

ANNUAL REPORT AND ACCOUNTS 1996

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BOARD OF DIRECTORS

Managing Director

D.R. Williams

Directors

H. Blanks
R. Cameron
J.E. Couton
K.W. Dennis
D. Jephson
B.E. Smith
J.C. Turner
K.J. White

Secretary

H. Blanks

Registered Office

Charter Place
Uxbridge UB8 1EZ

Registered Number

27173

Auditors

Arthur Andersen
1 Surrey Street
London WC2R 2PS



REPORT OF THE DIRECTORS

The directors present their report, together with the audited accounts of the Company for the period of 52 weeks ended 28 December 1996 (the 'year').

Results and dividends

The profit on ordinary activities for the year, after taxation, was £74.7 million (1995 £68.2 million).

A first interim dividend of £100.0 million has been paid and the directors propose to pay a second interim dividend of £39.4 million making a total dividend of £139.4 million for the year (1995 £118.2 million). The resulting transfer from reserves amounts to £64.7 million (1995 £50.0 million).

Review of the Business

The activity of the Company continues to be the manufacture, sale and distribution of soft drinks throughout Great Britain. Leading brands including Coca-Cola, Diet Coca-Cola, Schweppes, Canada Dry, Fanta, Lilt, Sprite, Kia-Ora, Roses, Gini, Cresta, Appletise, Malvern Water, Oasis, Perrier, Vittel, Ashbourne, Buxton and Capri Sun are sold under licence.

Sales volumes fell by 4% in 1996 compared to those achieved in 1995, which had benefited from exceptionally good summer weather. Competition amongst soft drink suppliers remained fierce.

Profit before taxation rose by 6% compared to that earned in 1995.

On 9 August 1996 Cadbury Schweppes Public Limited Company and Coca-Cola Holdings (United Kingdom) Limited entered into a share purchase agreement with a subsidiary of Coca-Cola Enterprises Inc. ("CCE") for the sale of their shareholdings in Amalgamated Beverages Great Britain Limited, the Company's immediate parent company, subject to certain conditions. These conditions included, inter alia, the Commission of the European Communities adopting a decision declaring the disposal compatible with the common market (the "Merger Clearance") and the Commission granting clearance in respect of each licensing agreement to be entered into on completion of the disposal between Cadbury Schweppes Public Limited Company and the Company which set out the basis on which the Company will continue to bottle and distribute Cadbury Schweppes' brands in Great Britain following the disposal (the "Licensing Agreements Clearance").

Following a second phase investigation into the disposal by the Commission, the Merger Clearance was received by CCE on 22 January 1997.

Completion of the disposal will occur once the Licensing Agreements Clearance is received from the Commission.

On 6 December 1996, the Company received notification from the Commission of the European Communities of a complaint by Virgin Trading Company Limited regarding alleged breach by the Company of Article 86 of the EEC Treaty. The Company is in the process of responding to the Commission.

REPORT OF THE DIRECTORS **(Continued)**

Research

Basic research in the soft drinks field is undertaken for the Company by fellow subsidiary undertakings of Cadbury Schweppes Public Limited Company, and within The Coca-Cola Company.

Board of directors

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 H. Blanks who was appointed on 2 March 1996.

Details of directors' interests are set out in note 27.

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.

Disabled employees

The Company always considers carefully an application for employment by any registered disabled person. If an employee becomes disabled it is standard practice to offer an alternative job in all but the most extreme circumstances and to provide retraining where necessary. The Company's training, development and promotion policies provide for equal opportunities for minority groups, including the disabled.

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. The company has again operated a performance related pay scheme in 1996 in which most employees participated.

Charitable contributions

During the year contributions within Great Britain to charities or equivalent organisations amounted to £26,156.

Annual General Meeting and Auditors

Resolutions have been passed in accordance with the provisions of sections 366(a) and 386 of the Companies Act 1985 such that the Company is not required to hold an Annual General Meeting or annually reappoint the auditors.

By order of the Board,


H. Blanks

Secretary



RESPONSIBILITIES OF THE DIRECTORS

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 accounts the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed and that the going concern basis has been applied.

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 accounts 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.

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
COCA-COLA & SCHWEPES BEVERAGES LIMITED**

We have audited the accounts on pages 6 to 27 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and following the accounting policies set out on pages 10 to 12.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of accounts and 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 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 28 December 1996 and of its profit and cashflows for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

4 February 1997

PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 28 DECEMBER 1996 (NOTE 2)

	Notes	1996 £'000	1995 £'000
TURNOVER	4	931,005	904,139
Cost of sales - ordinary business		(617,461)	(611,635)
- property revaluation		-	(6,490)
GROSS PROFIT		313,544	286,014
Net operating expenses	5	(189,697)	(173,390)
Operating Profit	6	123,847	112,624
Profit/(loss) on sale of tangible fixed assets		153	(344)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		124,000	112,280
Net interest	9	(6,244)	(1,142)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		117,756	111,138
Tax on profit on ordinary activities	10	(43,073)	(42,938)
PROFIT FOR THE FINANCIAL YEAR		74,683	68,200
Dividends paid and proposed on equity shares	11	(139,400)	(118,200)
Transfer from retained earnings for the year		(64,717)	(50,000)
		=====	=====

The accompanying notes are an integral part of this profit and loss account.

A statement of the movements on reserves is shown in note 20.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

FOR THE 52 WEEKS ENDED 28 DECEMBER 1996 (NOTE 2)

	1996	1995
	£'000	£'000

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit and total recognised gains and losses for the financial year	74,683	68,200
	=====	=====

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Total recognised gains and losses as above	74,683	68,200
Property revaluation	-	(6,073)
Dividends to ordinary shareholders	(139,400)	(118,200)
	-----	-----
Net decrease in shareholders' funds	(64,717)	(56,073)
Opening shareholders' funds	64,960	121,033
	-----	-----
Closing shareholders' funds	243	64,960
	=====	=====

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Profit on ordinary activities before taxation	117,756	111,138
Realisation of property revaluation surpluses	-	1,058
Adjustment of depreciation to historical cost basis	(127)	148
Property revaluation	-	6,490
	-----	-----
Historical cost profit on ordinary activities before taxation	117,629	118,834
	=====	=====
Historical cost profit attributable to ordinary shareholders	74,556	75,896
	=====	=====

The accompanying notes are an integral part of this statement.

BALANCE SHEET

AS AT 28 DECEMBER 1996 (NOTE 2)

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	12	196,880	199,519
CURRENT ASSETS			
Stocks	13	36,494	33,029
Debtors - due within one year	14	122,545	126,900
- due after one year	14	24,811	17,050
Cash at bank and in hand		42,531	21,371
		<u>226,381</u>	<u>198,350</u>
Creditors: Amounts falling due within one year	15	(361,580)	(246,187)
NET CURRENT LIABILITIES		<u>(135,199)</u>	<u>(47,837)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		61,681	151,682
Creditors: Amounts falling due after more than one year	16	(51,372)	(78,715)
Provisions for liabilities and charges	18	(10,066)	(8,007)
		<u>243</u>	<u>64,960</u>
EQUITY CAPITAL AND RESERVES			
Called-up equity share capital	19	2	2
Profit and loss account	20	41	64,758
CALLED-UP NON-EQUITY SHARE CAPITAL	19	200	200
TOTAL CAPITAL EMPLOYED		<u>243</u>	<u>64,960</u>

On behalf of the Board

Director: *D.R. Williams* D.R. Williams

4 February 1997

The accompanying notes are an integral part of this balance sheet.

CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 28 DECEMBER 1996

	Notes	1996 £'000	1995 £'000
OPERATING ACTIVITIES			
Net cash inflow from operating activities	17	176,175	153,542
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(6,952)	(4,449)
Interest received		358	3,235
		<u>(6,594)</u>	<u>(1,214)</u>
TAXATION			
		(70,068)	(37,253)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(42,644)	(24,100)
Receipts from sale of tangible fixed assets		1,266	2,488
		<u>(41,378)</u>	<u>(21,612)</u>
EQUITY DIVIDENDS PAID			
		(168,200)	(136,600)
NET CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING			
		(110,065)	(43,137)
MANAGEMENT OF LIQUID RESOURCES			
Net disposals of short-term investments		10,640	63,163
FINANCING			
Finance leases repaid		(4,140)	(5,675)
Increase in interest free loan from Cadbury Schweppes Public Limited Company		125,000	-
Net cash inflow/(outflow) from financing		<u>120,860</u>	<u>(5,675)</u>
INCREASE IN CASH	17	<u>21,435</u>	<u>14,351</u>

The accompanying notes are an integral part of this statement.

NOTES ON THE ACCOUNTS

1. Accounting Policies

A summary of the principal accounting policies is set out below all of which have been applied consistently throughout the year and with the preceding year, except as noted.

(a) Accounting convention

The accounts are prepared under the historical cost convention, modified for the revaluation of certain fixed assets and in accordance with applicable accounting standards.

(b) Financial year

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

(c) Foreign currencies

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

(d) Turnover

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

(e) Deferred taxation

Credit is taken for advance corporation tax paid to the extent that it is recoverable against the liability to corporation tax in the foreseeable future.

Deferred taxation recoverable is recognised on short term timing differences arising from provisions for pensions, reorganisations and other items.

Provision is made for deferred taxation, using the liability method, on other timing differences to the extent that these amounts are regarded as likely to become payable in the foreseeable future.

The principal categories of timing differences are :

- (i) The excess of book value of tangible fixed assets over their tax written down value.
- (ii) The excess of leasing rentals over the depreciation of leased assets and associated finance charges.
- (iii) Income and expenditure in the accounts of the current year dealt with in other years for taxation purposes.
- (iv) Revaluation surpluses in respect of projected property sales on the assumption that the properties are sold at the revalued figures.

NOTES ON THE ACCOUNTS
(Continued)

(f) Stocks

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

(g) Tangible fixed assets

Depreciation is charged on the original cost or subsequent valuation of assets (excluding freehold land and assets in the course of construction).

The principal annual rates are as follows :

Freehold buildings and long leasehold properties	2.5%
Plant and equipment	10%
Vehicles	12.5% - 20%
Office equipment	20%

Short leasehold properties are depreciated over the life of the lease.

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

Investment and development grants are shown as deferred income, and credited to the profit and loss account by instalments on a basis consistent with depreciation policy.

Returnable containers, including those in customers' hands, are valued at the deposit value charged to customers with due provision for obsolescence where required. Any write down to deposit value is charged to the profit and loss account.

Major software development costs (comprising the cost of bought-in packages and related labour costs incurred during installation, whether supplied externally or from within the group) are capitalised and subsequently amortised over the expected useful life of the product.

(h) Fixed assets held under leases

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

Depreciation of 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.

NOTES ON THE ACCOUNTS (Continued)

(i) Revaluation of properties

Freehold and leasehold properties are revalued every five years and the surplus/deficit on book value included as a movement on revaluation reserve. In subsequent years transfers are made to retained profits in order to amortise the surplus/deficit over the remaining useful lives of the properties. On disposal the unamortised revaluation surplus or deficit on a property is transferred to retained profits.

(j) Pension costs

The costs of providing pensions and other termination benefits are charged to the profit and loss account on a consistent basis over the service lives of 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 that such costs do not equate with cash contributions a provision or prepayment is recognised in the balance sheet.

(k) Liquid resources

The Company has adopted the provisions of Financial Reporting Standard 1 as revised October 1996. In accordance with this revised standard, liquid resources are defined as current asset investments which are readily convertible into known amounts of cash without curtailing or disrupting the business. Liquid resources represent cash transferred to a group company on short term loan and are included within debtors.

2. Accounts

The profit and loss accounts cover the 52 weeks from 31 December 1995 to 28 December 1996, and the 52 weeks from 1 January 1995 to 30 December 1995. The balance sheets for 1996 and 1995 have been drawn up at 28 December 1996 and 30 December 1995 respectively.

3. Ultimate parent company

The Company's ultimate parent company is Cadbury Schweppes Public Limited Company, registered in England and Wales. Copies of the Group Accounts of Cadbury Schweppes Public Limited Company are available from 25 Berkeley Square, London W1X 6HT.

The only intermediate parent company is Amalgamated Beverages Great Britain Limited which is also registered in England and Wales and whose accounts are not available to the public.

4. Turnover and profit on ordinary activities before taxation

The Company has a single activity which is the manufacture, sale and distribution of soft drinks in Great Britain.

5. Net operating expenses

	1996 £'000	1995 £'000
Distribution costs, including marketing	158,627	141,862
Administration expenses	31,070	31,528
	<u>189,697</u>	<u>173,390</u>
	=====	=====

NOTES ON THE ACCOUNTS
(Continued)

6. Operating profit

	1996 £'000	1995 £'000
Operating profit is stated after charging:		
Depreciation on owned assets including container usage	27,891	24,426
Depreciation on leased assets under finance leases	7,805	8,854
Operating lease rentals		
- plant and machinery	7,066	5,883
- properties	4,027	3,751
Auditors' remuneration - audit services	143	106
- non-audit services	10	13
and after crediting:		
Amortisation of government grants	(47)	(48)
	==	==

7. Directors' emoluments

	£'000	£'000
Salary and benefits	2,390	2,065
Pension contributions	370	344
	<u>2,760</u>	<u>2,409</u>
	=====	=====
	£	£
Emoluments of the highest paid director (excluding pension contributions)	520,577	483,011
Number of directors whose emoluments (excluding pension contributions) were within the ranges :		
	Number	Number
£5,001 - £10,000	-	1
£140,001 - £145,000	-	1
£145,001 - £150,000	1	-
£195,001 - £200,000	-	1
£215,001 - £220,000	1	-
£225,001 - £230,000	-	1
£235,001 - £240,000	3	1
£240,001 - £245,000	1	1
£245,001 - £250,000	-	1
£250,001 - £255,000	1	-
£275,001 - £280,000	-	1
£295,001 - £300,000	1	-
£480,001 - £485,000	-	1
£520,001 - £525,000	1	-

NOTES ON THE ACCOUNTS (Continued)

8. Employees and emoluments

	1996 Number	1995 Number
The average number of employees (including directors) employed by the Company was :		
Production	1,333	1,291
Distribution and marketing	1,564	1,371
Administration	341	334
	<u>3,238</u>	<u>2,996</u>
	=====	=====
Emoluments for the above comprised :	£'000	£'000
Wages and salaries	80,270	79,183
Social security costs	6,225	6,288
Other pension costs	4,568	3,753
	<u>91,063</u>	<u>89,224</u>
	=====	=====

9. Net interest

	1996 £'000	1995 £'000
Finance leases	1,431	1,435
Bank overdrafts and other short term borrowings	68	83
Inter-company interest paid	5,059	2,859
Interest payable	<u>6,558</u>	<u>4,377</u>
	-----	-----
Less:		
Interest on short-term loans and deposits	(16)	(37)
Inter-company interest received	(298)	(3,198)
Interest receivable	<u>(314)</u>	<u>(3,235)</u>
	-----	-----
Net interest	<u>6,244</u>	<u>1,142</u>
	=====	=====

NOTES ON THE ACCOUNTS
(Continued)

10. Tax on profit on ordinary activities

	1996 £'000	1995 £'000
Corporation tax at 33%	39,704	39,926
Deferred taxation (note 18)	2,674	2,455
Charge for the year	<u>42,378</u>	<u>42,381</u>
(Over)/underprovision in previous years:		
Corporation tax	(406)	(41)
Deferred taxation (note 18)	1,101	598
	<u>43,073</u> =====	<u>42,938</u> =====

Corporation tax payable is provided on taxable profits at the current rate as noted above. The charge of £43.1m (1995 £42.9m) was increased by £0.3m (1995 £0.3m) because timing differences, which reversed during the year, had not been previously provided for.

11. Dividends paid and proposed on equity shares

	1996 £'000	1995 £'000
First interim paid £500 (1995 £250) per ordinary share	100,000	50,000
Second interim proposed £197 (1995 £Nil) per ordinary share	39,400	-
Final proposed £Nil (1995 £341) per ordinary share	-	68,200
	<u>139,400</u> =====	<u>118,200</u> =====

NOTES ON THE ACCOUNTS (Continued)

12. Tangible fixed assets

	Land and buildings	Plant and equipment	In course of construction	Total
(a) Movement during the year	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>				
At beginning of year	72,478	272,149	14,172	358,799
Additions	-	15,307	18,863	34,170
Transfer on completion	1,216	28,827	(30,043)	-
Disposals	-	(7,006)	-	(7,006)
Transfers to other group undertakings	(467)	(8)	-	(475)
At end of year	<u>73,227</u>	<u>309,269</u>	<u>2,992</u>	<u>385,488</u>
<u>Depreciation</u>				
At beginning of year	(1,060)	(158,220)	-	(159,280)
Depreciation for year	(1,288)	(34,408)	-	(35,696)
Disposals	-	6,359	-	6,359
Transfers to other group undertakings	4	5	-	9
At end of year	<u>(2,344)</u>	<u>(186,264)</u>	<u>-</u>	<u>(188,608)</u>
<u>Net book value</u>				
At end of year	<u>70,883</u>	<u>123,005</u>	<u>2,992</u>	<u>196,880</u>
At beginning of year	<u>71,418</u>	<u>113,929</u>	<u>14,172</u>	<u>199,519</u>

Plant and equipment includes fixtures and fittings. Assets in course of construction includes payments on account. Plant and equipment also includes returnable containers of £8.1m (1995 £8.8m) which have been stated at deposit rate as charged to customers. Their value at most recent purchase price would be £15.7m (1995 £15.1m).

NOTES ON THE ACCOUNTS
(Continued)

12. Tangible fixed assets (Continued)

	1996 £'000	1995 £'000
(b) Finance Leases		
Included in tangible fixed assets are :		
Plant and equipment under finance leases	84,589	85,451
Less : accumulated depreciation	(68,028)	(61,044)
	<u>16,561</u>	<u>24,407</u>
	=====	=====
(c) Land and buildings		
Freehold	68,792	69,172
Short leasehold	2,091	2,246
Net book value	<u>70,883</u>	<u>71,418</u>
	=====	=====
Analysis of gross value		
Professionally valued		
- Existing use	64,315	64,782
- Alternative use	4,175	4,175
At cost	4,737	3,521
	<u>73,227</u>	<u>72,478</u>
	=====	=====

The properties were professionally revalued in 1995.

If the revalued assets were stated on a historical basis, the amounts would be as follows :

Land and buildings at cost	82,949	83,345
Accumulated depreciation thereon	(9,610)	(8,466)
	<u>73,339</u>	<u>74,879</u>
	=====	=====
Depreciation charge for the year	1,199	840
	=====	=====

NOTES ON THE ACCOUNTS
(Continued)

13. Stocks

	1996 £'000	1995 £'000
Raw materials and consumables	10,558	11,513
Finished goods and goods for resale	20,469	16,760
Consumable stores and other stocks	5,467	4,756
	<u>36,494</u>	<u>33,029</u>
	=====	=====

The replacement cost of the stocks is not materially different from the balance sheet value.

14. Debtors

	£'000	£'000
Receivable within one year :		
Trade debtors	90,662	81,037
Amounts owed by other group undertakings	15,463	18,852
Loans to employees	23	19
Other debtors	4,608	6,492
Prepayments and accrued income	11,789	10,450
Advance corporation tax recoverable	-	10,050
	<u>122,545</u>	<u>126,900</u>
	=====	=====
Receivable after more than one year :		
Advance corporation tax recoverable	24,811	17,050
	=====	=====

15. Creditors: Amounts falling due within one year

	£'000	£'000
Borrowings:		
Bank overdraft (unsecured)	174	449
Current obligations under finance leases	3,216	4,060
Interest free loan from immediate parent company	2,462	2,462
Loans from Cadbury Schweppes Public Limited Company:		
Interest free	125,000	-
Interest bearing	24,000	-
	<u>154,852</u>	<u>6,971</u>
	=====	=====

The interest bearing loan from Cadbury Schweppes Public Limited Company is at 11.65% fixed interest rate per annum for 10 years from 11 December 1989 but will be repaid on completion of the proposed purchase of the immediate parent company by Coca-Cola Enterprises Inc.

NOTES ON THE ACCOUNTS
(Continued)

15. Creditors: Amounts falling due within one year (Continued)

	1996 £'000	1995 £'000
Other creditors:		
Payments received on account including deposits on returnable containers	5,411	5,336
Trade creditors	58,457	41,095
Amounts owed to other group undertakings	200	659
Current corporation tax	15,170	18,421
Advance corporation tax	9,850	29,550
VAT	29,226	20,286
Other taxes and social security costs	3,379	3,451
Other creditors	3,113	11,633
Accruals and deferred income	42,476	40,539
Government grants	46	46
Dividend proposed	39,400	68,200
	<u>206,728</u>	<u>239,216</u>
	<u>361,580</u>	<u>246,187</u>
	=====	=====

16. Creditors: Amounts falling due after more than one year

	£'000	£'000
Wholly repayable within five years:		
Loan from Cadbury Schweppes Public Limited Company	-	24,000
Obligations under finance leases	7,832	9,781
Government grants	65	112
Not wholly repayable within five years :		
Obligations under finance leases	2,573	3,920
Loan from immediate parent company	40,902	40,902
	<u>51,372</u>	<u>78,715</u>
	=====	=====

The loan from the immediate parent company is interest free.

NOTES ON THE ACCOUNTS (Continued)

17. Cash flow statement

	1996	1995			
	£'000	£'000			
(a) Reconciliation of operating profit to net cash inflow from operating activities					
Operating profit	123,847	112,624			
Depreciation charges	35,696	33,280			
Deficit on revaluation of properties	-	6,490			
Increase in stocks	(3,465)	(8,439)			
Increase in debtors	(7,911)	(9,400)			
Increase in creditors	28,084	19,372			
Decrease in pension provision	(76)	(385)			
Net cash inflow from operating activities	<u>176,175</u>	<u>153,542</u>			
	=====	=====			
(b) Analysis of changes in net debt					
	End of 1994 £'000	Net inflow/ (outflow) in 1995 £'000	End of 1995 £'000	Net inflow/ (outflow) in 1996 £'000	End of 1996 £'000
Cash at bank and in hand	6,571	14,800	21,371	21,160	42,531
Bank overdrafts	-	(449)	(449)	275	(174)
	<u>6,571</u>	<u>14,351</u>	<u>20,922</u>	<u>21,435</u>	<u>42,357</u>
Finance lease obligations	(23,436)	5,675	(17,761)	4,140	(13,621)
Interest free loan from Cadbury Schweppes Public Limited Company	(2,462)	-	(2,462)	(125,000)	(127,462)
Changes in net debt	<u>(19,327)</u>	<u>20,026</u>	<u>699</u>	<u>(99,425)</u>	<u>(98,726)</u>
	=====	=====	=====	=====	=====

18. Provisions for liabilities and charges

	Pensions £'000	Deferred taxation £'000	Total £'000
At beginning of year	9,076	(1,069)	8,007
Expenditure in the year	(478)	-	(478)
Profit and loss account - current year	402	2,674	3,076
- prior year	-	1,101	1,101
Advance corporation tax recoverable	-	(1,640)	(1,640)
At end of year	<u>9,000</u>	<u>1,066</u>	<u>10,066</u>

NOTES ON THE ACCOUNTS (Continued)

18. Provisions for liabilities and charges (Continued)

	1996 £'000	1995 £'000
The total potential liability for deferred taxation was as follows :		
Not provided in accounts :		
Accelerated capital allowances	10,686	14,532
Excess of lease rentals over depreciation and finance charges	561	885
Taxes that would arise if property were to be disposed of at revalued amounts	1,317	1,317
	<u>12,564</u>	<u>16,734</u>
Provided in accounts:		
Short-term timing differences	1,066	(1,069)
	<u>13,630</u>	<u>15,665</u>
	=====	=====

19. Share capital

	1996 £'000	1995 £'000
Authorised, allotted, called-up and fully paid :		
Equity - 200,000 ordinary shares of 1 penny each	2	2
Non-equity - 200,000 deferred ordinary shares of £1 each	200	200
	<u>202</u>	<u>202</u>
	=====	=====

The deferred ordinary shares carry no rights to vote or receive dividends and in a winding-up will receive a maximum of the amount paid up but only after £5 per share has been paid to the ordinary shareholders.

20. Reserves

	Profit and loss account £'000
At beginning of year	64,758
Transfer from retained earnings for the year	(64,717)
At end of year	<u>41</u>
	=====

NOTES ON THE ACCOUNTS (Continued)

21. Group set-off facility

A right of set-off existed at the balance sheet date between the Company and Cadbury Schweppes Public Limited Company in respect of the collective borrowing facilities with Midland Bank plc and Bank of America.

22. Commitments for capital expenditure

Commitments for capital expenditure contracted for but not provided in the accounts at the end of the year were £1.279 million (1995 £5.348 million).

23. Leasing commitments

The future minimum lease payments to which the Company is committed as at 28 December 1996 under finance leases, fall due as follows:

	1996 £'000	1995 £'000
- Within one year	5,010	6,110
- In two to five years	12,456	15,426
- In more than five years	3,762	5,882
	<u>21,228</u>	<u>27,418</u>
Less finance charges allocated to future periods	(7,608)	(9,657)
	<u>13,620</u>	<u>17,761</u>
	=====	=====

Payments due in respect of operating leases for the next financial year are as follows :

	Property		Plant and equipment	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
On leases expiring:				
- Within one year	388	286	1,895	2,183
- In two to five years	842	2,263	6,720	5,415
- In more than five years	2,802	822	-	118
	<u>4,032</u>	<u>3,371</u>	<u>8,615</u>	<u>7,716</u>
	=====	=====	=====	=====

NOTES ON THE ACCOUNTS
(Continued)

24. Contingent liabilities

- (a) The Company has guaranteed bridging loans in connection with employees who are being relocated. The total value of such loans outstanding at 28 December 1996 was £139,750 (1995 £396,475).
- (b) The potential amount of deferred taxation not provided is set out in note 18.

25. Related party transactions

The Company is exempt from disclosing related party transactions as it is a wholly owned subsidiary undertaking and this information is disclosed in the accounts of its immediate parent company.

26. Pension arrangements

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

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

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

The total pension costs for the Company were £4.6m (1995 £3.8m) 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 £9.0m (1995 £9.1m) included in the balance sheet represents the excess of pension costs over the amounts actually contributed to the external funds of the group schemes.

Following the proposed sale of the immediate parent company to Coca-Cola Enterprises Inc., employees will no longer be able to participate in the Cadbury Schweppes scheme but it is anticipated that a new comparable scheme will be established to which employees will be able to transfer.

NOTES ON THE ACCOUNTS (Continued)

27. Directors' interests

D.R. Williams is also a director of Amalgamated Beverages Great Britain Limited and, accordingly, his interests are disclosed in the Annual Report of that company.

The interests as defined in the Companies Act 1985 of the other directors holding office at 28 December 1996 ("1996") and at the beginning of the year 31 December 1995 (or date of appointment if later) ("1995") in the share capital of Cadbury Schweppes Public Limited Company were as follows :

	1995	1996
Number of ordinary shares of 25p each		
H. Blanks	1,794	1,843
R. Cameron	688	765
J.E. Couton	1,253	1,253
K.W. Dennis	nil	nil
D. Jephson	706	706
B.E. Smith	3,475	6,731
J.C. Turner	11,009	11,247
K.J. White	417	455

There were the following changes in the interests of the directors between 28 December 1996 and 4 February 1997 :

On 29 January H. Blanks, R. Cameron and B.E. Smith acquired an additional 10, 8 and 12 shares respectively.

Number of options over ordinary shares of 25p each

	Scheme (see below)	1995	Granted during year	Exercised during year	1996	Exercise price (pence per share)	Market price at date of exercise (pence per share)
H. Blanks	(a)	240	-	-	240	311.79	-
	(a)	230	-	-	230	325.40	-
	(a)	195	-	-	195	352.67	-
	(a)	196	-	-	196	351.13	-
	(a)	354	-	-	354	388.80	-
	(a)	-	341	-	341	519.00	-
	(b)	3,170	-	-	3,170	382.17	-
	(b)	9,513	-	-	9,513	427.58	-
	(b)	10,411	-	-	10,411	442.76	-
	(c)	14,576	-	-	14,576	409.14	-
	(c)	14,000	-	-	14,000	485.00	-
	(c)	-	16,000	-	16,000	519.00	-
		<u>52,885</u>			<u>69,226</u>		

NOTES ON THE ACCOUNTS (Continued)

27. Directors' interests (Continued)

Number of options over ordinary shares of 25p each (Continued)

	Scheme (see below)	1995	Granted during year	Exercised during year	1996	Exercise price (pence per share)	Market price at date of exercise (pence per share)
R. Cameron	(a)	3,913	-	-	3,913	352.67	-
	(a)	982	-	-	982	351.13	-
	(b)	3,170	-	-	3,170	382.17	-
	(b)	2,113	-	-	2,113	409.60	-
	(b)	10,570	-	-	10,570	427.58	-
	(b)	10,411	-	-	10,411	442.76	-
	(c)	18,741	-	-	18,741	409.14	-
	(c)	18,000	-	-	18,000	485.00	-
		<u>67,900</u>			<u>67,900</u>		
J.E. Couton	(b)	11,627	-	-	11,627	427.58	-
	(b)	17,700	-	-	17,700	442.76	-
	(c)	18,741	-	-	18,741	409.14	-
	(c)	18,000	-	-	18,000	485.00	-
		<u>66,068</u>			<u>66,068</u>		
K.W. Dennis	(a)	1,105	-	-	1,105	352.67	-
	(a)	2,221	-	-	2,221	351.13	-
	(a)	2,006	-	-	2,006	388.80	-
	(b)	4,228	-	-	4,228	366.09	-
	(b)	10,571	-	-	10,571	299.87	-
	(b)	3,170	-	-	3,170	382.17	-
	(b)	10,570	-	-	10,570	427.58	-
	(b)	10,411	-	-	10,411	442.76	-
	(c)	18,741	-	-	18,741	409.14	-
	(c)	18,000	-	-	18,000	485.00	-
		<u>81,023</u>			<u>81,023</u>		
D. Jephson	(a)	6,914	-	-	6,914	325.40	-
	(b)	10,650	-	-	10,650	427.58	-
	(b)	19,782	-	-	19,782	442.76	-
	(c)	21,865	-	-	21,865	409.14	-
	(c)	21,000	-	-	21,000	485.00	-
		<u>80,211</u>			<u>80,211</u>		

NOTES ON THE ACCOUNTS (Continued)

27. Directors' interests (Continued)

Number of options over ordinary shares of 25p each (Continued)

	Scheme (see below)	1995	Granted during year	Exercised during year	1996	Exercise price (pence per share)	Market price at date of exercise (pence per share)
B.E. Smith	(a)	3,249	-	3,249	-	230.81	542.00
	(a)	1,731	-	-	1,731	311.79	-
	(a)	645	-	-	645	325.40	-
	(a)	978	-	-	978	352.67	-
	(a)	1,774	-	-	1,774	388.80	-
	(b)	6,341	-	-	6,341	382.17	-
	(b)	15,856	-	-	15,856	427.58	-
	(b)	19,782	-	-	19,782	442.76	-
	(c)	21,865	-	-	21,865	409.14	-
	(c)	24,000	-	-	24,000	485.00	-
	(c)	-	24,000	-	24,000	519.00	-
		<hr/> 96,221			<hr/> 116,972		
J.C. Turner	(a)	1,731	-	-	1,731	311.79	-
	(a)	1,965	-	-	1,965	351.13	-
	(a)	1,384	-	-	1,384	388.80	-
	(b)	15,856	-	-	15,856	332.03	-
	(b)	8,456	-	-	8,456	366.09	-
	(b)	11,627	-	-	11,627	299.87	-
	(b)	4,228	-	-	4,228	382.17	-
	(b)	10,570	-	-	10,570	427.58	-
	(b)	10,411	-	-	10,411	442.76	-
	(c)	18,741	-	-	18,741	409.14	-
	(c)	18,000	-	-	18,000	485.00	-
		<hr/> 102,969			<hr/> 102,969		

NOTES ON THE ACCOUNTS (Continued)

27. Directors' interests (Continued)

Number of options over ordinary shares of 25p each (Continued)

	Scheme (see below)	1995	Granted during year	Exercised during year	1996	Exercise price (pence per share)	Market price at date of exercise (pence per share)
K.J. White	(a)	6,914	-	-	6,914	325.40	-
	(b)	10,570	-	-	10,570	427.58	-
	(b)	10,411	-	-	10,411	442.76	-
	(c)	14,576	-	-	14,576	409.14	-
	(c)	18,000	-	-	18,000	485.00	-
		<hr/> 60,471			<hr/> 60,471		

The Cadbury Schweppes share option schemes referred to above are as follows:

- (a) Savings related share option scheme 1982.
- (b) Share option scheme 1984 for main board directors and senior executives.
- (c) Share option plan 1994 for main board directors and senior executives.

In respect of share options granted, for each of the above mentioned schemes, the dates until which the options are exercisable are shown in the Annual Report of Cadbury Schweppes Public Limited Company.

Save as disclosed none of the directors had any beneficial interest in the other securities of Cadbury Schweppes Public Limited Company, or the Company, or any other subsidiary of Cadbury Schweppes Public Limited Company at any time during the year.