Accounts***

***1997***



**Company No. 155256**

## **CADBURY LIMITED**

### **Board of Directors**

P V Boyle  
A C Burke                      Managing Director and Chairman  
D A Byrne  
N D Cadbury  
C Cheetham  
K W Dennis                    (appointed 10 March 1997)  
M C Denyard  
P E Hebblethwaite  
I D Johnston  
M E Keating

### **Secretary**

P V Boyle

### **Registered Office**

P O Box 12  
Bournville Lane  
Bournville  
Birmingham  
B30 2LU

### **Auditors**

Arthur Andersen  
1 Victoria Square  
Birmingham  
B1 1BD

## **CADBURY LIMITED**

### **Report of the Directors for the 53 weeks ended 3 January 1998**

The Directors present their annual report and accounts of the Company together with the auditors' report for the 53 weeks ended 3 January 1998.

#### **Review of the Business**

The Company is a subsidiary of Cadbury Schweppes plc.

The principal activity of the Company remains the manufacture, marketing and sale of chocolate confectionery products to wholesale and retail outlets in the UK.

#### **Results and Dividends**

The profit on ordinary activities for the financial year, after taxation, was £68.2m (1996 £66.5m). The Directors have not declared any dividends during the financial year.

## **CADBURY LIMITED**

### ***Report of the Directors for the 53 weeks ended 3 January 1998***

#### **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 K W Dennis who was appointed on 10 March 1997 and D N Makin who resigned on 24 March 1997. Subsequent to the year end A F Palmer resigned as a director on 30 January 1998).

N D Cadbury and I D Johnston are directors of Cadbury Schweppes plc and, accordingly, their interests are disclosed in the Annual Report of that company. The interests of the other directors holding office at year end in the share capital of Cadbury Schweppes plc were as follows:

#### **Cadbury Schweppes plc ordinary shares of 25p fully paid**

	<b>3 January 1998</b>	<b>28 December 1996 (or at date of appointment)</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
P V Boyle	4,987	-
A C Burke	21,398	2,290
D A Byrne	40,533	27,938
C Cheetham	17,644	8,111
K W Dennis	5,630	-
M C Denyard	816	816
P E Hebblethwaite	6,605	4,874
M E Keating	72,328	61,625
A F Palmer	14,047	25,914

None of the Directors at 3 January 1998 held any non-beneficial interests in shares of group companies.

# CADBURY LIMITED

## Report of the Directors for the 53 weeks ended 3 January 1998

The following Directors have been granted future options under Cadbury Schweppes plc Savings-Related Share Option Scheme 1982:

	Ordinary Shares of 25p each			
	Number of Shares			
	28 December 1996 (or at date of appointment)	Granted	Exercised	3 January 1998
P V Boyle	5,944	1,173	865	6,252
A C Burke	-	1,950	-	1,950
C Cheetham	6,914	-	-	6,914
K W Dennis	5,332	-	-	5,332
M C Denyard	3,951	-	-	3,951
P E Hebblethwaite	6,268	410	1,731	4,947
M E Keating	5,873	410	1,731	4,552
A F Palmer	8,236	2,487	-	10,723

The following Directors have been granted future options under Cadbury Schweppes plc Share Option Scheme 1984 for Directors and senior executives:

	Ordinary Shares of 25p each			
	Number of Shares			
	28 December 1996 (or at date of appointment)	Granted	Exercised	3 January 1998
P V Boyle	31,550	-	31,550	-
A C Burke	48,625	-	23,255	25,370
C Cheetham	35,670	-	-	35,670
K W Dennis	38,950	-	-	38,950
M C Denyard	31,550	-	6,341	25,209
P E Hebblethwaite	44,156	-	28,539	15,617
M E Keating	44,110	-	-	44,110
A F Palmer	44,094	-	-	44,094

# CADBURY LIMITED

## *Report of the Directors for the 53 weeks ended 3 January 1998*

The following Directors have been granted future options under Cadbury Schweppes plc Share Option Scheme 1994 for Directors and senior executives.

	28 December 1996 (or at date of appointment)	Ordinary Shares of 25p each		3 January 1998
		Granted	Exercised	
P V Boyle	44,412	20,000	-	64,412
A C Burke	96,236	-	-	96,236
D A Byrne	88,112	-	-	88,112
C Cheetham	58,782	22,000	-	80,782
K W Dennis	36,741	19,000	-	55,741
M C Denyard	32,329	22,000	-	54,329
P E Hebblethwaite	35,659	19,000	-	54,659
M E Keating	51,824	21,000	-	72,824
A F Palmer	53,782	5,000	-	58,782

## **CADBURY LIMITED**

### ***Report of the Directors for the 53 weeks ended 3 January 1998***

The following Directors have been granted future options under Cadbury Schweppes plc Share Option Plan Scheme 1986 for senior management overseas:

	<b>Ordinary Shares of 25p each</b>			
	<b>Number of Shares</b>			
	<b>28 December 1996</b>	<b>Granted</b>	<b>Exercised</b>	<b>3 January 1998</b>
A C Burke	31,325	-	-	31,325
D A Byrne	67,271	-	42,283	24,988

In addition to the above, D A Byrne has been granted future options on 4,594 shares under Cadbury Schweppes plc Irish Savings-Related Share Option Scheme, on which there was no movement during the year.

In respect of share options granted, for each of the above-mentioned schemes, the range of exercise prices and the dates the options are exercisable are shown in the Annual Report of Cadbury Schweppes plc.

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

At no time during the financial year 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.

## **CADBURY LIMITED**

### ***Report of the Directors for the 53 weeks ended 3 January 1998***

#### ***Statement of Directors' Responsibilities in Relation to Accounts***

The Directors are required by the Companies Act 1985 to prepare accounts 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.

The Directors consider that in preparing the financial statements the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy 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.

#### ***Research and Development***

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 Company by a fellow subsidiary.

#### ***Disabled Persons***

The Company employs a number of people who are disabled, not all of whom are formally registered disabled persons in UK terms. If any employee becomes disabled it is standard practice, in all but the most extreme circumstances, to offer an alternative job and provide retraining where necessary.

#### ***Employee Involvement***

The policy of informing and consulting with employees has continued by means of regular newsletters and employees are encouraged to present their views and suggestions in respect of the Company's performance. Employees are also eligible to participate in the Cadbury Schweppes Savings-Related Share Option Scheme, with options to purchase shares in the ultimate holding company after a period of regular savings as defined under the terms of the scheme.

## **CADBURY LIMITED**

### ***Report of the Directors for the 53 weeks ended 3 January 1998***

#### ***Charitable and Political Contributions***

The Company participates in an extensive range of community affairs and charitable activities. During the year the Company made contributions to charities totalling £90,000.

There were no political contributions.

#### ***Payment Policy***

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 suppliers are made aware of the terms of payment and abide by the terms of payment.

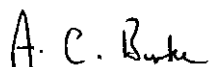
#### ***Post Balance Sheet Events***

No circumstances have arisen or events occurred since the balance sheet date in respect of matters which would require adjustment or disclosure in the accounts.

#### ***Auditors***

In accordance with Section 386 of the Companies Act 1985 and the resolution passed by the Company in the General Meeting of 9 May 1996 the Company has elected to dispense with the annual re-appointment of auditors. Accordingly Arthur Andersen will continue as auditors.

**Approved by the Board of Directors  
and signed on behalf of the Board**



A C Burke  
Managing Director

4 March 1998

## **CADBURY LIMITED**

### **Report of the Auditors to the Shareholders of Cadbury Limited**

We have audited the accounts on pages 10 to 27 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 13 to 15.

#### ***Respective Responsibilities of Directors and Auditors***

As described on page 7, 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 to report our opinion to you.

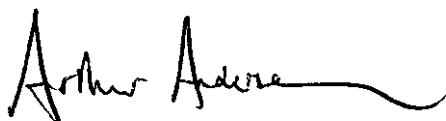
#### ***Basis of Opinion***

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of 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 mis-statement, 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 Company's state of affairs at 3 January 1998 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**  
Chartered Accountants and  
Registered Auditors  
1 Victoria Square  
Birmingham B1 1BD

4 March 1998

**CADBURY LIMITED**

**Profit and Loss Account**

**For the 53 weeks ended 3 January 1998**

	Notes	1997 £000	1996 £000
<b>Sales</b>	4	768,015	768,389
<b>Cost of Sales</b>		(506,733)	(523,037)
<b>Gross Profit</b>		261,282	245,352
Distribution costs, including marketing		(104,504)	(98,814)
Administrative expenses		(51,084)	(41,551)
		105,694	104,987
Other operating income		-	156
Other operating charges		(1,460)	(1,773)
<b>Trading Profit</b>	5	104,234	103,370
Interest receivable	9	155	420
Interest payable and similar charges	10	(4,258)	(1,984)
<b>Profit On Ordinary Activities Before Taxation</b>		100,131	101,806
Tax on profit on ordinary activities	11	(31,946)	(35,321)
<b>Profit On Ordinary Activities After Taxation</b>		68,185	66,485
Dividends	12	-	(67,000)
<b>Profit/(Loss) for the Year</b>		<u>68,185</u>	<u>(515)</u>
<b>Statement of Retained Profits</b>			
Retained profit at beginning of year		121,659	122,174
Profit/(Loss) for the year		68,185	(515)
		<u>189,844</u>	<u>121,659</u>

The accompanying notes form an integral part of this Profit and Loss Account.

**CADBURY LIMITED**

**Balance Sheet as at 3 January 1998**

	Notes	1997 £000	1996 £000
<b>Fixed Assets</b>			
Tangible fixed assets	13	234,792	229,471
Investments	14	313	313
		<u>235,105</u>	<u>229,784</u>
<b>Current Assets</b>			
Stocks	15	94,743	88,612
Debtors	16	135,241	118,543
Cash at bank and in hand		21,370	23,824
		<u>251,354</u>	<u>230,979</u>
Creditors: Amounts falling due within one year	18	(210,684)	(249,342)
<b>Net Current Assets/(Liabilities)</b>		<u>40,670</u>	<u>(18,363)</u>
<b>Total Assets Less Current Assets/(Liabilities)</b>		<u>275,775</u>	<u>211,421</u>
Creditors: Amounts falling due after more than one year	19	(11,000)	(14,017)
Provisions for liabilities and charges	20	(15,071)	(15,885)
<b>Net Assets</b>		<u>249,704</u>	<u>181,519</u>
<b>Capitals and Reserves</b>			
Called up share capital	21	49,675	49,675
Revaluation reserve	22	10,185	10,185
Profit and loss account		189,844	121,659
<b>Shareholders' Funds, All Equity</b>	23	<u>249,704</u>	<u>181,519</u>

The accompanying notes form an integral part of this Balance Sheet

These accounts were approved by the Board of Directors and were signed on its behalf on 4 March 1998.

*A. C. Burke*

**A C BURKE**  
Managing Director

**CADBURY LIMITED**

**Statement of Total Recognised Gains and Losses**

**For the 53 Weeks Ended 3 January 1998**

	Notes	1997 £000	1996 £000
Profit for the financial year and total recognised gains and losses for the year		<u>68,185</u>	<u>66,485</u>

**Note of Historical Cost Profits and Losses**

	Notes	1997 £000	1996 £000
Profit on ordinary activities before taxation and historical cost profit on ordinary activities before taxation		<u>100,131</u>	<u>101,806</u>
Historical cost retained profit/(loss)		<u>68,185</u>	<u>(515)</u>

## **CADBURY LIMITED**

### **Notes to the Accounts - 3 January 1998**

#### **1 Accounting Policies**

The accounts have been prepared on a going concern basis and in accordance with applicable accounting standards, consistently applied. The particular accounting policies adopted are described below:

##### ***Accounting Convention***

The accounts are prepared under the historical cost convention, modified to include the revaluation of land and buildings.

##### ***Financial Year***

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

##### ***Foreign Currencies***

Assets and liabilities denominated in foreign currencies are translated at the middle market rates at the balance sheet date, except in the case of assets and liabilities covered forward where rates fixed in the contracts are used. Exchange differences are taken to the profit and loss account as they arise.

##### ***Sales***

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 the outstanding finance leases; and
- c) Income and expenditure in the accounts of the current period dealt with in other periods for taxation purposes.

## **CADBURY LIMITED**

### **Notes to the Accounts - 3 January 1998**

#### ***Stocks and Work in Progress***

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is purchase price, or production cost in the case of the products manufactured by the Company. In the case of cocoa, cost also reflects the use of the futures market on the basis of forecast physical requirements. Production cost consists of direct material and labour costs together with a reasonable proportion of factory overheads, including depreciation, on the basis of normal levels of activity.

#### ***Tangible Fixed Assets***

Interest costs incurred in funding major capital construction programmes are capitalised during the construction period.

Depreciation is charged on the original cost or subsequent valuation of assets (excluding assets in course of construction) in equal annual amounts over the expected lives of the assets, as follows:

Buildings	40	years
Plant	5 to 10	years
Vehicles	5 to 8	years
Office equipment	3 to 5	years

Short leasehold properties are depreciated over the life of the lease. In specific cases, higher depreciation rates are used, eg. for high speed machinery, machinery subject to technology changes, and machinery with a high obsolescence factor. Land is not depreciated.

#### ***Fixed Assets Held Under Leases***

Where assets are financed by leasing arrangements 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 the 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 the profit and loss account.

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

## **CADBURY LIMITED**

### **Notes to the Accounts - 3 January 1998**

#### **Government Grants**

Grants received are shown as deferred income and credited to the profit and loss account in equal amounts over the expected lives of the assets to which they relate.

#### **Revaluation of Properties**

Freehold properties are revalued every five years. Any surplus over book value is credited to the revaluation reserve and any overall deficit in excess of historic cost is charged to the profit and loss account in the year of revaluation. In subsequent years, transfers are made to retained profits in order to amortise surpluses over the remaining useful lives of the properties. On disposal, any amortised revaluation surplus on a property is transferred to retained profits.

#### **Pensions**

The cost of providing pensions and other termination benefits are charged to the profit and loss account on a consistent basis over the service lives of the 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 or prepayment is recognised in the balance sheet.

#### **Cash Flow Statement**

Under the provisions of Financial Reporting Standard No. 1, the Company has not prepared a cashflow statement because its parent undertaking 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 which contain a cash flow statement.

## **2 Annual Accounts**

The profit and loss account covers the 53 weeks from 28 December 1996 to 3 January 1998 and the balance sheets for 1997 and 1996 have been drawn up at 3 January 1998 and 28 December 1996 respectively.

## **3 Ultimate Parent Undertaking**

The Company's ultimate parent undertaking 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.

## CADBURY LIMITED

### Notes to the Accounts - 3 January 1998

#### 4 Turnover and Profit on Ordinary Activities Before Taxation

	1997 £000	1996 £000
Turnover comprises:		
Sales to third parties	686,924	681,438
Sales to fellow subsidiary undertakings	81,091	86,951
	<u>768,015</u>	<u>768,389</u>

Sales and profits principally arose from the manufacture and sale of confectionery products within the United Kingdom, and entirely from the Company's continuing operations.

#### 5 Trading Profit

Trading profit is after charging:

	1997 £000	1996 £000
Depreciation on owned assets	26,026	27,006
Depreciation on assets under finance leases	7,111	7,415
Hire of plant and machinery - operating leases	2,703	3,306
Properties - operating leases	1,500	1,462
Auditors' remuneration - Audit	85	83
- Other	32	16
Research and development expenditure	3,807	3,154

#### 6 Pension Arrangement

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

The major scheme is the Cadbury Schweppes Pension Fund for which the last full valuation was carried out at 5 April 1996 on the projected unit method. At this date the market value of the assets was £990 million and the level of funding on an actuarial basis was 110%.

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

The principal assumptions were that on average the rate of return on fund assets would be 8.5%, that the rate of salary increases would be 6.0%, past and future pensions would increase by 4.0% per annum and dividend growth would be 4.0%.

The total pension costs for the Company were £6,688,000 (1996 - £7,235,000) 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 £15,071,000 (1996 - £15,885,000) included within provisions for liabilities and charges represents the cumulative excess of pension costs over the amounts actually contributed to the external funds of the group schemes.

## 7 Directors' Emoluments

	<b>Total for all Directors 1997 £000</b>	<b>Total for all Directors 1996 £000</b>
Emoluments paid or receivable for qualifying services	1,238	1,152
Monies paid or receivable under long term incentive schemes	6	10

During the year, 1 director (2 in 1996) received or was due shares under long term incentive schemes. During the year, 8 directors (9 in 1996) were members of the Company's defined benefit pension scheme. Contributions were made by the Company into a money purchase pension scheme for 2 directors (2 in 1996) amounting to £11,846 (£3,359 in 1996).

Emoluments and monies paid or receivable under long term incentive schemes of the highest paid director totalled £5,518. At year end, the accrued pension under the Company's defined benefit scheme for the highest paid director was £91,150. During the year, this director exercised share options over shares in the Company's parent, Cadbury Schweppes plc. This director also received, or will receive, shares in the Company's parent under a long term incentive scheme.

	<b>Total for highest paid Director 1997 £000</b>	<b>Total for highest paid Director 1996 £000</b>
Emoluments paid or receivable for qualifying services	342	179
Monies paid or receivable under long term incentive schemes	6	9

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

### 8 Employees and Emoluments

	1997	1996
The average number of employees employed by the Company was:		
Production	4,248	4,368
Distribution, selling and marketing	714	716
Administration	384	428
	<u>5,346</u>	<u>5,512</u>

	1997 £000	1996 £000
Employees' emoluments comprised:		
Wages and salaries	109,065	105,841
Social security costs	8,743	8,567
Other pension costs	7,524	7,235
	<u>125,332</u>	<u>121,643</u>

### 9 Interest Receivable

	1997 £000	1996 £000
Other interest	155	420
	<u>155</u>	<u>420</u>

### 10 Interest Payable and Similar Charges

	1997 £000	1996 £000
Inter-company interest payable	2,400	112
Finance leases repayable within 5 years	880	582
Finance leases not repayable within 5 years	978	1,290
	<u>4,258</u>	<u>1,984</u>

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

### 11 Tax on Profit on Ordinary Activities

	1997 £000	1996 £000
Corporation tax at 31.5% (1996 33%)	37,292	33,498
Deferred tax	(5,117)	2,114
	<u>32,175</u>	<u>35,612</u>
(Over)/under provision in prior periods:		
Corporation tax	167	(264)
Deferred tax	(396)	(27)
Charge for the year	<u>31,946</u>	<u>35,321</u>

The charge for taxation of £31,946,000 (1996 - £35,321,000) has been decreased in respect of timing differences for which deferred tax has not been provided.

### 12 Dividends - Paid and Proposed

	1997 £000	1996 £000
First interim dividend of 0p per share (1996 - 4.0p)	-	2,000
Second interim dividend of 0p per share (1996 - 120.8p)	-	60,000
Third interim dividend of 0p per share (1996 - 10.1p)	-	5,000
	<u>-</u>	<u>67,000</u>

# CADBURY LIMITED

Notes to the Accounts - 3 January 1998

## 13 Tangible Fixed Assets

	Freehold land & buildings	Short leasehold land & buildings	Plant & machinery	Assets in course of construction	Total
	£000	£000	£000	£000	£000
<b>Cost or Valuation:</b>					
At beginning of year	56,094	60	414,735	18,756	489,645
Transfer on completion of construction	442	-	27,216	(27,658)	-
Transfers to Group Companies	-	-	(127)	-	(127)
Additions	-	-	-	38,639	38,639
Disposals	-	-	(1,525)	-	(1,525)
At end of year	<u>56,536</u>	<u>60</u>	<u>440,299</u>	<u>29,737</u>	<u>526,632</u>
At professional valuation	54,602	-	-	-	54,602
At cost	<u>1,934</u>	<u>60</u>	<u>440,299</u>	<u>29,737</u>	<u>472,030</u>
	<u>56,536</u>	<u>60</u>	<u>440,299</u>	<u>29,737</u>	<u>526,632</u>
<b>Accumulated Depreciation:</b>					
At beginning of year	928	44	259,202	-	260,174
Charge for year	940	2	32,195	-	33,137
Transfers to Group Companies	-	-	(118)	-	(118)
Disposals	-	-	(1,353)	-	(1,353)
At end of year	<u>1,868</u>	<u>46</u>	<u>289,926</u>	<u>-</u>	<u>291,840</u>
<b>Net Book Values:</b>					
At end of year	<u>54,668</u>	<u>14</u>	<u>150,373</u>	<u>29,737</u>	<u>234,792</u>
At beginning of year	<u>55,166</u>	<u>16</u>	<u>155,533</u>	<u>18,756</u>	<u>229,471</u>

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

Freehold land and buildings include land of £18,455,000 (1996 - £18,455,000) which has not been depreciated.

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

Certain Company properties were revalued to £54,602,000, on an open-market basis by Fuller Peiser as at 30 September 1995, and the revised valuations have been incorporated in the accounts from 30 December 1995.

If the revalued assets were stated on an historical cost basis the amounts would be as follows:

	1997 £000	1996 £000
Land and buildings at cost	50,093	50,093
Accumulated depreciation thereon	(7,230)	(6,237)
	<u>42,863</u>	<u>43,856</u>
<b>Finance Leases</b>	<b>1997 £000</b>	<b>1996 £000</b>
Included in fixed assets are:		
Plant and machinery under finance leases	68,871	72,395
Less accumulated depreciation	(51,182)	(47,150)
	<u>17,689</u>	<u>25,245</u>

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

### 14 Trade Investments

	1997 £000
<b>Cost:</b>	
At beginning of year	329
Additions	-
At end of year	<u>329</u>
<b>Amounts Written Off:</b>	
At beginning of year	<u>(16)</u>
At end of year	<u>(16)</u>
<b>Net Book Value:</b>	
At end of year	<u>313</u>
At beginning of year	<u>313</u>

Trade investments at the end of the year comprised:

Body	No. of shares	Class	Value £000
London Clearing House Limited	1	Member	298
London International Financial Futures Exchange (Holdings) Limited	1	F	<u>15</u> <u>313</u>

### 15 Stocks

	1997 £000	1996 £000
Raw materials and consumables	17,079	18,800
Work in progress	14,553	11,642
Finished goods and goods for resale	<u>63,111</u>	<u>58,170</u>
	<u>94,743</u>	<u>88,612</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

### 16 Debtors

	1997 £000	1996 £000
Trade debtors	75,615	79,159
Amounts owed by fellow subsidiary undertakings	41,468	19,670
Loans to employees	371	222
Corporation Tax recoverable	-	1,458
Other debtors	1,196	306
Prepayments and accrued income	8,045	14,695
Deferred tax, recoverable after more than one year (note 17)	8,546	3,033
	<u>135,241</u>	<u>118,543</u>

All amounts are receivable within one year unless otherwise indicated.

### 17 Deferred Taxation

A deferred tax asset has been recorded relating to the pension provision and other short term timing differences.

	1997 £000	1996 £000
Deferred tax asset at beginning of year:	(3,033)	(5,120)
Profit and loss account	<u>(5,513)</u>	<u>2,087</u>
Deferred tax asset at end of year	<u>(8,546)</u>	<u>(3,033)</u>

No deferred tax has been provided on the excess of capital allowances over depreciation or on finance leases, 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 potential liability for deferred taxation was made up as follows:

	1997 £000	1996 £000
Not provided in accounts:		
Accelerated capital allowances	37,870	24,189
Finance leases	1,176	2,143
Properties	<u>2,284</u>	<u>2,431</u>
	<u>41,330</u>	<u>28,763</u>

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

### 18 Creditors Amounts Falling Due Within One Year

	1997 £000	1996 £000
Variable loan owed to Cadbury Schweppes Finance Ltd	-	40,198
Non-Interest Bearing Loan owed to Cadbury Schweppes Finance Ltd	4,346	-
Current obligations under finance leases	2,894	3,804
Trade creditors	51,784	59,212
Amounts owed to Cadbury Schweppes plc	7,801	7,507
Amounts owed to fellow subsidiary undertakings	1,726	5,466
Current corporation tax	37,317	33,652
Other taxes and social security costs	37,155	42,206
Accruals and deferred income	67,661	52,297
Proposed Dividends	-	5,000
	<u>210,684</u>	<u>249,342</u>

### Non-Interest Bearing Loan owed to Cadbury Schweppes Finance Limited

No repayment terms have been fixed for the inter-group loan which is unsecured.

### 19 Creditors: Amounts Falling Due After More Than One Year

	1997 £000	1996 £000
Obligations under finance leases	<u>11,000</u>	<u>14,017</u>

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

### 20 Provisions for Liabilities and Charges

	<b>Pension Provisions 1997 £000</b>
Provisions at beginning of year	15,885
Expenditure in year	(2,164)
Charge to profit and loss account	1,350
Provisions at end of year	<u>15,071</u>

### 21 Called up Share Capital

	<b>1997 £000</b>	<b>1996 £000</b>
Ordinary shares of £1 each:		
Authorised	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid	<u>49,675</u>	<u>49,675</u>

### 22 Revaluation Reserve

	<b>1997 £000</b>	<b>1996 £000</b>
Balance at beginning and end of year	<u>10,185</u>	<u>10,185</u>

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

### 23 Reconciliation of Movements in Shareholders' Funds - All Equity

	1997 £000	1996 £000
Profit for the financial year	68,185	66,485
Dividends	-	(67,000)
Net addition/(reduction) to shareholders' funds	68,185	(515)
Opening shareholders' funds	181,519	182,034
Closing shareholders' funds	<u>249,704</u>	<u>181,519</u>

### 24 Commitments for Capital Expenditure

	1997 £000	1996 £000
Commitments for capital expenditure are as follows:		
Contracted for but not provided in the accounts	<u>12,384</u>	<u>4,701</u>

### 25 Commitments under Finance Leases

The future minimum lease payments to which the company is committed under finance leases as at 3 January 1998 and 28 December 1996 are as follows:

	1997 £000	1996 £000
Within one year	4,034	5,453
Two to five years	10,922	13,513
More than five years	2,808	5,090
	<u>17,764</u>	<u>24,056</u>
Less finance charges allocated to future periods	(3,870)	(6,235)
	<u>13,894</u>	<u>17,821</u>

# CADBURY LIMITED

## Notes to the Accounts - 3 January 1998

### 26 Commitments under Operating Leases

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

	1997		1996	
	Land and Buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Expiry Date:				
Within one year	-	901	-	1,102
Two to five years	-	1,802	-	2,204
More than five years	1,120	-	1,120	-
	<u>1,120</u>	<u>2,703</u>	<u>1,120</u>	<u>3,306</u>

### 27 Contingent Liabilities

- (a) The potential amount of deferred taxation not provided is £41,330,000 (1996 - £28,763,000)
- (b) Indemnities have been given by the Company's bankers totalling £4,000,000 (1996 - £4,233,000)