

Cadbury Limited

Annual Report and Accounts

1998



Company No. 155256

CADBURY LIMITED

Board of Directors

A C Burke	Managing Director and Chairman
D A Byrne	
N D Cadbury	
C Cheetham	
K W Dennis	
M C Denyard	
P E Hebblethwaite	
I D Johnston	
M E Keating	
M J Reckitt	(appointed 1.10.98)
M G Smith	(appointed 17.3.98)
P V Boyle	(resigned 30.9.98)
A F Palmer	(resigned 30.1.98)

Secretary

M J Reckitt

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 52 weeks ended 2 January 1999

The Directors present their annual report and accounts of the Company together with the auditors' report for the 52 weeks ended 2 January 1999.

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 £68.5m (1997 - £68.2m). The Directors have not declared any dividends during the financial year.

CADBURY LIMITED

Report of the Directors for the 52 weeks ended 2 January 1999

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 M G Smith who was appointed on 17 March 1998, M J Reckitt who was appointed on 1 October 1998, P V Boyle who resigned on 30 September 1998 and A F Palmer who resigned 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 and Form 20-F 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		
Number of Shares		
	2 January 1999	4 January 1998 (or at date of appointment)
A C Burke	23,548	21,398
D A Byrne	47,752	40,533
C Cheetham	17,644	17,644
K W Dennis	22,462	5,630
M C Denyard	2,579	8
P E Hebblethwaite	7,250	6,605
M E Keating	86,381	72,328
M J Reckitt	10,432	10,432
M G Smith	9,299	6,291

None of the Directors at 2 January 1999 held any non-beneficial interests in shares of group companies.

CADBURY LIMITED

Report of the Directors for the 52 weeks ended 2 January 1999

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

	4 January 1998 (or at date of appointment)	Ordinary Shares of 25p each Number of Shares		2 January 1999
		Granted	Exercised	
A C Burke	1,950	nil	(nil)	1,950
C Cheetham	6,914	nil	(nil)	6,914
K W Dennis	5,332	505	(nil)	5,837
M C Denyard	3,951	1,142	(nil)	5,093
P E Hebblethwaite	4,947	nil	(645)	4,302
M E Keating	4,552	1,010	(645)	4,917
M J Reckitt	3,667	nil	(nil)	3,667
M G Smith	nil	nil	(nil)	nil

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

	4 January 1998 (or at date of appointment)	Ordinary Shares of 25p each Number of Shares		2 January 1999
		Granted	Exercised	
A C Burke	25,370	nil	(nil)	25,370
C Cheetham	35,670	nil	(nil)	35,670
K W Dennis	38,950	nil	(14,799)	24,151
M C Denyard	25,209	nil	(25,209)	nil
P E Hebblethwaite	15,617	nil	(nil)	15,617
M E Keating	44,110	nil	(nil)	44,110
M J Reckitt	19,782	nil	(nil)	19,782
M G Smith	nil	nil	(nil)	nil

CADBURY LIMITED

Report of the Directors for the 52 weeks ended 2 January 1999

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

Ordinary Shares of 25p each				
	4 January 1998 (or at date of appointment)	Number of Shares		2 January 1999
		Granted	Exercised	
A C Burke	96,236	nil	(nil)	96,236
D A Byrne	88,112	nil	(nil)	88,112
C Cheetham	80,782	12,000	(nil)	92,782
K W Dennis	55,741	16,000	(nil)	71,741
M C Denyard	54,329	16,000	(8,329)	62,000
P E Hebblethwaite	54,659	10,000	(nil)	64,659
M E Keating	72,824	15,000	(12,000)	75,824
M J Reckitt	98,824	nil	(nil)	98,824
M G Smith	70,659	17,000	(nil)	87,659

CADBURY LIMITED

Report of the Directors for the 52 weeks ended 2 January 1999

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

Ordinary Shares of 25p each				
Number of shares				
	4 January 1998 (or at date of appointment)	Granted	Exercised	2 January 1999
A C Burke	31,235	nil	(nil)	31,235
D A Byrne	24,988	nil	(nil)	24,988
M G Smith	67,381	nil	(nil)	67,381

The following Director has been granted future options under Cadbury Schweppes plc Irish Savings-Related Share Option Scheme:

Ordinary Shares of 25p each				
Number of Shares				
	4 January 1998	Granted	Exercised	2 January 1999
D A Byrne	4,687	2,629	(4,687)	2,629

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 any other subsidiary of Cadbury Schweppes plc, at any time during the year.

At no time during the 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 52 weeks ended 2 January 1999

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 52 weeks ended 2 January 1999

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 £46,000.

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. The Company's creditor days outstanding at 2 January 1999 were 25 days.

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.

Year 2000

The Company has established a project team to deal with the wide ranging aspects of the Year 2000 issue. The project team has identified systems and equipment that may malfunction due to the so-called Millennium bug and the Company is taking action to rectify these systems and equipment as necessary.

The project team has, during the course of the year, reported on its activities to both the Board of Directors and to the central Steering Group of Cadbury Schweppes plc, the ultimate parent company. Details of the actions being taken by Cadbury Schweppes plc as part of its Year 2000 compliance programme are shown in the Annual Report and Form 20-F of that company.

The total costs of becoming Year 2000 compliant are estimated to be £6.1m. The costs charged to the profit and loss account in 1998 are £1.6m.

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**



M J Reckitt
Company Secretary

1 March 1999

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.

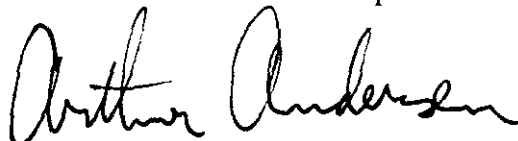
Basis of Opinion

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 2 January 1999 and of its profit 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 Victoria Square
Birmingham B1 1BD

1 March 1999

CADBURY LIMITED

Profit and Loss Account

For the 52 weeks ended 2 January 1999

	Notes	1998 £000	1997 £000
Sales	4	768,348	768,015
Cost of Sales		(491,393)	(506,733)
Gross Profit		276,955	261,282
Distribution costs, including marketing		(105,445)	(104,504)
Administrative expenses		(68,322)	(51,084)
		103,188	105,694
Other operating charges		(2,323)	(1,460)
Trading Profit	5	100,865	104,234
Interest receivable	9	906	155
Interest payable and similar charges	10	(1,760)	(4,258)
Profit On Ordinary Activities Before Taxation		100,011	100,131
Tax on profit on ordinary activities	11	(31,535)	(31,946)
Profit On Ordinary Activities After Taxation		68,476	68,185
Dividends	12	-	-
Profit for the Year		<u>68,476</u>	<u>68,185</u>
Statement of Retained Profits			
Retained profit at beginning of year		189,844	121,659
Profit for the year		68,476	68,185
		<u>258,320</u>	<u>189,844</u>

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

CADBURY LIMITED

Balance Sheet as at 2 January 1999

	Notes	1998 £000	1997 £000
Fixed Assets			
Tangible fixed assets	13	240,845	234,792
Investments	14	313	313
		<u>241,158</u>	<u>235,105</u>
Current Assets			
Stocks	15	107,504	94,743
Debtors	16	147,825	135,241
Cash at bank and in hand		37,870	21,370
		<u>293,199</u>	<u>251,354</u>
Creditors: Amounts falling due within one year	18	(193,878)	(210,684)
Net Current Assets		<u>99,321</u>	<u>40,670</u>
Total Assets Less Current Assets		<u>340,479</u>	<u>275,775</u>
 Creditors: Amounts falling due after more than one year	 19	 (8,364)	 (11,000)
Provisions for liabilities and charges	20	(13,935)	(15,071)
Net Assets		<u><u>318,180</u></u>	<u><u>249,704</u></u>
 Capitals and Reserves			
Called up share capital	21	49,675	49,675
Revaluation reserve	22	10,185	10,185
Profit and loss account		258,320	189,844
Shareholders' Funds, All Equity	23	<u><u>318,180</u></u>	<u><u>249,704</u></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 1 March 1999.

A. C. Burke

A C BURKE
Managing Director

M J Reckitt

M J RECKITT
Director

CADBURY LIMITED

Statement of Total Recognised Gains and Losses

For the 52 Weeks Ended 2 January 1999

	Notes	1998 £000	1997 £000
Profit for the financial year and total recognised gains and losses for the year		<u>68,476</u>	<u>68,185</u>

Note of Historical Cost Profits and Losses

	Notes	1998 £000	1997 £000
Profit on ordinary activities before taxation and historical cost profit on ordinary activities before taxation		<u>100,011</u>	<u>100,131</u>
Historical cost retained profit		<u>68,476</u>	<u>68,185</u>

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

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 - 2 January 1999

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 - 2 January 1999

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 unamortised 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 are publicly available.

2 Annual Accounts

The profit and loss account covers the 52 weeks from 4 January 1998 to 2 January 1999 and the balance sheets for 1998 and 1997 have been drawn up at 2 January 1999 and 3 January 1998 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 - 2 January 1999

4 Turnover and Profit on Ordinary Activities Before Taxation

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:

	1998 £000	1997 £000
Depreciation on owned assets	27,038	26,026
Depreciation on assets under finance leases	6,678	7,111
Operating lease rentals - plant & machinery	2,364	2,703
- other	711	1,500
Auditors' remuneration - audit	89	85
- other	58	32
Research and development expenditure	3,746	3,807

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 - 2 January 1999

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 £7,162,000 (1997 - £6,688,000) 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 £13,935,000 (1997 - £15,071,000) 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

	Total for all Directors 1998 £000	Total for all Directors 1997 £000
Emoluments paid or receivable for qualifying services	1,288	1,232

During the year, 4 directors (4 in 1997) received or were due shares under long term incentive schemes. During the year, 8 directors (8 in 1997) 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 1997) amounting to £12,351 (£11,846 in 1997).

At year end, the accrued pension under the Company's defined benefit scheme for the highest paid director was £102,112. This director also received, or will receive, shares in the Company's parent under a long term incentive scheme.

	1998 £000	1997 £000
Emoluments of highest paid director:	328	342

4 of the directors were remunerated by Cadbury Schweppes plc or its subsidiary undertakings for their services. No remuneration was paid to them by Cadbury Limited during 1998 or 1997.

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

8 Employees and Emoluments

	1998	1997
The average number of employees employed by the Company was:		
Production	3,887	4,248
Distribution, selling and marketing	465	714
Administration	504	384
	<u>4,856</u>	<u>5,346</u>

	1998 £000	1997 £000
Employees' emoluments comprised:		
Wages and salaries	103,858	109,065
Social security costs	8,132	8,743
Other pension costs	7,162	7,524
	<u>119,152</u>	<u>125,332</u>

9 Interest Receivable

	1998 £000	1997 £000
Other interest	<u>906</u>	<u>155</u>

10 Interest Payable and Similar Charges

	1998 £000	1997 £000
Other interest	-	2,400
Finance leases	1,760	1,858
	<u>1,760</u>	<u>4,258</u>

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

11 Tax on Profit on Ordinary Activities

	1998 £000	1997 £000
Corporation tax at 30.5% (1997 31.5%)	22,666	37,292
Deferred tax	8,669	(5,117)
	<u>31,335</u>	<u>32,175</u>
Under/(over) provision in prior periods:		
Corporation tax	200	167
Deferred tax	-	(396)
Charge for the year	<u>31,535</u>	<u>31,946</u>

12 Dividends - Paid and Proposed

No dividends were paid or proposed in the year (1997 - nil).

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

13 Tangible Fixed Assets

	Freehold land & buildings	Short leasehold land & buildings	Plant & machinery	Assets in course of construction	Total
	£000	£000	£000	£000	£000
Cost or Valuation:					
At beginning of year	56,536	60	440,299	29,737	526,632
Transfer on completion of construction	1,247	-	54,163	(55,410)	-
Additions	-	-	-	40,923	40,923
Disposals	-	-	(25,071)	-	(25,071)
At end of year	<u>57,783</u>	<u>60</u>	<u>469,391</u>	<u>15,250</u>	<u>542,484</u>
At professional valuation	54,602	-	-	-	54,602
At cost	<u>3,181</u>	<u>60</u>	<u>469,391</u>	<u>15,250</u>	<u>487,882</u>
	<u>57,783</u>	<u>60</u>	<u>469,391</u>	<u>15,250</u>	<u>542,484</u>
Accumulated Depreciation:					
At beginning of year	1,868	46	289,926	-	291,840
Charge for year	1,002	(19)	32,733	-	33,716
Disposals	-	-	(23,917)	-	(23,917)
At end of year	<u>2,870</u>	<u>27</u>	<u>298,742</u>	<u>-</u>	<u>301,639</u>
Net Book Values:					
At end of year	<u>54,913</u>	<u>33</u>	<u>170,649</u>	<u>15,250</u>	<u>240,845</u>
At beginning of year	<u>54,668</u>	<u>14</u>	<u>150,373</u>	<u>29,737</u>	<u>234,792</u>

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

Freehold land and buildings include land of £18,473,000 (1997 - £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:

	1998	1997
	£000	£000
Land and buildings at cost	50,093	50,093
Accumulated depreciation thereon	(8,194)	(7,230)
	<u>41,899</u>	<u>42,863</u>
Finance Leases	1998	1997
	£000	£000
Included in fixed assets are:		
Plant and machinery under finance leases	68,871	68,871
Less accumulated depreciation	(57,860)	(51,182)
	<u>11,011</u>	<u>17,689</u>

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

14 Trade Investments

	1998 £000
Cost:	
At beginning and end of year	<u>329</u>
Amounts Written Off:	
At beginning and end of year	<u>(16)</u>
Net Book Value:	
At beginning and end 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	15
			<u>313</u>

15 Stocks

	1998 £000	1997 £000
Raw materials and consumables	21,760	17,079
Work in progress	15,817	14,553
Finished goods and goods for resale	69,927	63,111
	<u>107,504</u>	<u>94,743</u>

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

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

16 Debtors

	1998 £000	1997 £000
Trade debtors	73,754	75,615
Amounts owed by fellow subsidiary undertakings	42,278	41,468
Loans to employees	312	371
Other debtors	1,180	1,196
Prepayments and accrued income	30,301	8,045
Deferred tax, recoverable after more than one year (note 17)	-	8,546
	<u>147,825</u>	<u>135,241</u>

All amounts are receivable within one year unless otherwise indicated.

17 Deferred Taxation

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

	1998 £000	1997 £000
Deferred tax (asset) at beginning of year:	(8,546)	(3,033)
Profit and loss account	8,669	(5,513)
Deferred tax liability/(asset) at end of year	<u>123</u>	<u>(8,546)</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:

	1998 £000	1997 £000
Not provided in accounts:		
Accelerated capital allowances	37,584	37,870
Finance leases	3	1,176
Properties	2,210	2,284
	<u>39,797</u>	<u>41,330</u>

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

18 Creditors Amounts Falling Due Within One Year

	1998 £000	1997 £000
Non-Interest Bearing Loan owed to Cadbury Schweppes Finance Limited	7,363	4,346
Current obligations under finance leases	2,635	2,894
Trade creditors	47,711	51,784
Amounts owed to Cadbury Schweppes plc	10,039	7,801
Amounts owed to fellow subsidiary undertakings	3,543	1,726
Current corporation tax	22,904	37,317
Other taxes and social security costs	33,306	37,155
Accruals and deferred income	66,254	67,661
Deferred tax	123	-
	<u>193,878</u>	<u>210,684</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

	1998 £000	1997 £000
Obligations under finance leases	<u>8,364</u>	<u>11,000</u>

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

20 Provisions for Liabilities and Charges

	Pension Provisions £000
Provisions at beginning of year	15,071
Payments in year	(1,281)
Charge to profit and loss account	<u>2,417</u>
Provisions at end of year	<u><u>13,935</u></u>

21 Called up Share Capital

	1998 £000	1997 £000
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

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

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

23 Reconciliation of Movements in Shareholders' Funds - All Equity

	1998 £000	1997 £000
Profit for the financial year	68,476	68,185
Opening shareholders' funds	<u>249,704</u>	<u>181,519</u>
Closing shareholders' funds	<u><u>318,180</u></u>	<u><u>249,704</u></u>

24 Commitments for Capital Expenditure

	1998 £000	1997 £000
Commitments for capital expenditure are as follows:		
Contracted for but not provided in the accounts	<u>3,579</u>	<u>12,384</u>

25 Commitments under Finance Leases

The future minimum lease payments to which the company is committed under finance leases as at 2 January 1999 and 3 January 1998 are as follows:

	1998 £000	1997 £000
Within one year	3,427	4,034
Two to five years	8,617	10,922
More than five years	<u>1,685</u>	<u>2,808</u>
	13,729	17,764
Less finance charges allocated to future periods	<u>(2,730)</u>	<u>(3,870)</u>
	<u><u>10,999</u></u>	<u><u>13,894</u></u>

CADBURY LIMITED

Notes to the Accounts - 2 January 1999

26 Commitments under Operating Leases

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

	1998		1997	
	Land and Buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
Expiry Date:				
Within one year	-	788	-	901
Two to five years	31	1,576	-	1,802
More than five years	1,219	-	1,120	-
	<u>1,150</u>	<u>2,364</u>	<u>1,120</u>	<u>2,703</u>

27 Contingent Liabilities

- (a) The potential amount of deferred taxation not provided is £39,797,000 (1997 - £41,330,000)
- (b) Indemnities have been given by the Company's bankers totalling £5,000,000 (1997 - £4,000,000)

28 Related Party Transaction

Related party transactions with Group Members are not disclosed as 100% of the voting rights are controlled within the Group, and consolidated accounts are publicly available.