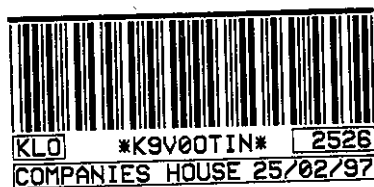


Cott Retail Brands Limited

**Report and Financial Statements
for the year ended 27 January 1996**

Registered no: 2865761



Cott Retail Brands Limited

Report for the year ended 27 January 1996

	Pages
Directors and advisers	1
Directors' report	2 - 3
Auditors' report	4
Consolidated profit and loss account	5
Balance sheets	6
Consolidated cashflow statement	7 - 8
Notes to the financial statements	9 - 35

Cott Retail Brands Limited

Directors and advisers

Directors

Simon E G Lester (Chairman)
Brian R Mackie

Secretary and registered office

Brian R Mackie
3rd Floor
5 Princes Gate
London
SW7 1QJ

Registered Auditors

Coopers & Lybrand
1 Embankment Place
London
WC2N 6NN

Solicitors

Linklaters & Paines
Barrington House
59-67 Gresham Street
London
EC2V 7JA

Bankers

Lloyds Bank plc
City Office
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 OLS

Cott Retail Brands Limited

Directors' report for the year ended 27 January 1996

The directors present their report and the audited financial statements for the year ended 27 January 1996.

Principal activities

The principal activity of the group during the year was the manufacture and sale of soft drinks.

Review of business and future developments

On 1 June 1995 the group acquired the remaining 49% of its subsidiary, Benjamin Shaw (Pontefract) Limited, which it did not already own. On 28 July 1995 the group acquired 68% of Telemark Springwater AS, in Norway. On 1 December 1995 the group acquired 100% of Crystal Drinks Limited. Details of net assets acquired and consideration paid are set out in note 22 to the financial statements. All of these transactions have been accounted for as acquisitions in accordance with Financial Reporting Standard No 6.

Both the level of business and the period end position of the enlarged group were satisfactory, this being only the second year of operation of the group, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The loss for the year of £2,146,000 (1995 : £379,000 loss) will be transferred to reserves.

Directors

The directors of the Company, who all held office throughout the period unless otherwise stated, were:

Name

S E G Lester

B R Mackie

Cott Retail Brands Limited

Directors' interests in shares of the Company

No directors had any beneficial interest in the shares of the company at any time during the period.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial period and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 27 January 1996. The directors also confirm that applicable accounting standards have been followed, and as explained in note 1, the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



Brian R Mackie
Company Secretary
19 February 1997

Cott Retail Brands Limited

Report of the auditors to the members of Cott Retail Brands Limited

We have audited the financial statements on pages 5 to 35.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 27 January 1996 and of the loss, total recognised losses and cashflows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

19 February 1997

Cott Retail Brands Limited

Consolidated profit and loss account for the year ended 27 January 1996

		12 Months	15 Months
	Notes	1996 £'000	1995 £'000
Turnover			
Continuing operations		85,965	64,493
Acquisitions		2,447	-
Total Turnover	2	88,412	64,493
Cost of sales		(76,124)	(54,035)
Gross profit		12,288	10,458
Distribution costs		(7,323)	(5,810)
Administrative expenses		(6,885)	(5,259)
Operating (loss)/profit			
Continuing operations		(2,115)	(611)
Acquisitions		195	-
		(1,920)	(611)
Interest receivable and similar income	6	355	277
Interest payable and similar charges	5	(1,153)	(826)
Loss on ordinary activities before taxation	7	(2,718)	(1,160)
Tax on loss on ordinary activities	8	89	(1,200)
Loss on ordinary activities after taxation		(2,629)	(2,360)
Minority interests	25	483	1,981
Retained loss for the year	23	(2,146)	(379)

The movement in reserves is shown in note 23. The detailed profit and loss of businesses acquired is shown in note 22.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

Statement of total recognised gains and losses

	1996 £'000	1995 £'000
(Loss) for financial year	(2,146)	(379)
Unrealised currency translation differences on foreign currency investments	37	4
Total recognised losses relating to the year	(2,109)	(375)

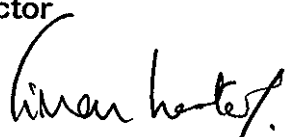
Cott Retail Brands Limited

Balance sheets at 27 January 1996

	Notes	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Fixed assets					
Tangible assets	10	20,559	671	11,521	551
Intangible fixed assets	11	324	16	68	-
Investments	12	-	30,026	-	-
		<u>20,883</u>	<u>30,713</u>	<u>11,589</u>	<u>551</u>
Current assets					
Stocks	13	8,513	-	7,841	-
Debtors	14	17,510	13,783	12,821	2,071
Cash at bank and in hand		7,468	2,934	3,440	3,299
		<u>33,491</u>	<u>16,717</u>	<u>24,102</u>	<u>5,370</u>
Creditors: amounts falling due within one year	15	<u>(27,858)</u>	<u>(17,143)</u>	<u>(31,723)</u>	<u>(6,707)</u>
Net current assets / (liabilities)		<u>5,633</u>	<u>(426)</u>	<u>(7,621)</u>	<u>(1,337)</u>
Total assets less current liabilities		<u>26,516</u>	<u>30,287</u>	<u>3,968</u>	<u>(786)</u>
Creditors: amounts falling due after more than one year	16	<u>(13,747)</u>	<u>(1,682)</u>	<u>(9,702)</u>	<u>-</u>
Provisions for liabilities & charges	19	<u>(110)</u>	<u>-</u>	<u>(440)</u>	<u>-</u>
		<u>(13,857)</u>	<u>(1,682)</u>	<u>(10,142)</u>	<u>-</u>
Net assets		<u>12,659</u>	<u>28,605</u>	<u>(6,174)</u>	<u>(786)</u>
Capital and reserves					
Called-up share capital:	21	29,969	29,969	-	-
Goodwill	23	(15,138)	-	(4,987)	-
Profit and loss account	23	(2,525)	(1,364)	(379)	(786)
Foreign currency translation reserve		41	-	4	-
Total equity shareholders' funds		<u>12,347</u>	<u>28,605</u>	<u>(5,362)</u>	<u>(786)</u>
Minority interests	25	<u>312</u>	<u>-</u>	<u>(812)</u>	<u>-</u>
		<u>12,659</u>	<u>28,605</u>	<u>(6,174)</u>	<u>(786)</u>

The financial statements on pages 5 to 35 were approved by the board of directors on 19 February 1997 and were signed on its behalf by:

Simon E G Lester
Director



Brian R Mackie
Director



Cott Retail Brands Limited

Consolidated cash flow statement for the year ended 27 January 1996

	Notes	1996 £'000	1995 £'000
Net cash (outflow)/inflow from continuing operating activities		(3,478)	3,232
Returns on investments and servicing of finance			
Interest paid, net of received		(502)	(709)
Interest paid on finance leases		(40)	(32)
Net cash outflow from returns on investments and servicing of finance		(542)	(741)
Taxation			
UK Corporation tax paid		(1,162)	-
Tax Paid		(1,162)	-
Investing activities			
Development expenditure capitalised		(371)	(95)
Purchase of tangible fixed assets		(4,839)	(11,325)
Receipts from sale of fixed tangible assets		-	12
Purchase of goodwill		(35)	(9,707)
Purchase of subsidiaries (net of cash acquired)	22	(8,416)	-
Net cash outflow from investing activities		(13,661)	(21,115)
Net cash outflow before financing		(18,843)	(18,624)
Financing			
Loan notes		(1,750)	1,750
Bank loans		(12,749)	12,700
Issue of share capital to minorities		-	5,765
Issue of share capital	21	29,969	-
Repayment of principal under finance leases		(469)	(283)
Loan from fellow subsidiary		10,000	-
Preference shares (purchased from)/issued to minorities		-	2
Net cash inflow from financing	26	25,001	19,934
Increase in cash and cash equivalents	27	6,158	1,310

Cott Retail Brands Limited

Reconciliation of operating loss to net cash flows from operating activities

	1996 £'000	1995 £'000
Operating loss before interest and tax	(1,920)	(611)
Depreciation of fixed intangible assets	115	27
Depreciation of fixed tangible owned assets	977	599
Depreciation of fixed tangible leased assets	184	101
Gain on sale of tangible fixed assets	-	(6)
Provision for permanent diminution in tangible fixed assets	-	584
Decrease/(Increase) in stocks	450	(7,841)
(Increase) in debtors	(1,292)	(12,544)
(Decrease)/Increase in creditors	(1,734)	22,605
(Decrease)/Increase in provisions	(258)	318
Net cash (outflow)/inflow from operating activities	<u>(3,478)</u>	<u>3,232</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

These financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The group accounts consolidate the accounts for the Company and all its subsidiaries up to 27 January 1996 and include the results of all subsidiaries for the period to 27 January 1996. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

The amounts taken for subsidiary companies are taken from the latest audited financial statements which all have the same accounting reference date.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates for this purpose are:

Freehold buildings	2.5%
Plant and machinery	8% - 33%
Computer equipment	20%
Motor vehicles	25%

Leasehold improvements are written off over the period of the lease.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks and work in progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. In general, cost is determined on the first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Foreign currencies

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date and the results of the foreign subsidiaries are translated at the average rate of exchange for the year. Differences on exchange arising from the re-translation of the opening net investment in the subsidiary companies, and from the translation of the results of those companies at the average rate, are taken to reserves and included in the Statement of Recognised Gains and Losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Goodwill

Goodwill, representing the difference between the fair value of the consideration paid and the fair value of the separable net assets acquired, is written off to reserves in the year of acquisition.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

Deferred development costs

Costs incurred in the development of new packaging are deferred and written off against income on a straight line basis over their estimated useful economic lives which is estimated to be three years.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied from the manufacture and sale of soft drinks.

Taxation

The charge for taxation is based on the profits for the period as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

Pension commitments arising in respect of the group's defined contribution scheme are charged to the profit and loss account on the basis of contributions payable for the period.

One subsidiary operates a defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

2 Analysis by geographical area

The directors consider there to be one class of business. The analysis by geographical area of the group's turnover, is set out below:

	Group 1996 £'000	Group 1995 £'000
Turnover		
United Kingdom	79,829	61,541
Rest of Europe	8,583	2,952
	<u>88,412</u>	<u>64,493</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

3 Directors' emoluments

The remuneration paid to the directors was for their services to the Group:

	Group 1996 £'000	Group 1995 £'000
Fees	246	208
Pension contributions	20	23
Other emoluments (including benefits in kind)	16	45
	<u>282</u>	<u>276</u>
Compensation for loss of office	-	45
	<u>282</u>	<u>321</u>

Fees and other emoluments (excluding pension contributions) include amounts paid to:

	Group 1996 £'000	Group 1995 £'000
The chairman and highest-paid director	<u>155</u>	<u>121</u>

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	1996 Number	1995 Number
£0 to £5,000	-	2
£20,001 to £25,000	-	1
£105,001 to £110,000	1	1
£120,001 to £125,000	-	1
£155,000 to £160,000	<u>1</u>	<u>-</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

4 Employee information

The average weekly number of persons (including executive directors) employed by the group during the period was:

	1996 Number	1995 Number
By activity		
Production	151	116
Selling and administration	56	42
	<u>207</u>	<u>158</u>
	1996 £'000	1995 £'000
Staff costs		
Wages and salaries (including directors)	4,797	2,566
Social security costs	476	270
Other pension costs (see note 20)	218	95
	<u>5,491</u>	<u>2,931</u>

5 Interest payable and similar charges

	1996 £'000	1995 £'000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	679	794
Repayable within 5 years, by instalments	7	-
On finance leases and hire purchase contracts	44	32
On loans from fellow subsidiary undertaking	423	-
	<u>1,153</u>	<u>826</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

6 Interest receivable

	1996 £'000	1995 £'000
Interest receivable on bank deposits	<u>355</u>	<u>277</u>

7 Loss on ordinary activities before taxation

	1996 £'000	1995 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation for the period:		
Tangible owned fixed assets	977	599
Tangible fixed assets held under finance leases	184	101
Intangible fixed assets	115	27
Gain on sale of tangible fixed assets	-	(6)
Provision for permanent diminution in tangible fixed assets	-	584
Auditors' remuneration:		
Audit services	94	55
Other services	132	169
Hire of warehouse - operating leases	560	1,384
Hire of plant and machinery	215	307
Hire of other assets - operating leases	<u>5</u>	<u>40</u>

Included in the result for the parent company is auditors remuneration of £10,000 (1995:£10,000) for audit services and £43,000 (1995:£40,000) for other services.

8 Taxation

	1996 £'000	1995 £'000
United Kingdom corporation tax at 33% (1995: 33%)		
Current	-	1,078
Deferred	(122)	122
Overseas taxation	36	-
Under/(over) provision in respect of prior years	<u>(3)</u>	<u>-</u>
	<u>(89)</u>	<u>1,200</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

9 Profit/(loss) for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial period was £578,000 (1995: loss £786,000).

10 Tangible fixed assets

Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Computer equipment £'000	Total £'000
Cost					
At 29 January 1995	4,047	55	8,243	457	12,802
Additions	61	-	4,628	359	5,048
Additions re new subsidiaries	1,005	-	7,357	-	8,362
Disposals	-	-	(105)	(51)	(156)
Exchange Difference	34	-	-	-	34
At 27 January 1996	5,147	55	20,123	765	26,090
Depreciation					
At 29 January 1995	69	2	1,160	50	1,281
Charge for period	105	5	888	163	1,161
Added re new subsidiaries	119	-	3,126	-	3,245
Eliminated in respect of disposals	-	-	(105)	(51)	(156)
At 27 January 1996	293	7	5,069	162	5,531
Net book value					
At 27 January 1996	4,854	48	15,054	603	20,559
At 29 January 1995	3,978	53	7,083	407	11,521

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

10 Tangible fixed assets (Continued)

£13,256,000 of the fixed assets are subject to a fixed and floating charge in favour of Lloyds Bank plc.

£2,411,000 of the fixed assets are subject to a fixed and floating charge in favour of Barclays Bank plc.

The net book value of tangible fixed assets includes an amount of £2,936,000 (1995:£1,535,000) in respect of assets held under finance leases.

Company

	Leasehold improvements £'000	Plant and machinery £'000	Computer equipment £'000	Total £'000
Cost				
At 29 January 1995	55	96	457	608
Additions	-	118	158	276
Disposals	-	(23)	(5)	(28)
At 27 January 1996	<u>55</u>	<u>191</u>	<u>610</u>	<u>856</u>
Depreciation				
At 29 January 1995	2	5	50	57
Charge for year	5	35	113	153
Disposals	-	(20)	(5)	(25)
At 27 January 1996	<u>7</u>	<u>20</u>	<u>158</u>	<u>185</u>
Net book value				
At 27 January 1996	<u>48</u>	<u>171</u>	<u>452</u>	<u>671</u>
At 29 January 1995	<u>53</u>	<u>91</u>	<u>407</u>	<u>551</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

11 Intangible fixed assets

Deferred Development Costs	Company	Group
	£'000	£'000
Cost		
As at 29 January 1995	-	95
Additions	16	371
	<hr/>	<hr/>
At 27 January 1996	16	466
	<hr/>	<hr/>
Amortisation		
As at 29 January 1995	-	27
Charge for the year	-	115
	<hr/>	<hr/>
At 27 January 1996	-	142
	<hr/>	<hr/>
Net book value		
At 27 January 1996	16	324
	<hr/>	<hr/>
At 29 January 1995	-	68
	<hr/>	<hr/>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

12 Fixed asset Investments

Interests in group undertakings

Company	£'000
Cost	
At 29 January 1995	-
Additions	30,026
At 27 January 1996	<u>30,026</u>

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by group	Proportion of nominal value of issued shares held by company
Cott UK Holdings Limited (formerly Cott UK Limited)	England	Ordinary £1 shares	100%	100%
Cott UK Limited (formerly Benjamin Shaw (Pontefract) Limited)	England	Ordinary £1 shares Preferred £1 shares	100% 100%	100% 100%
Crystal Drinks Limited	England	'A' Ordinary 10p shares Preferred ordinary 10p shares	100% 100%	100% 100%
Cott Norway AS	Norway	Ordinary shares of NOK 1,000 each	80%	-
Telemark Springwater AS	Norway	Ordinary shares of NOK 1,000 each	68%	-

The principal business of all the above companies was the distribution and sale of soft drinks. Cott UK Holdings Limited ceased trading during the year, having transferred its trade to Cott UK Limited.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

13 Stocks

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Raw materials	4,931	-	3,598	-
Finished goods	3,582	-	4,243	-
	<u>8,513</u>	<u>-</u>	<u>7,841</u>	<u>-</u>

14 Debtors

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Amounts falling due within one year				
Trade debtors	9,985	-	8,511	-
Amounts owed by subsidiary undertakings	-	9,142	-	-
Amounts owed by fellow subsidiary undertakings	3,755	3,676	1,994	1,848
Amounts owed by ultimate parent undertaking	245	245	-	-
Other debtors	3,205	608	2,231	174
Prepayments and accrued income	320	112	85	49
	<u>17,510</u>	<u>13,783</u>	<u>12,821</u>	<u>2,071</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

15 Creditors: amounts falling due within one year

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Bank loans and overdrafts (variable)	119	-	6,130	73
Loan notes (fixed)	-	-	1,750	-
Obligations under finance leases	684	-	288	-
Deferred consideration	841	841	-	-
Trade creditors	13,610	324	11,646	888
Amounts owed to subsidiary undertakings	-	12,301	-	1,134
Amounts owed to fellow subsidiary undertakings	6,707	3,053	6,871	4,113
Amounts owed to ultimate parent undertaking	338	-	119	119
Corporation tax	287	43	1,078	-
Other taxation and social security payable	1,251	209	1,007	-
Other creditors	1,485	-	1,439	-
Accruals	2,536	372	1,395	380
	<u>27,858</u>	<u>17,143</u>	<u>31,723</u>	<u>6,707</u>

The loan notes represented 7.5% unsecured loans granted to the group by Rutland Trust plc which were repaid on 31 March 1995.

The bank loans and overdraft are secured by fixed and floating charges over the assets of the group.

16 Creditors: amounts falling due after more than one year

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Amounts due to fellow subsidiary	10,000	-	-	-
Bank loans and overdrafts (variable)	447	-	8,700	-
Obligations under finance leases	1,618	-	1,002	-
Deferred Consideration	1,682	1,682	-	-
	<u>13,747</u>	<u>1,682</u>	<u>9,702</u>	<u>-</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

17 Bank loans and overdrafts, and deferred consideration

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Repayable as follows:-				
In one year or less	960	-	6,130	73
Between one and two years	1,981	-	8,700	-
Between two and five years	10,148	-	-	-
	<u>13,089</u>	<u>-</u>	<u>14,830</u>	<u>73</u>

The £8,700,000 loan disclosed in 1995 formed part of a £20,000,000 revolving term facility secured by an unconditional and irrevocable guarantee by the ultimate parent company Cott Corporation. It was repaid on 5 July 1995.

One subsidiary has an ECSC loan of £346,000, which had a capital repayment holiday until January 1996. The rate of interest is fixed at 11% per annum.

One subsidiary has a £10,000,000 loan from an associated company, drawn under a five-year term loan facility. Interest is payable quarterly at a rate of interest equal to LIBOR plus 0.625%.

The deferred consideration is in respect of the acquisition of a subsidiary (see note 22).

18 Finance leases

The future minimum lease payments to which the group is committed under finance leases and hire purchase contracts are as follows:

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
In one year or less	684	-	288	-
Between two and five years	1,377	-	721	-
Over five years	241	-	281	-
	<u>2,302</u>	<u>-</u>	<u>1,290</u>	<u>-</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

19 Provisions for liabilities and charges

	Deferred taxation (see below) £'000	Other provisions £'000	Total £'000
Group			
At 29 January 1995	122	318	440
Assumed with new subsidiary	50	-	50
Profit and loss account	(122)	(258)	(380)
	<hr/>	<hr/>	<hr/>
At 27 January 1996	50	60	110
	<hr/>	<hr/>	<hr/>
Company			
At 29 January 1995	-	-	-
Profit and loss account	-	-	-
	<hr/>	<hr/>	<hr/>
At 27 January 1996	-	-	-
	<hr/>	<hr/>	<hr/>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

Group	Amount provided 1996 £'000	Amount provided 1995 £'000	Amount unprovided 1996 £'000	Amount unprovided 1995 £'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	50	-	1,226	223
Unrelieved tax losses	-	-	(1,938)	(1498)
Other	-	122	(142)	(22)
	<u>50</u>	<u>122</u>	<u>(854)</u>	<u>(1297)</u>

Company	Amount provided 1996 £'000	Amount provided 1995 £'000	Amount unprovided 1996 £'000	Amount unprovided 1995 £'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	-	-	-	-
Unrelieved tax losses	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

20 Pension obligations

Cott Retail Brands Limited operates a Group Personal Pension Scheme for certain employees. This is a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £98,000 (1995: £87,000) for the period. Contributions totalling £10,000 were payable to the fund at the period end and are included in creditors.

One subsidiary operates a defined benefits scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company. The total pension cost for this scheme was £21,000 (1995 : NIL). The pension cost is assessed in accordance with the advice of an independent qualified actuary using the aggregate method. The latest actuarial valuation of the scheme was at 28 February 1995. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment return would be 10% per annum and that salary increases would average 7% per annum. At the date of the latest actuarial valuation, the market value of the assets of the scheme was £733,000 and the actuarial value of the assets was sufficient to cover 103% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The contributions of the company and employees will remain at 12% and 5% respectively.

21 Called-up share capital

	1996 £	1995 £
Authorised		
100,000,000 (1995 : 1000) ordinary shares of £1 each	100,000,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
29,968,500 (1995 : 2) shares of £1 each	29,968,500	2
	<hr/>	<hr/>

The authorised share capital of the company was increased to 100,000,000 ordinary shares on 20 December 1995 in order to give the company a more appropriate capital structure. On the same date 26,000,000 shares were allotted at par for cash. On 22 December 1995, a further 3,968,498 shares were allotted at par for cash.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

22 Acquisitions

Benjamin Shaw Pontefract Ltd

On 1 June 1995 the group acquired the remaining 49% of its subsidiary, Benjamin Shaw (Pontefract) Limited which it did not already own. Since this transaction merely increased the holding in a subsidiary whose assets and liabilities were already included on consolidation, no new identifiable assets and liabilities have been added to the group.

At the date on which Benjamin Shaw (Pontefract) Ltd first became a subsidiary a fair value acquisition exercise was conducted, and since that date the company has followed group accounting policies. Consequently no further valuation adjustments were necessary as at 1 June 1995.

The minority shareholder's share of net liabilities as at 1 June 1995 was £1,479,000.

The total consideration paid was £5,036,000, including acquisition expenses of £36,000, and was satisfied in cash, resulting in goodwill of £6,515,000.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

22 Acquisitions (cont)

Crystal Drinks Limited

On 1 December 1995 the group acquired 100% of Crystal Drinks Limited. The assets and liabilities acquired are set out below:-

	Book Value £'000	Accounting Policy Alignment £'000	Fair Value £'000
Tangible Fixed Assets			
Land & Buildings	886	-	886
Plant & Machinery	3,520	80	3,600
	<hr/> 4,406	<hr/> 80	<hr/> 4,486
Current Assets			
Stock	1,076	-	1,076
Trade Debtors	3,083	-	3,083
Other Debtors	100	-	100
Cash at bank and in hand	65	-	65
	<hr/> 8,730	<hr/> 80	<hr/> 8,810
Total Assets			
Liabilities			
Creditors	(4,720)	-	(4,720)
Bank loans and overdraft	(395)	-	(395)
Finance Lease Obligations	(1,272)	-	(1,272)
Deferred Tax	(50)	-	(50)
	<hr/> 2,293	<hr/> 80	<hr/> 2,373
Net Assets			
Goodwill			3,474
			<hr/> 5,847
Satisfied by			
Cash			3,057
Acquisition Expenses			267
Deferred Consideration			2,523
			<hr/> 5,847

The accounting policy alignment was to change the estimated useful lives of fixed tangible assets to the same as those of the group.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

22 Acquisitions (cont)

Crystal Drinks Limited (cont)

Deferred consideration is payable as follows; £841,000 on 8 April 1996, and £1,682,000 on 26 May 1997. These amounts are included in creditors in the group balance sheet.

Crystal Drinks Limited had no material impact on the group's cash flows in the period 1 December 1995 to 27 January 1996.

The summarised profit and loss accounts for Crystal Drinks Limited for the period from 26 February 1995, the beginning of the subsidiary's financial year, to the date of acquisition, and from that date to 27 January 1996 are as follows:-

	Period ended 1 Dec 95 £'000	Period 1 Dec 95 to 27 Jan 96 £'000
Turnover	15,060	2,447
Cost of Sales	(11,570)	(2,047)
Gross Profit	3,490	400
Distribution Costs	(550)	(91)
Administrative Expenses	(1,808)	(114)
Operating Profit	1,132	195
Interest Payable	(104)	(25)
Profit on ordinary activities before taxation	1,028	170
Tax on profit on ordinary activities	(379)	(56)
Profit on ordinary activities after taxation	649	114

The profit on ordinary activities after taxation for the year ended 25 February 1995 was £607,000.

The company had no recognised gains or losses other than the profits above in either of the two periods mentioned above, therefore no separate statement of total recognised gains and losses has been presented.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

22 Acquisitions (cont)

Other Acquisitions

On 28 July 1995 the group acquired 68% of Telemark Springwater AS, in Norway. The fair value of assets and liabilities acquired was as follows:-

	£'000
Tangible Fixed Assets	
Land & Buildings	-
Plant & Machinery	631
	<hr/>
	631
Current Assets	
Stock	23
Trade Debtors	12
Other Debtors	168
Cash at bank and in hand	7
	<hr/>
Total Assets	841
Liabilities	
Creditors	(493)
Bank loans	(220)
	<hr/>
Net Assets	
Group's share of net assets acquired	87
Goodwill	41
	<hr/>
	128
	<hr/>
Satisfied by	
Cash	128
	<hr/>

No valuation adjustments were made relating to this acquisition. This acquisition is not considered to be material and further disclosures are therefore not required.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

22 Acquisitions (cont)

Analysis of the aggregate outflow of cash and cash equivalents in respect of acquisitions

Acquisition	Crystal Drinks Limited	Benjamin Shaw (Pontefract) Ltd	Telemark Springwater AS	Total
	£'000	£'000	£'000	£'000
Purchase consideration (Cash or cash equivalents paid at year end including acquisition expenses)	(3,324)	(5,036)	(128)	(8,488)
Cash or cash equivalents at acquisition date in the acquired company's books, now controlled by the group	65	Nil*	7	72
Net cash (outflow)	<u>(3,259)</u>	<u>(5,036)</u>	<u>(121)</u>	<u>(8,416)</u>

*Note: The purchase of the minority interest in Benjamin Shaw (Pontefract) Limited did not increase the amount of cash held within that company.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

23 Reserves

	Goodwill	Profit and loss account
	£'000	£'000
Group		
At 29 January 1995	(4,987)	(379)
Goodwill written off	(10,151)	-
Retained loss for the year	-	(2,146)
At 27 January 1996	<u>(15,138)</u>	<u>(2,525)</u>

24 Reconciliation of movement in equity shareholders funds

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
Share capital contributed	29,969	29,969	-	-
Loss for the financial period	(2,146)	(578)	(379)	(786)
Goodwill written off to reserves	(10,151)	-	(4,987)	-
Foreign currency translation reserve	37	-	4	-
Net addition to shareholders' funds	<u>17,709</u>	<u>29,391</u>	<u>(5,362)</u>	<u>(786)</u>
Opening shareholders' funds	<u>(5,362)</u>	<u>(786)</u>	<u>-</u>	<u>-</u>
Closing shareholders' funds	<u><u>12,347</u></u>	<u><u>28,605</u></u>	<u><u>(5,362)</u></u>	<u><u>(786)</u></u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

25 Minority Interest

	Group 1996 £'000	Company 1996 £'000	Group 1995 £'000	Company 1995 £'000
At 29 January 1995	(812)	-	-	-
Equity contribution	163	-	5,889	-
Goodwill	(35)	-	(4,720)	-
Repurchase of minority interests	1,479	-	-	-
Profit and loss account	(483)	-	(1,981)	-
	<u>312</u>	<u>-</u>	<u>(812)</u>	<u>-</u>
Equity minority interests at 27 January 1996	<u>312</u>	<u>-</u>	<u>(812)</u>	<u>-</u>

26 Analysis of changes in financing during the year

	Share Capital £'000	Borrowings £'000	Total £'000
At 29 January 1995	-	15,740	15,740
Net cash flow from financing	29,969	(4,968)	25,001
Inception of finance lease contracts	-	209	209
Deferred consideration created at acquisition	-	2,523	2,523
Bank loans assumed at acquisition	-	615	615
Finance leases assumed at acquisition	-	1,272	1,272
	<u>29,969</u>	<u>15,391</u>	<u>45,360</u>
At 27 January 1996	<u>29,969</u>	<u>15,391</u>	<u>45,360</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

27 Analysis of cash and cash equivalents

	1996 £'000	1995 £'000
Analysis of changes during the year		
At 29 January 1995	1,310	-
Net cash inflow	6,158	1,310
Effect of foreign exchange rate changes	-	-
	<u>7,468</u>	<u>1,310</u>
At 27 January 1996	<u>7,468</u>	<u>1,310</u>

	1996 Cash and cash equivalents £'000	1995 Cash and cash equivalents £'000	Change in Year £'000
Analysis of balances			
Cash at bank and in hand	7,468	3,440	4,028
Bank overdrafts	-	(2,130)	2,130
	<u>7,468</u>	<u>1,310</u>	<u>6,158</u>

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

28 Contingent liabilities

The Group has received a claim from a supplier for an amount of £487,000, in respect of alleged non-performance of a contract. The directors have taken advice and believe there is no merit to the claim, consequently no provision has been made in these financial statements.

29 Capital commitments

	1996 £'000	1995 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>826</u>	<u>Nil</u>
Capital expenditure that has been authorised by the directors but has not yet been contracted for	<u>Nil</u>	<u>Nil</u>

30 Post Balance Sheet Event

On 17 January 1997 the group acquired the 20% minority stake in Cott Norway AS for a consideration of NOK 4,000,000.

Cott Retail Brands Limited

Notes to the financial statements for the year ended 27 January 1996 (Continued)

31 Financial commitments

At 27 January the group had annual commitments under non-cancellable operating leases as follows:

Group

	1996 £'000	1995 £'000
Expiring within one year	38	1,594
Expiring between two and five years inclusive	74	357
Expiring in over five years	171	62
	<u>283</u>	<u>2,013</u>

32 Ultimate parent company

The ultimate parent company is Cott Corporation, a company incorporated in Canada.

Copies of the ultimate parent's consolidated financial statements may be obtained from The Secretary, Cott Retail Brands Limited, 3rd Floor, 5 Princes Gate, London SW7 1QJ.