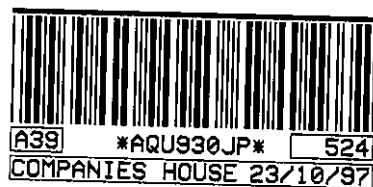


CADBURY LIMITED
ANNUAL REPORT AND ACCOUNTS
1996

Company No. 155256



CADBURY LIMITED

BOARD OF DIRECTORS

| | |
|-------------------|--|
| A C Burke | Managing Director and Chairman (appointed 16 September 1996) |
| D A Byrne | |
| N D Cadbury | |
| P E Hebblethwaite | |
| M C Denyard | (appointed 17 June 1996) |
| M E Keating | |
| C Cheetham | |
| D N Makin | |
| A F Palmer | |
| P V Boyle | (appointed 13 May 1996) |
| I D Johnston | (Chairman to 16 September 1996) |
| A P Williamson | (resigned 28 June 1996) |
| J M Sunderland | (resigned 16 September 1996) |
| C S James | (resigned 14 June 1996) |

SECRETARY

| | |
|-------------|-------------------------|
| M E Keating | (resigned 13 May 1996) |
| P V Boyle | (appointed 13 May 1996) |

REGISTERED OFFICE

P O Box 12
Bournville Lane
Bournville
Birmingham
B30 2LU

AUDITORS

Arthur Andersen
1 Victoria Square
Birmingham
B1 1BD

CADBURY LIMITED

Report of the Directors

for the 52 weeks ended 28 December 1996

The directors present their annual report and accounts of the Company together with the auditors' report for the 52 weeks ended 28 December 1996.

Results and Dividends

The profit on ordinary activities for the financial year, after taxation, was £66.5 million. The directors have declared interim ordinary dividends amounting to £67.0 million.

Review of the Business

The Company is a wholly owned subsidiary of Cadbury Schweppes plc and the principal activity of the Company remains the manufacture, marketing and sale of chocolate confectionery products to wholesale and retail outlets in the UK and the manufacture and supply of chocolate confectionery products for sale in overseas markets through fellow subsidiaries.

The UK chocolate confectionery market grew in 1996, reflecting a cooler summer than 1995, and Cadbury Limited maintained its market leadership with increased market share.

Against this background the Company has had another very successful year with all aspects of the Company's business contributing to this performance. Virtually all product sectors showed increased year on year sales volumes with particularly buoyant performance in Countlines and Assortments. Costs have been tightly controlled and this has contributed to improved performance.

The Company remains committed to continued investment in manufacturing and systems to support continuous improvement, with £24.0 million spent on capital projects during 1996.

1997 has seen a good start to trading and we are confident that the Company will continue to make progress.

CADBURY LIMITED

Report of the Directors for the 52 weeks ended 28 December 1996

Directors and their Interests

The directors who have served during the year are as stated on page 1.

M E Keating, I D Johnston and C Cheetham will retire from the board by rotation and, being eligible, will offer themselves for re-election.

The beneficial interests, as defined in the Companies Act 1985, of the directors at 28 December 1996 (other than for those directors who are also directors of Cadbury Schweppes plc and whose interests are disclosed in the accounts of that company), in Cadbury Schweppes plc are as follows:-

Cadbury Schweppes plc ordinary shares of 25p fully paid

| | <u>28 December 1996</u> | <u>31 December</u> <u>1995 (or at</u> <u>date of</u> <u>appointment)</u> |
|-------------------|-------------------------|---|
| | <u>No. of Shares</u> | <u>No. of Shares</u> |
| A C Burke | 2,290 | 1,017 |
| D A Byrne | 27,938 | 26,269 |
| C Cheetham | 8,111 | 10,110 |
| P E Hebblethwaite | 4,874 | - |
| M E Keating | 61,625 | 28,814 |
| D N Makin | 25,588 | 23,964 |
| A F Palmer | 27,762 | 1,128 |
| M C Denyard | 816 | 816 |

None of the Directors at 28 December 1996 held any non-beneficial interests in shares of group companies.

CADBURY LIMITED

Report of the Directors

for the 52 weeks ended 28 December 1996

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

Ordinary shares of 25p each

No of shares

| | <u>31 December</u> <u>1995 (or at</u> <u>date of</u> <u>appointment)</u> | <u>Movement in the year</u> | | <u>28 December</u> <u>1996</u> |
|-------------------|---|-----------------------------|------------------|-----------------------------------|
| | | <u>Granted</u> | <u>Exercised</u> | |
| C Cheetham | 6,914 | - | - | 6,914 |
| P E Hebblethwaite | 9,912 | 1,230 | 4,874 | 6,268 |
| M E Keating | 6,843 | 654 | 1,624 | 5,873 |
| D N Makin | 6,968 | - | 1,624 | 5,344 |
| A F Palmer | 6,845 | 1,391 | - | 8,236 |
| P V Boyle | 5,329 | 615 | - | 5,944 |
| M C Denyard | 2,792 | 1,159 | - | 3,951 |

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

Ordinary shares of 25p each

No of shares

| | <u>31 December</u> <u>1995 (or at</u> <u>date of</u> <u>appointment)</u> | <u>Movement in the Year</u> | | <u>28 December</u> <u>1996</u> |
|-------------------|---|-----------------------------|------------------|-----------------------------------|
| | | <u>Granted</u> | <u>Exercised</u> | |
| A C Burke | 48,625 | - | - | 48,625 |
| C Cheetham | 98,038 | - | 62,368 | 35,670 |
| P E Hebblethwaite | 44,156 | - | - | 44,156 |
| M E Keating | 73,708 | - | 29,598 | 44,110 |
| D N Makin | 75,870 | - | - | 75,870 |
| A F Palmer | 80,033 | - | 35,939 | 44,094 |
| P V Boyle | 31,550 | - | - | 31,550 |
| M C Denyard | 31,550 | - | - | 31,550 |

CADBURY LIMITED

Report of the Directors
for the 52 weeks ended 28 December 1996

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

| No of shares | <u>Ordinary shares of 25p each</u> | | | <u>28 December</u> <u>1996</u> |
|-------------------|---|---|------------------|-----------------------------------|
| | <u>31 December</u> <u>1995 (or</u> <u>at date of</u> <u>appointment)</u> | <u>Movement in the Year</u> <u>Granted</u> | <u>Exercised</u> | |
| A C Burke | 61,236 | 35,000 | - | 96,236 |
| D A Byrne | 58,112 | 30,000 | - | 88,112 |
| C Cheetham | 37,782 | 21,000 | - | 58,782 |
| P E Hebblethwaite | 32,659 | 3,000 | - | 35,659 |
| M E Keating | 32,824 | 19,000 | - | 51,824 |
| D N Makin | 34,659 | - | - | 34,659 |
| A F Palmer | 39,782 | 14,000 | - | 53,782 |
| P V Boyle | 26,412 | 18,000 | - | 44,412 |
| M C Denyard | 16,329 | 16,000 | - | 32,329 |

CADBURY LIMITED

Report of the Directors
for the 52 weeks ended 28 December 1996

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

| No of shares | <u>Ordinary shares of 25p each</u> | | | <u>28 December</u> <u>1996</u> |
|--------------|---|---|------------------|-----------------------------------|
| | <u>31 December</u> <u>1995 (or</u> <u>date of</u> <u>appointment</u> | <u>Movement in the Year</u> <u>Granted</u> | <u>Exercised</u> | |
| A C Burke | 31,235 | - | - | 31,235 |
| D A Byrne | 67,271 | - | - | 67,271 |

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

Information regarding the prices and dates at which options may be exercised is disclosed in the accounts of the Company's ultimate parent company, Cadbury Schweppes plc.

No directors held any other interests in Group companies.

At no time during the period has any director been materially interested in any contract with any company in the group, which was significant in relation to the business of any such company.

CADBURY LIMITED

Report of the Directors for the 52 weeks ended 28 December 1996

Responsibilities of the Directors

The Directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss for the period. For this purpose it is necessary to make both judgements and estimates and this is done on a reasonable and prudent basis. The accounts must be prepared on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

In preparing the accounts suitable accounting policies have been used and applied consistently, the principal of which are set out on pages 13 to 15. Applicable accounting standards have been followed. The Directors are also responsible for maintaining adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

Research and Development

The Company has continued the programme of research and development of its products and production methods. Basic research in the confectionery field is undertaken for the Company by a fellow subsidiary.

Disabled Persons

The Company carefully considers any application for employment by registered disabled persons. In the event of an employee becoming disabled, it is standard practice to offer other employment in all but the most extreme circumstances, with the appropriate re-training where necessary. The Company's training, development and promotion policies provide for equal opportunities for minority groups, including the disabled.

Employee Involvement

During the year the Company continued, by means of well established communication channels, to provide employees systematically with information on matters of concern to them, primarily through an established framework of briefing groups. The regular publication of the Company newspaper also kept employees in touch.

Charitable and Political Contributions

The Company participates in an extensive range of community affairs and charitable activities. During the year the Company made contributions to charities totalling £147,000.

There were no political contributions.

CADBURY LIMITED

Report of the Directors
for the 52 weeks ended 28 December 1996

Payment Policy

The Company's policy is to pay suppliers generally at the end of the month following that in which the suppliers invoice is received unless different terms are specifically negotiated with an authorised buyer. This policy is made known to all suppliers and to all staff who handle payment to suppliers.

Post Balance Sheet Events

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

Auditors

A resolution to re-appoint Arthur Andersen as auditors will be put to the members at the general meeting.

APPROVED BY THE BOARD OF DIRECTORS
AND SIGNED ON BEHALF OF THE BOARD

A. C. Burke

A C BURKE
MANAGING DIRECTOR

5 March 1997

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF

CADBURY LIMITED

We have audited the accounts on pages 10 to 28 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 13 to 15.

Respective Responsibilities of Directors and Auditors

As described on page 7 the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of Opinion

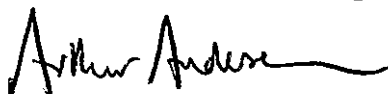
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material 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 Company's state of affairs at 28 December 1996 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

ARTHUR ANDERSEN
Chartered Accountants and
Registered Auditors
1 Victoria Square
Birmingham
B1 1BD



5 March 1997

CADBURY LIMITED

PROFIT AND LOSS ACCOUNT

For the 52 weeks ended 28 December 1996

| | Notes | 1996 £000 | 1995 £000 |
|--|-------|--------------|--------------|
| SALES | 4 | 768,389 | 707,111 |
| Cost of sales | | (523,037) | (481,337) |
| GROSS PROFIT | | 245,352 | 225,774 |
| Distribution costs, including marketing | | (98,814) | (92,404) |
| Administrative expenses | | (41,551) | (39,987) |
| | | 104,987 | 93,383 |
| Other operating income | | 156 | 158 |
| Other operating charges | | (1,773) | (1,828) |
| TRADING PROFIT | 5 | 103,370 | 91,713 |
| Interest receivable | 9 | 420 | - |
| Interest payable and similar charges | 10 | (1,984) | (4,842) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 101,806 | 86,871 |
| Tax on profit on ordinary activities | 11 | (35,321) | (28,790) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 66,485 | 58,081 |
| Dividends | 12 | (67,000) | (39,900) |
| (LOSS)/PROFIT FOR THE YEAR | | (515) | 18,181 |
| STATEMENT OF RETAINED PROFITS | | | |
| Retained profit at beginning of year | | 122,174 | 103,933 |
| (Loss)/profit for the year | | (515) | 18,181 |
| Transfer of amount equivalent to additional depreciation on revalued assets | | - | 60 |
| Retained profit at end of the year | | 121,659 | 122,174 |

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

CADBURY LIMITED

BALANCE SHEET AS AT 28 DECEMBER 1996

| | Notes | 1996 £000 | 1995 £000 |
|---|-------|--------------|--------------|
| <hr/> | | | |
| FIXED ASSETS | | | |
| Tangible fixed assets | 13 | 229,471 | 240,315 |
| Investments | 14 | 313 | - |
| | | <hr/> | <hr/> |
| | | 229,784 | 240,315 |
| <hr/> | | | |
| CURRENT ASSETS | | | |
| Stocks | 15 | 88,612 | 88,256 |
| Debtors | 16 | 118,543 | 90,233 |
| Cash at bank and in hand | | 23,824 | 28,186 |
| | | <hr/> | <hr/> |
| | | 230,979 | 206,675 |
| <hr/> | | | |
| Creditors: Amounts falling due within one year | 18 | (249,342) | (230,683) |
| | | <hr/> | <hr/> |
| NET CURRENT LIABILITIES | | (18,363) | (24,008) |
| <hr/> | | | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 211,421 | 216,307 |
| <hr/> | | | |
| Creditors: Amounts falling due after more than one year | 19 | (14,017) | (17,818) |
| <hr/> | | | |
| Provisions for liabilities and charges | 20 | (15,885) | (16,455) |
| <hr/> | | | |
| NET ASSETS | | 181,519 | 182,034 |
| <hr/> | | | |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 21 | 49,675 | 49,675 |
| Revaluation reserve | 22 | 10,185 | 10,185 |
| Profit and loss account | | 121,659 | 122,174 |
| | | <hr/> | <hr/> |
| SHAREHOLDERS' FUNDS, ALL EQUITY | 23 | 181,519 | 182,034 |
| | | <hr/> | <hr/> |

The accompanying notes form an integral part of this Balance Sheet.

These accounts were approved by the Board of Directors and were signed on its behalf on 5 March 1997 by:

A. C. Burke

A C BURKE
MANAGING DIRECTOR

CADBURY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

FOR THE 52 WEEKS ENDED 28 DECEMBER 1996

| | Notes | 1996 £000 | 1995 £000 |
|---|-------|---------------|---------------|
| Profit for the financial year | | 66,485 | 58,081 |
| Revaluation deficit on tangible fixed assets | | - | (4,520) |
| Total recognised gains & losses for the year | | <u>66,485</u> | <u>53,561</u> |

NOTE OF HISTORICAL COST
PROFITS & LOSSES

| | | | |
|--|----|----------------|---------------|
| Profit on ordinary activities before taxation | | 101,806 | 86,871 |
| Adjustment of depreciation to historical cost basis | 22 | - | 60 |
| Historical cost profit on ordinary activities before taxation | | <u>101,806</u> | <u>86,931</u> |
| Historical cost retained (loss)/profit | | <u>(515)</u> | <u>18,241</u> |

CADBURY LIMITED

NOTES TO THE ACCOUNTS - 28 DECEMBER 1996

1. Accounting Policies

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

Accounting Convention

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

Financial Year

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

Foreign Currencies

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

Sales

This represents the invoiced value of sales (net of trade discounts) and royalties, excluding Value Added Tax.

Research and Development Expenditure

Expenditure is written off in the financial year in which it is incurred.

Deferred Taxation

Provision is made for deferred taxation using the liability method, on the categories of timing differences listed below, except to the extent that these amounts are not regarded as likely to become payable in the foreseeable future.

The broad categories of timing differences are:

- a) The excess of book value of tangible fixed assets over their tax written down value;
- b) The excess of book value of leased assets over obligations under the outstanding finance leases; and
- c) Income and expenditure in the accounts of the current period dealt with in other periods for taxation purposes.

CADBURY LIMITED

NOTES TO THE ACCOUNTS - 28 DECEMBER 1996

Stocks and Work in Progress

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

Tangible Fixed Assets

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

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

| | | |
|------------------|---------|-------|
| Buildings | 40 | years |
| Plant | 5 to 10 | years |
| Vehicles | 5 to 8 | years |
| Office equipment | 5 | years |

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

Fixed Assets Held Under Leases

Where assets are financed by leasing 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 on leased assets is charged to the profit and loss account on the same basis as shown above. Leasing payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account.

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

CADBURY LIMITED

NOTES TO THE ACCOUNTS - 28 DECEMBER 1996

Government Grants

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

Revaluation of Properties

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

Pensions

The 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 the employees. Such costs are calculated by reference to actuarial valuations and variations from such regular costs are spread over the remaining service lives of the current employees. To the extent to which such costs do not equate with cash contributions, a provision or prepayment is recognised in the balance sheet.

Cash Flow Statement

Under the provisions of Financial Reporting Standard No 1, the Company has not prepared a cashflow statement because its parent undertaking Cadbury Schweppes plc, which is incorporated in Great Britain, has prepared consolidated accounts which include the accounts of the Company for the period and which contain a cash flow statement.

2. Annual Accounts

The profit and loss account covers the 52 weeks from 31 December 1995 to 28 December 1996 and the balance sheets for 1996 and 1995 have been drawn up at 28 December 1996 and 30 December 1995 respectively.

3. Ultimate Parent Undertaking

The Company's ultimate parent undertaking is Cadbury Schweppes plc, registered in England and Wales. Copies of the Group Financial Statements of Cadbury Schweppes plc are available from 25 Berkeley Square, London, W1X 6HT.

CADBURY LIMITED

NOTES TO THE ACCOUNTS - 28 DECEMBER 1996

4. Turnover and Profit on Ordinary Activities Before Taxation

| | <u>1996</u> £000 | <u>1995</u> £000 |
|---|---------------------|---------------------|
| Turnover comprises: | | |
| Sales to third parties | 681,438 | 628,680 |
| Sales to fellow subsidiary undertakings | 86,951 | 78,431 |
| | <u>768,389</u> | <u>707,111</u> |

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

5. Trading Profit

Trading profit is after charging and (crediting):

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|---------------------|---------------------|
| Depreciation on owned assets | 27,006 | 21,594 |
| Depreciation on assets under finance leases | 7,415 | 9,009 |
| Hire of plant and machinery - operating leases | 3,306 | 3,566 |
| Properties - operating leases | 1,462 | 1,550 |
| Auditors' remuneration - Audit | 83 | 71 |
| - Other | 16 | 33 |
| Research and development expenditure | 3,154 | 2,815 |
| Government Grants | - | (18) |

6. Pension Arrangements

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

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

CADBURY LIMITED

NOTES TO THE ACCOUNTS - 28 DECEMBER 1996

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

The total pension costs for the Company were £7,235,000 (1995 - £7,856,000) which, together with the pension costs of other subsidiaries in the group schemes, were assessed by qualified actuaries based on the latest actuarial assessment.

A provision of £15,885,000 (1995 - £16,455,000) included within provisions for liabilities and charges represents the cumulative excess of pension costs over the amounts actually contributed to the external funds of the group schemes.

7. Directors' Emoluments

| | <u>1996</u> | <u>1995</u> |
|---|--------------|--------------|
| | £000 | £000 |
| As directors: | | |
| Management remuneration including pension contributions | <u>1,480</u> | <u>1,275</u> |

Four directors were remunerated by Cadbury Schweppes plc or its subsidiary undertakings in respect of their services to the group as a whole. No emoluments were paid to them by Cadbury Limited. Cadbury Schweppes plc has charged the Company for the cost of their services.

Emoluments of the Chairman and highest paid director (excluding pension contributions):

| | <u>1996</u> | <u>1995</u> |
|--|-------------|-------------|
| | £000 | £000 |
| Chairmen: | | |
| 31 December 1995 to 16 September 1996 | 187 | |
| 16 September 1996 to 28 December 1996 | <u>81</u> | |
| Highest paid director and highest paid director/Chairman | <u>187</u> | <u>194</u> |

CADBURY LIMITED**NOTES TO THE ACCOUNTS - 28 DECEMBER 1996**

Number of directors whose emoluments, excluding pension contributions were within the ranges:

| | <u>1996</u> Number | <u>1995</u> Number |
|----------------------|-----------------------|-----------------------|
| £0 to £5,000 | 4 | 4 |
| £60,001 to £65,000 | 2 | - |
| £75,001 to £80,000 | - | 1 |
| £80,001 to £85,000 | 1 | - |
| £85,001 to £90,000 | 1 | - |
| £90,001 to £95,000 | 1 | 1 |
| £100,001 to £105,000 | - | 2 |
| £110,001 to £115,000 | - | 1 |
| £115,001 to £120,000 | - | 1 |
| £125,001 to £130,000 | 1 | 1 |
| £135,001 to £140,000 | 1 | - |
| £155,001 to £160,000 | 1 | - |
| £160,001 to £165,000 | 1 | - |
| £185,001 to £190,000 | 1 | - |
| £190,001 to £195,000 | - | 1 |

8. Employees and Emoluments

| <u>1996</u> | <u>1995</u> |
|-------------|-------------|
| Number | Number |

The average number of employees employed by the Company was:

| | | |
|-------------------------------------|--------------|--------------|
| Production | 4,368 | 4,279 |
| Distribution, selling and marketing | 716 | 742 |
| Administration | 428 | 472 |
| | <u>5,512</u> | <u>5,493</u> |

CADBURY LIMITED**NOTES TO THE ACCOUNTS - 28 DECEMBER 1996**

| | <u>1996</u> £000 | <u>1995</u> £000 |
|---|---------------------|---------------------|
| Employees' emoluments comprised: | | |
| Wages and salaries | 105,841 | 101,496 |
| Social security costs | 8,567 | 8,311 |
| Other pension costs | 7,235 | 7,856 |
| | <u>121,643</u> | <u>117,663</u> |
| 9. <u>Interest Receivable</u> | | |
| | <u>1996</u> £000 | <u>1995</u> £000 |
| Other interest | 420 | - |
| | <u>420</u> | <u>-</u> |
| 10. <u>Interest Payable and Similar Charges</u> | | |
| | <u>1996</u> £000 | <u>1995</u> £000 |
| Inter-company interest payable | 112 | 2,609 |
| Finance leases repayable within 5 years | 582 | 543 |
| Finance leases not repayable within 5 years | 1,290 | 1,658 |
| Other interest | - | 32 |
| | <u>1,984</u> | <u>4,842</u> |

CADBURY LIMITED**NOTES TO THE ACCOUNTS - 28 DECEMBER 1996****11. Tax on Profit on Ordinary Activities**

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|---------------------|---------------------|
| Corporation tax at 33% (1995 - 33%) | 33,498 | 26,906 |
| Deferred tax | 2,114 | 2,094 |
| | <u>35,612</u> | <u>29,000</u> |
| (Over)/under provision in prior periods: | | |
| Corporation tax | (264) | - |
| Deferred tax | (27) | (210) |
| | <u>35,321</u> | <u>28,790</u> |

The charge for taxation of £35,321,000 (1995 - £28,790,000) has been increased by £304,000 (1995 - reduced by £199,000) in respect of timing differences for which deferred tax has not been provided.

12. Dividends - Paid & Proposed

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|---------------------|---------------------|
| First interim dividend of 4.0p per share (1995 - 21.9p) | 2,000 | 10,900 |
| Second interim dividend of 120.8p per share (1995 - 4.0p) | 60,000 | 2,000 |
| Third interim dividend of 10.1p per share (1995 - 4.0p) | 5,000 | 2,000 |
| Fourth interim dividend of nil per share (1995 - 40.3p) | - | 20,000 |
| Fifth interim dividend of nil per share (1995 - 10.1p) | - | 5,000 |
| | <u>67,000</u> | <u>39,900</u> |

CADBURY LIMITED**NOTES TO THE ACCOUNTS - 28 DECEMBER 1996****13. Tangible Fixed Assets**

| | Freehold land and <u>buildings</u> £000 | Short leasehold land and <u>buildings</u> £000 | Plant and <u>machinery</u> £000 | Assets in course of <u>construction</u> £000 | Total £000 |
|--|--|--|---------------------------------------|---|----------------|
| COST OR VALUATION: | | | | | |
| At beginning of year | 55,058 | 90 | 381,536 | 31,498 | 468,182 |
| Transfer on completion of construction | 1,135 | - | 35,590 | (36,725) | - |
| Additions | - | - | - | 23,983 | 23,983 |
| Disposals | (129) | - | (2,391) | - | (2,520) |
| At end of year | <u>56,064</u> | <u>90</u> | <u>414,735</u> | <u>18,756</u> | <u>489,645</u> |
| At professional valuation 1996 | 54,602 | - | - | - | 54,602 |
| At cost | <u>1,462</u> | <u>90</u> | <u>414,735</u> | <u>18,756</u> | <u>435,043</u> |
| | <u>56,064</u> | <u>90</u> | <u>414,735</u> | <u>18,756</u> | <u>489,645</u> |
| ACCUMULATED DEPRECIATION: | | | | | |
| At beginning of year | 14 | 24 | 227,829 | - | 227,867 |
| Charge for year | 946 | 2 | 33,473 | - | 34,421 |
| Disposals | (14) | - | (2,100) | - | (2,114) |
| At end of year | <u>946</u> | <u>26</u> | <u>259,202</u> | <u>-</u> | <u>260,174</u> |
| NET BOOK VALUES: | | | | | |
| At end of year | <u>55,118</u> | <u>64</u> | <u>155,533</u> | <u>18,756</u> | <u>229,471</u> |
| At beginning of year | <u>55,044</u> | <u>66</u> | <u>153,707</u> | <u>31,498</u> | <u>240,315</u> |

CADBURY LIMITED

NOTES TO THE ACCOUNTS - 28 DECEMBER 1996

Freehold land and buildings include land of £18,455,000 (1995 - £18,455,000) which has not been depreciated.

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

Cumulative interest capitalised included in fixed assets amounts to £1,091,000 (1995 - £1,091,000).

Certain Company properties were revalued on an open-market basis by Fuller Peiser as at 30 September 1995, and the revised valuations have been incorporated in the accounts at 28 December 1996.

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

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|-------------------------|-------------------------|
| Land and buildings at cost | 50,093 | 50,093 |
| Accumulated depreciation thereon | (6,237) | (5,227) |
| | <u>43,856</u> | <u>44,866</u> |
| <u>Finance leases</u> | <u>1996</u> £000 | <u>1995</u> £000 |
| Included in fixed assets are: | | |
| Plant and machinery under finance leases | 155,684 | 155,684 |
| Less accumulated depreciation | (101,829) | (94,414) |
| | <u>53,855</u> | <u>61,270</u> |

CADBURY LIMITED**NOTES TO THE ACCOUNTS - 28 DECEMBER 1996**

| | |
|---|---------------|
| 14. <u>Trade Investments</u> | <u>1996</u> |
| | £000 |
| COST: | |
| At Beginning of year | 16 |
| Additions | 313 |
| | <u> </u> |
| At end of year | 329 |
| | <u> </u> |
| AMOUNTS WRITTEN OFF: | |
| At beginning of year | (16) |
| | <u> </u> |
| At end of year | (16) |
| | <u> </u> |
| NET BOOK VALUE: | |
| At end of year | 313 |
| | <u> </u> |
| At beginning of year | - |
| | <u> </u> |
| Trade investments at the end of the year comprised: | |

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

| | | |
|-------------------------------------|---------------|---------------|
| 15. <u>Stocks</u> | <u>1996</u> | <u>1995</u> |
| | £000 | £000 |
| Raw materials and consumables | 18,800 | 16,824 |
| Work-in-progress | 11,642 | 15,991 |
| Finished goods and goods for resale | 58,170 | 55,441 |
| | <u>88,612</u> | <u>88,256</u> |

CADBURY LIMITED**NOTES TO THE ACCOUNTS - 28 DECEMBER 1996****16. Debtors**

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|---------------------|---------------------|
| Trade debtors | 79,159 | 60,011 |
| Amounts owed by fellow subsidiary undertakings | 19,670 | 17,155 |
| Loans to employees | 222 | 485 |
| Corporation Tax recoverable | 1,458 | - |
| Other debtors | 306 | 52 |
| Prepayments and accrued income | 14,695 | 7,410 |
| Deferred tax, recoverable after more than one year (note 17) | 3,033 | 5,120 |
| | <u>118,543</u> | <u>90,233</u> |

All amounts are receivable within one year unless otherwise indicated.

17. Deferred Taxation

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

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|---------------------|---------------------|
| Deferred tax asset at beginning of year: | (5,120) | (7,004) |
| Profit and loss account | 2,087 | 1,884 |
| Deferred tax asset at end of year | <u>(3,033)</u> | <u>(5,120)</u> |

No deferred tax has been provided on the excess of capital allowances over depreciation or on finance leases, as Cadbury Schweppes plc has undertaken to surrender group relief free of charge to the Company in order to eliminate any tax liability arising from any net reversal of these timing differences. The full potential liability for deferred taxation was made up as follows:

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--------------------------------|---------------------|---------------------|
| Not provided in accounts: | | |
| Accelerated capital allowances | 24,189 | 23,907 |
| Finance leases | 11,701 | 12,287 |
| Properties | 2,431 | 2,431 |
| | <u>38,321</u> | <u>38,625</u> |

CADBURY LIMITED**NOTES TO THE ACCOUNTS - 28 DECEMBER 1996****18. Creditors: Amounts Falling Due Within One Year**

| | <u>1996</u> £000 | <u>1995</u> £000 |
|---|---------------------|---------------------|
| Variable loan owed to Cadbury Schweppes Finance Ltd | 40,198 | 43,989 |
| Current obligations under finance leases | 3,804 | 5,640 |
| Trade creditors | 59,212 | 53,378 |
| Amounts owed to Cadbury Schweppes plc | 7,507 | 7,491 |
| Amounts owed to fellow subsidiary undertakings | 5,466 | 4,219 |
| Current corporation tax | 33,652 | 25,770 |
| Other taxes and social security costs | 42,206 | 39,669 |
| Accruals and deferred income | 52,297 | 45,527 |
| Proposed Dividends | 5,000 | 5,000 |
| | <u>249,342</u> | <u>230,683</u> |

Variable Loan Owed to Cadbury Schweppes Finance Ltd

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

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

| | <u>1996</u> £000 | <u>1995</u> £000 |
|---|---------------------|---------------------|
| Wholly repayable within five years: | | |
| Obligations under finance leases | 9,779 | 11,591 |
| Not wholly repayable within five years: | | |
| Obligations under finance leases | 4,238 | 6,227 |
| | <u>14,017</u> | <u>17,818</u> |

CADBURY LIMITED

NOTES TO THE ACCOUNTS - 28 DECEMBER 1996

20. Provisions for Liabilities and Charges

| | Pension Provisions £000 |
|-----------------------------------|-------------------------------|
| Provisions at beginning of year | 16,455 |
| Charge to profit and loss account | (570) |
| | <hr/> |
| Provisions at end of year | 15,885 |
| | <hr/> |

21. Called up Share Capital

| | <u>1996</u> £000 | <u>1995</u> £000 |
|---|---------------------|---------------------|
| Ordinary shares of £1 each: Authorised | <u>50,000</u> | <u>50,000</u> |
| Called up, allotted and fully paid | <u>49,675</u> | <u>49,675</u> |

22. Revaluation Reserve

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|---------------------|---------------------|
| Balance at beginning of year | 10,185 | 14,765 |
| Revaluation deficit | - | (4,520) |
| Transfer of amount equivalent to additional depreciation of revalued assets | - | (60) |
| | <hr/> | <hr/> |
| Balance at end of year | 10,185 | 10,185 |
| | <hr/> | <hr/> |

CADBURY LIMITED**NOTES TO THE ACCOUNTS - 28 DECEMBER 1996****23. Reconciliation of Movements in Shareholders' Funds - All Equity**

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|---------------------|---------------------|
| Profit for the financial year | 66,485 | 58,081 |
| Dividends | (67,000) | (39,900) |
| Revaluation deficit | - | (4,520) |
| Net (reduction)/addition to shareholders funds | (515) | 13,661 |
| Opening shareholders' funds | 182,034 | 168,373 |
| Closing shareholders' funds | <u>181,519</u> | <u>182,034</u> |

24. Commitments for Capital Expenditure

| | <u>1996</u> £000 | <u>1995</u> £000 |
|--|---------------------|---------------------|
| Commitments for capital expenditure are as follows : | | |
| Contracted for but not provided in the accounts | <u>4,701</u> | <u>2,062</u> |

25. Commitments Under Finance Leases

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

| | <u>1996</u> £000 | <u>1995</u> £000 |
|---|---------------------|---------------------|
| Within one year | 5,453 | 7,742 |
| Two to five years | 13,513 | 16,387 |
| More than five years | 5,090 | 7,666 |
| | <u>24,056</u> | <u>31,795</u> |
| Less: finance charges allocated to future periods | (6,235) | (8,337) |
| | <u>17,821</u> | <u>23,458</u> |

Interest is payable at variable percentages based on LIBOR.

CADBURY LIMITED

NOTES TO THE ACCOUNTS - 28 DECEMBER 1996

26. Commitments Under Operating Leases

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

| | <u>1996</u> | | <u>1995</u> | |
|----------------------|-------------------------------|--------------|-------------------------------|--------------|
| | <u>Land and Buildings</u> | <u>Other</u> | <u>Land and Buildings</u> | <u>Other</u> |
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| Expiry date: | | | | |
| Within one year | - | 1,102 | - | 981 |
| Two to five years | - | 2,204 | - | 2,110 |
| More than five years | 1,120 | - | 1,304 | - |
| | <u>1,120</u> | <u>3,306</u> | <u>1,304</u> | <u>3,091</u> |

27. Contingent Liabilities

- (a) The potential amount of deferred taxation not provided is £38,321,000 (1995 - £38,625,000).
- (b) Indemnities have been given by the Company's bankers totalling £4,233,000 (1995 - £4,117,304).