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BRITVIC LIMITED
REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Annual Report and Audited Accounts for the 52 weeks ended 1 March 1986.

Principal Activities

The principal activities of the Company are the production and sale of fruit juice and soft drinks.

Review of the Financial Period

The attached Profit and Loss Account shows the profit for the 52 weeks ended 1 March 1986 together with the transfer to revenue reserves and dividends paid.

Directorate

The Directors of the Company at 1 March 1986 were as follows:-

Mr E B Colwell (Chairman)
Mr R J Jordan (Managing Director)
Mr D N Dagwell
Mr R W Jarred
Mr J E Lewis
Mr G E V Martin
Mr R H Waymont
Mr S J Davies
Mr P H Gosling

During the year the following Board changes took place:-

Mr S J Neale resigned on 28 February 1986.

Since the end of the period covered by these accounts the following changes took place:-

Mr E J Hubble, Mr L M MacKinnon and Dr G A Wadds were appointed Directors on 1 April 1986

Mr E B Colwell and Mr R J Jordan resigned on 1 April 1986
Mr K Richards was appointed a Director and Chairman and Mr J W Angles Managing Director on 2 April 1986



Directors' Interests

The notifiable interest of Directors in shares and stock of Allied-Lyons PLC, including options granted under the terms of the Employee Share Scheme to subscribe for Ordinary Shares of that company as recorded in the Register of Directors' Shareholdings, were as follows:-

	<u>Interest at</u> <u>1 March 1986</u>		<u>Interest at</u> <u>2 March 1985</u> <u>(or date of appointment)</u> <u>if later</u>	
	<u>Ordinary</u> <u>Shares of</u> <u>25p each</u>	<u>Options to</u> <u>Purchase</u> <u>Ordinary</u> <u>Shares of</u> <u>25p each</u>	<u>Ordinary</u> <u>Shares of</u> <u>25p each</u>	<u>Options to</u> <u>Purchase</u> <u>Ordinary</u> <u>Shares of</u> <u>25p each</u>
R W Jarred	15,619	4,469	3,789	48,276
G E V Martin	5,334	3,236	1,000	11,855
D N Dagwell	1,000	NIL	1,000	NIL
J E Lewis	850	NIL	NIL	9,024
R H Waymont	1,000	NIL	NIL	2,416
P H Gosling	NIL	NIL	1,204	2,133
S J Davies	11,611	3,020	5,853	28,917
R J Jordan	NIL	16,699	1,422	16,699

The interests of other Directors are not shown as they are disclosed in the accounts of Allied-Lyons PLC.

Employment Policies

1. Employee Participation

The importance of meaningful communication and consultation systems for good industrial relations is recognised by the company. Such systems are well developed and improvements are continually sought.

The Company is concerned to provide information on its performance and that of the parent company and various methods including house newspapers and special bulletins are used to this end. Financial announcements and documents issued to shareholders of Allied-Lyons PLC are summarised for employees.

Regular meetings take place with the representative of recognised trade unions on a wide range of company activities. There is also a joint consultative committee structure. These form the basis of ascertaining the views of employees. These views are taken into account in making decisions likely to affect their interests.

Employees also contribute to the management of pension schemes through Scheme Management Committees and by the election of employee trustees to the pension fund.

2. Employment of Disabled Persons

The Company wishes to reaffirm its continuing practice of giving full and fair consideration to applications for employment from disabled persons. The Company will continue to provide facilities for the training and development of disabled persons as stated within the Company Trading Policy. Disabled employees are given the same opportunity for promotion as their able bodied colleagues, having regard to their particular aptitudes and abilities. The Company will maintain its policy of continuing the employment of a person, wherever practicable, who becomes disabled whilst in the Company's service, arranging appropriate training where this is necessary.

Fixed Assets

During the year the Company spent £2,812,000 on additions to fixed assets the major expenditure being for plant, dispensing equipment and motor vehicles. The Company also sold the freehold premises Manbre Road, Hammersmith for its book value of £1,448,000 to a fellow subsidiary.

Research and Development

The Company carried on a continued programme of research to further develop its products.

Future Developments

In March 1986 the Company's immediate holding company British Vitamin Products Limited was acquired by Britannia Soft Drinks Limited. Britannia Soft Drinks Limited is owned 50% plus 2 shares by Bass PLC and the remaining shares are owned in equal proportions by Allied-Lyons PLC and Whitbread and Company PLC. This merger, which links Britvic with Canada Dry, Rawlings and R White brands, will create a stronger force in the highly competitive soft drinks business and give our leading brands the support required in an increasingly international market place.

Auditors

In accordance with the Companies Act 1985, a resolution reappointing Messrs. Peat, Marwick, Mitchell & Co., as the Company's auditors will be proposed at the Annual General Meeting.

8 May 1986

By Order of the Board


R W Jarred
Secretary

Britvic House
Broomfield Road
Chelmsford
Essex

REPORT OF THE AUDITORS TO THE
MEMBERS OF BRITVIC LIMITED

We have audited the accounts set out on pages 5 to 16 in accordance with Approved Auditing Standards.

In our opinion the accounts which have been prepared on the basis of the accounting policies set out on pages 5 to 6 give a true and fair view of the state of affairs of the company at 1 March 1986, and of the loss and source and application of the funds of the company for the 52 weeks ended on that date and comply with the Companies Act 1985.

Peat Marwick Mitchell & Co.

Peat, Marwick, Mitchell & Co.
Chartered Accountants
London

30th May 1986

BRITVIC LIMITED
ACCOUNTING POLICIES

Basis of Accounting

The accounts have been prepared under the historical cost convention modified to include the revaluation of properties.

Consolidated Accounts

The company is a wholly owned subsidiary of another body corporate incorporated in the United Kingdom and no group accounts are submitted. In the opinion of the Directors the value of the company's investment in its subsidiaries, consisting of shares in and amounts due therefrom, is not less than the aggregate of the amounts at which these assets are included in the balance sheet.

The excess of cost of shares in subsidiary companies acquired over their net tangible assets at date of acquisition is deducted from capital reserves.

Deferred Taxation

Provision is made on the liability basis for the tax effect arising from all timing differences other than for those deferred liabilities which are expected with reasonable probability to continue to be deferred beyond the foreseeable future.

Turnover

Turnover is the sum of sales and other trading income including sales to fellow subsidiaries, excluding Value Added Tax.

Stocks

The valuation of trading stocks is made on bases appropriate to the Company's business at the lower of cost and net realisable value. Cost comprises purchase price or direct production and appropriate overhead costs together with Customs and Excise duties.

Returnable Containers

Returnable containers are valued at cost on a FIFO basis. The customer liability for deposits charged on containers is set off against debtors.

The cost of all containers lost and any deposits forfeited by customers are included in the profit and loss account.

Foreign Currencies

Balances in foreign currencies at the year end are expressed in sterling at appropriate rates of exchange ruling at the year end. Exchange adjustments are taken to the profit and loss account.

Depreciation

No depreciation is provided on land.

Depreciation is calculated on a straight line basis at the following annual rates:-

Freehold Property	2%
Long Leasehold Property	2%
Short Leasehold Property	Over Life of Lease
Plant and Machinery	5%-15%
Vehicles and Sundry Equipment	10% - 20%

Leasing

The cost of assets held under finance leases is included under tangible assets, and depreciation is provided in accordance with the Company's accounting policy for the class of asset concerned. The interest cost is charged evenly over the term of the lease and the capital element of future lease payments is included in creditors.

The cost of operating leases is charged as incurred.

This represents a change in the company's accounting policies in regard to leases. Prior to 2 March 1985 leased assets other than properties were not included in the balance sheet. The effect of the change in accounting policy was the capitalisation of approximately £365,000 of plant and machinery and fixtures. The comparative figures have been adjusted accordingly.

Research and Development

Expenditure is written off as incurred.

Retirement Benefits

Contributions to the Group Pension Schemes in respect of current service and the cost of augmenting existing pensions are charged against profits.

BRITVIC LIMITED
PROFIT AND LOSS ACCOUNT FOR THE
52 WEEKS ENDED 1 MARCH 1986

		<u>1986</u>	<u>1985</u>
	<u>Notes</u>	<u>£000</u>	<u>£000</u>
TURNOVER	2	71,698	70,431
Deduct:			
Raw materials & consumables		37,010	35,410
Changes in stocks of finished goods and work in progress		110	(729)
Own work capitalised		(82)	(57)
		<hr/> 37,038	<hr/> 34,624
Staff costs	3	14,008	15,149
Depreciation	3	1,781	2,081
Other operating charges		14,991	15,263
		<hr/> 67,818	<hr/> 67,117
TRADING PROFIT	3	3,880	3,314
Interest payable and similar charges	4	(779)	(853)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<hr/> 3,101	<hr/> 2,461
Taxation on profit on ordinary activities	5	(42)	(1,466)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<hr/> 3,059	<hr/> 995
Interim dividend paid		(5,948)	(679)
Second interim dividend proposed		-	(280)
		<hr/> (2,889)	<hr/> 36
Retained (Loss)/Profit for the year			
Retained Profits at 2 March 1985		4,758	4,722
		<hr/>	<hr/>
Retained Profits at 1 March 1986		<u>1,869</u>	<u>4,758</u>

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BRITVIC LIMITED
BALANCE SHEET AS AT 1 MARCH 1986

		<u>1986</u>	<u>1985</u>
	<u>Notes</u>	<u>£000</u>	<u>£000</u>
FIXED ASSETS			
Tangible assets	6	13,313	13,843
Investments	7	16	28
		<u>13,329</u>	<u>13,871</u>
 CURRENT ASSETS			
Stocks	8	15,944	17,975
Debtors	9	8,456	7,216
Cash at bank and in hand		15	533
		<u>24,415</u>	<u>25,724</u>
 CREDITORS (Amounts falling due within one year)	10	(31,316)	(15,071)
 NET CURRENT LIABILITIES (1985 ASSETS)		(6,901)	10,653
 TOTAL ASSETS LESS CURRENT LIABILITIES		6,428	24,524
 CREDITORS (Amounts falling due after more than one year)	10	(158)	(13,641)
 PROVISION FOR LIABILITIES AND CHARGES	11	(1,800)	(3,512)
		<u>4,470</u>	<u>7,371</u>
 CAPITAL AND RESERVES			
Called up share capital	12	2,592	2,592
Revaluation reserve	13	9	21
Capital reserves	13	1,869	4,758
Profit and loss account		<u>4,470</u>	<u>7,371</u>

The Directors approved the accounts set out on pages 5 to 16 on
8 May 1986

Director *J W Angles*
J W Angles

Director *S J Davies*
S J Davies

BRITVIC LIMITED
NOTES TO THE ACCOUNTS FOR THE
52 WEEKS ENDED 1 MARCH 1986

1. BASIS OF ACCOUNTS

These accounts have been prepared on the bases of the accounting policies set out on pages 5 and 6.

2. TURNOVER

The geographical distribution of the company's turnover is as follows:-

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
United Kingdom	70,316	68,771
Rest of Europe	990	1,470
Rest of World	392	190
	<u>71,698</u>	<u>70,431</u>

3. TRADING PROFIT

Trading Profit is stated after charging the following amounts:-

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
Staff costs:-		
Wages and Salaries	11,971	12,172
Social Security Costs	828	907
Other Pension Costs	1,209	2,070
	<u>14,008</u>	<u>15,149</u>
Depreciation	1,781	2,081
Auditors' Remuneration	36	35
Property Rents Payable	567	641
Hire of Plant & Machinery	163	87
	<u>3,547</u>	<u>3,444</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
Interest payable to holding company	61	-
Interest payable to group company	437	781
Bank and other short term interest	279	-
Finance lease charges	5	-
	<u>782</u>	<u>781</u>
Less interest receivable from group company	-	(15)
	<u>782</u>	<u>766</u>
TOTAL INTEREST		
(Profits)/Losses on foreign currency	(3)	87
	<u>779</u>	<u>853</u>
	<u><u>779</u></u>	<u><u>853</u></u>

5. TAXATION

Taxation based on the profit on ordinary activities for the year is as follows:-

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
UK corporation tax at 40.42%	1,699	1,028
Deferred taxation	(1,712)	502
Prior year adjustment	55	(64)
	<u>42</u>	<u>1,466</u>
	<u><u>42</u></u>	<u><u>1,466</u></u>

6. TANGIBLE ASSETS

A schedule of the tangible assets of the group is given on page 15.

Leased assets are included under the appropriate headings as under:-

	<u>Plant and</u> <u>Machinery</u> <u>£000</u>	<u>Vehicles and</u> <u>Sundry Equipment</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Depreciation charged for the year	<u>84</u>	<u>2</u>	<u>86</u>
Net book value at 1 March 1986	<u>276</u>	<u>2</u>	<u>278</u>
	<u><u>276</u></u>	<u><u>2</u></u>	<u><u>278</u></u>

6. TANGIBLE ASSETS (Cont'd)

In accordance with the accounting policy the cost of land is not depreciated. The amounts not bearing depreciation included in the schedule are:-

	<u>£000</u>
Freehold properties	370
Long Lease properties	65
	<u>435</u>

The original cost of the assets carried at a valuation totals £3,225,000; if these assets had not been revalued the depreciation charge for the year would have been £34,000 lower at £1,747,000.

7. INVESTMENTS

Shares in subsidiary companies at cost less amounts written off:-

	<u>£000</u>
Balance at 2 March 1985	28
'Goodwill' written off to capital reserves	(12)
	<u>16</u>
Balance at 1 March 1986	

8. STOCKS

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
Raw materials and consumables	5,246	6,631
Finished goods	3,174	3,040
Returnable containers	6,923	7,675
Sundry stocks	601	629
	<u>15,944</u>	<u>17,975</u>

The replacement cost of returnable container stocks exceeds the balance sheet amounts by £2,675,000 (1985: £2,482,000).

9. DEBTORS

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
Trade debtors	6,482	4,842
Amounts owed by group companies	1,193	1,408
Other debtors	85	99
Prepayments and accrued income	696	845
Trade loan - secured by mortgage	-	22
	<u>8,456</u>	<u>7,216</u>

10. CREDITORS

(Amounts falling due within one year)

	1986 £000	1985 £000
Bank loans and overdraft (unsecured)	2,679	-
Trade creditors	3,376	4,490
Amount owed to group companies	1,021	2,891
Bills payable	202	556
Other creditors	2,477	2,989
Corporation tax	1,754	1,037
Social security	359	367
Accruals and deferred income	953	2,051
Proposed dividend	-	280
Obligations under finance leases	77	90
Amount owed to immediate holding company	18,418	320
	<u>31,316</u>	<u>15,071</u>

(Amounts falling due after more than one year)

	1986 £000	1985 £000
Loans from holding company:-		
Long term interest free loan	-	8,083
Long term interest bearing loan	-	5,323
Obligations under finance leases (All due within five years)	158	235
	<u>158</u>	<u>13,641</u>

The rate of interest payable on the long term loan was fixed from time to time by the holding company having regard to current commercial rates. The loans from the holding company were repaid during the year. The rates of interest payable under the finance leases are commercial rates agreed under the terms of those leases and the outstanding obligations are secured against the relevant assets.

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £000
Balance at 2 March 1985	3,512
Credit to the profit and loss account	(1,712)
Balance at 1 March 1986	<u>1,800</u>

Deferred Taxation:

Accelerated capital allowances

	1 March 1986
Provided in Accounts	Unprovided Liability
£000	£000
1,800	3,100

No provision is made for the capital gains tax which might arise if certain revalued properties were sold at their balance sheet values.

12. SHARE CAPITAL

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Ordinary shares of £1 each:		
Authorised	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid	10	10
	<u> </u>	<u> </u>

13. RESERVES

There was no change during the year to revaluation reserves.
Capital reserves were reduced during the year by writing off £12,000 'goodwill' in a subsidiary company (see note 7).

14. COMMITMENTS

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
Capital:-		
Expenditure contracted for but not provided in the accounts	636	1,249
	<u> </u>	<u> </u>
Expenditure authorised by the Directors but not contracted for	396	604
	<u> </u>	<u> </u>

Other:-

At the balance sheet date the company had outstanding options to buy \$1,500,000 at an average rate of \$1.4535/£ (1985: \$500,000 at \$1.0627/£)

15. EMPLOYEES

The average number of persons employed by the company during the year was:-

	<u>1986</u>	<u>1985</u>
United Kingdom - full time	1,294	1,463
- part time	68	67
	<u>1,362</u>	<u>1,530</u>

16. DIRECTORS' EMOLUMENTS

The emoluments of the Directors during the year were as follows:-

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
Remuneration of executive Directors	257	229
Premiums in respect of pension schemes	75	65
	<u>332</u>	<u>294</u>

16. DIRECTORS' EMOLUMENTS (Cont'd)

	<u>1986</u> <u>£000</u>	<u>1985</u> <u>£000</u>
Emoluments of the Chairman	NIL	NIL
Emoluments of the highest paid Director	44	37

The number of other Directors whose emoluments excluding contributions paid under pension schemes were within the scales set out below was:-

£	<u>1986</u>	<u>1985</u>
0 - 5,000	2	2
20,001 - 25,000	-	4
25,001 - 30,000	4	2
30,001 - 35,000	3	1

17. EMPLOYEES EMOLUMENTS

There were no employees earning over £30,000 per annum for the 52 weeks ended 1 March 1986 or 2 March 1985.

18. SUBSIDIARY COMPANIES

The company's subsidiaries throughout the year were:-

Sunfresh Soft Drinks Limited
Minster (Soft Drinks) Limited

Both subsidiaries were wholly owned by the company and were dormant within the meaning of section 252 of the Companies Act 1985.

19. ULTIMATE HOLDING COMPANY

At 1 March 1986, the Group's ultimate holding company was Allied-Lyons PLC, a company incorporated in the United Kingdom.

<u>TANGIBLE ASSETS</u>		Freehold Properties £000	Long Lease Properties £000	Short Lease Properties £000	Plant and Machinery £000	Vehicles and Sundry Equipment £000	Total £000
<u>Cost or Valuation</u>							
At 2 March 1985		3,418	3,205	386	7,686	9,151	23,846
Opening adjustment in respect of leased assets		-	-	-	557	21	578
Additions		9	330	-	650	1,823	2,812
Disposals		-	-	-	(35)	(552)	(587)
Transfers to group companies		(1,480)	-	-	-	-	(1,480)
At 1 March 1986		1,947	3,535	386	8,858	10,443	25,169
<u>Accumulated Depreciation</u>							
At 2 March 1985		(205)	(62)	(199)	(4,955)	(4,947)	(10,368)
Opening adjustment in respect of leased assets		-	-	-	(197)	(16)	(213)
Provision for the year		(29)	(70)	(13)	(718)	(951)	(1,781)
Disposals		-	-	-	34	440	474
Transfers to group companies		32	-	-	-	-	32
At 1 March 1986		(202)	(132)	(212)	(5,836)	(5,474)	(11,856)
Net Book Value 1 March 1986		1,745	3,403	174	3,022	4,969	13,313
Net Book Value 2 March 1985 (after adjustment for leased assets)		3,213	3,143	187	3,091	4,209	13,843

Where assets are included at a valuation these were valued as under:-

Revalued 1980	-	-	130
Revalued 1984	1,657	3,182	-
	<u>1,657</u>	<u>3,182</u>	<u>130</u>

BRITVIC LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
52 WEEKS ENDED 1 MARCH 1986

	<u>1986</u>	<u>1985</u>
	<u>£000</u>	<u>£000</u>
SOURCE OF FUNDS		
Funds from operations		
Profit before tax	3,101	2,461
Adjustment for item not involving the movement of funds		
Profit on sale of tangible assets	(27)	(6)
Depreciation	1,781	2,081
	<hr/>	<hr/>
Total generated from operations	4,855	4,536
Funds from other sources		
Proceeds from disposal of assets (including intra-group transfers)	1,588	173
Loan from holding company	-	5,106
	<hr/>	<hr/>
	6,443	9,815
APPLICATION OF FUNDS		
Repayment of loans from holding company	(13,406)	
Acquisition of Subsidiary, net of working capital acquired	-	(2,437)
Group relief payments	(9)	(1,537)
Dividends paid	(6,228)	(970)
Purchase of tangible assets	(2,812)	(2,815)
Taxation	(1,028)	-
	<hr/>	<hr/>
	(23,483)	(7,759)
	<hr/>	<hr/>
	(17,040)	2,056
WORKING CAPITAL REQUIREMENTS		
(Increase)/Decrease in stocks	2,031	(5,036)
(Increase) in debtors	(1,240)	(2,807)
Increase/(Decrease) in creditors	13,052	6,484
	<hr/>	<hr/>
	13,843	(1,359)
	<hr/>	<hr/>
	(3,197)	697
	<hr/>	<hr/>
INCREASE/(DECREASE) IN LIQUID FUNDS		
Bank balance and cash	(518)	513
Bank overdraft	(2,679)	184
	<hr/>	<hr/>
	(3,197)	697
	<hr/>	<hr/>