

**PepsiCo Foods and Beverages
International Limited**
(formally PepsiCo Foods
International Limited)

Directors' report and financial statements

31 December 1994

Registered number 1830234



PepsiCo Foods and Beverages
International Limited (formally PepsiCo Foods
International Limited)

Directors' report and financial statements

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PepsiCo Foods and Beverages International Limited (formally PepsiCo Foods International Limited)

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

Principal activity

The company's principal activity is the provision of management services to other group companies. The company intends to continue in this activity.

Results for the year and transfer to reserves

The profit for the financial year was £376,000 (1993:£6,000) and this amount has been transferred to reserves. The directors do not recommend the payment of a dividend (1993:£nil).

Business review

The results for the year are set out in the attached profit and loss account.

Directors and directors' interests

The directors who held office during the year were as follows:

FS McRobie	
NR Anthony	
JH O'Neal	
JP Olson	
P Thompson	(appointed 31 March 1994)
DL Boles	(appointed 31 March 1994)
MI Hall	(appointed 15 August 1994)
R Allegritti-Davenport	(appointed 5 May 1995)

No director had any interest in the company's share capital during the year. There were no other interests in group companies requiring disclosure under the Companies Act 1985.

Liability insurance

During the year the ultimate parent company maintained liability insurance for the directors and officers of the company.

Fixed assets

Movements in fixed assets are disclosed in note 6.

PepsiCo Foods and Beverages International Limited (formally PepsiCo Foods International Limited)

Directors' report *(continued)*

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility 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.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their audit report in their new name.

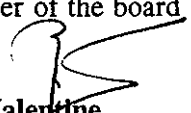
Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office.

Post balance sheet events

On 19 May 1995 the company changed its name by written resolution to PepsiCo Foods and Beverages International Limited.

On 15 June 1995, the company increased its authorised share capital by £999,900 to £1,000,000 and subsequently allotted 999,900 £1 ordinary shares at par with cash received as consideration.

By order of the board


PSE Valentine
Secretary

1600 Arlington Business Park
Theale, Reading
RG7 4SA



Arlington Business Park
Theale
Reading
RG7 4SD

Report of the auditors to the members of PepsiCo Foods and Beverages International Limited

We have audited the financial statements on pages 4 to 12.

Respective responsibilities of directors and auditors

As described on page 2 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 of 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 company's affairs as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

9 August, 1995

**PepsiCo Foods and Beverages
International Limited** (formally PepsiCo Foods
International Limited)

Profit and loss account
for the year ended 31 December 1994

	<i>Note</i>	1994 £'000	1993 £'000
Turnover	<i>1</i>	10,500	7,356
Cost of sales		(10,000)	(7,006)
Gross profit		500	350
Administrative expenses		-	(333)
Other income/(expenses)		105	(194)
Operating profit/(loss)	<i>2-4</i>	605	(177)
Write back of fellow subsidiary loan		-	284
Profit on ordinary activities before taxation		605	107
Tax on profit on ordinary activities	<i>5</i>	(229)	(101)
Retained profit for the financial year	<i>9,10</i>	376	6

There were no recognised gains or losses other than those reported in the retained profit for the year.

All activities relate to continuing operations.

**PepsiCo Foods and Beverages
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Balance sheet
at 31 December 1994

	<i>Note</i>	1994	1993
		£'000	£'000
Fixed assets			
Tangible assets	6	94	45
Current assets			
Debtors	7	3,233	2,424
Creditors: amounts falling due within one year	8	<u>(3,132)</u>	<u>(2,650)</u>
Net current assets/(liabilities)		<u>101</u>	<u>(226)</u>
Net assets/(liabilities)		<u>195</u>	<u>(181)</u>
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	9	<u>195</u>	<u>(181)</u>
Shareholders' funds	10	<u>195</u>	<u>(181)</u>

All of the shareholders' funds relate to equity interests.

These financial statements were approved by the board of directors on 9/8/95 and were signed on its behalf by:



Director

PepsiCo Foods and Beverages International Limited (formally PepsiCo Foods International Limited)

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost accounting rules.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery - 3 - 5 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The employees are members of pension schemes, providing benefits based on final pensionable pay, operated by other group companies. The assets of the scheme are held separately from those of the various group companies in independently administered funds.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise in the foreseeable future.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a Cash Flow Statement on the grounds that it is a wholly owned subsidiary of a company incorporated within the European Union which prepares a Cash Flow Statement containing the flows of the company.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of management services to group companies.

**PepsiCo Foods and Beverages
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Notes (continued)

2 Operating profit/(loss)

	1994 £'000	1993 £'000
<i>Operating profit/(loss) is stated after charging:</i>		
Unrealised foreign exchange loss	20	56
Auditors' remuneration:		
audit	5	-
other services	34	-
Depreciation and other amounts written off owned tangible fixed assets	34	21
	<u> </u>	<u> </u>

3 Remuneration of directors

	1994 £'000	1993 £'000
Directors' emoluments:		
As directors	-	-
	<u> </u>	<u> </u>

The emoluments, excluding pension contributions, of the chairman were £Nil (1993:£Nil) and those of the highest paid director were £Nil (1993:£Nil).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

	Number of directors	
	1994	1993
£0 - £ 5,000	7	6
	<u> </u>	<u> </u>

The directors of the company are not remunerated for services as directors of PepsiCo Foods and Beverages International (formally PepsiCo Foods International Limited) and their costs are not borne by the company.

PepsiCo Foods and Beverages International Limited (formally PepsiCo Foods International Limited)

Notes *(continued)*

4 **Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1994	1993
General and administrative	<u>35</u>	<u>24</u>

The aggregate payroll costs of these persons were as follows:

	1994 £'000	1993 £'000
Wages and salaries	4,310	3,420
Social security costs	80	53
Other pension costs	-	19
	<u>4,390</u>	<u>3,492</u>

5 **Taxation**

	1994 £'000	1993 £'000
UK corporation tax at 33% (1993:33%) on the profit for the year on ordinary activities	<u>229</u>	<u>101</u>

The effective tax rate is high due to permanently disallowable expenditure.

The amount payable may be due to other group companies in return for the surrender of group relief from those group companies.

**PepsiCo Foods and Beverages
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Notes (continued)

6 Tangible fixed assets

	Plant and machinery £'000
<i>Cost</i>	
At beginning of year	75
Additions	113
Disposals	(34)
	<hr/>
At end of year	154
	<hr/>
<i>Depreciation and diminution in value</i>	
At beginning of year	30
Charge for year	34
On disposals	(4)
	<hr/>
At end of year	60
	<hr/>
<i>Net book value</i>	
At 31 December 1994	94
	<hr/>
At 25 December 1993	45
	<hr/>

7 Debtors

	1994 £'000	1993 £'000
Amounts owed by parent and fellow subsidiary undertakings	2,863	2,243
Amounts owed by undertakings in which the group has a participating interest	149	-
Other debtors	221	181
	<hr/>	<hr/>
	3,233	2,424
	<hr/>	<hr/>

**PepsiCo Foods and Beverages
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Notes *(continued)*

8 Creditors: amounts falling due within one year

	1994 £'000	1993 £'000
Bank overdraft	1,160	82
Trade creditors	75	46
Amounts owed to parent and fellow subsidiary undertakings	244	268
Other creditors including taxation and social security costs:		
Corporation tax	330	-
Accruals and deferred income	1,323	2,254
	<u>3,132</u>	<u>2,650</u>

The overdraft is guaranteed by other group companies (see note 12).

9 Reserves

	Profit and loss account £'000
At beginning of year as previously stated	(181)
Transfers from profit and loss account of the year	376
	<u>195</u>
At end of year	<u>195</u>

PepsiCo Foods and Beverages International Limited (formally PepsiCo Foods International Limited)

Notes (continued)

10 Reconciliation of movements in shareholders' funds

	1994 £'000	1993 £'000
Profit for the financial year	376	6
Shareholders' funds at beginning of year	(181)	(187)
Shareholders' funds at end of year	<u>195</u>	<u>(181)</u>

11 Called up share capital

	1994 £'000	1993 £'000
<i>Authorised, allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	<u>-</u>	<u>-</u>

On 15 June 1995, the company increased its authorised share capital to £1,000,000 and subsequently allotted 990,000 £1 ordinary shares at par for cash.

12 Guarantees and contingent liabilities

The company entered into a guarantee during the year in respect of the bank overdrafts of the other UK group companies. The overdraft of the company is included in this group cross guarantee. At 31 December 1994 the amount outstanding in respect of this guarantee arrangement was £1,159,686.

The company had no contracted or authorised capital expenditure at the end of the year (1993:£nil).

13 Pension scheme

The eligible employees of the company belong to a number of funded pension schemes operated by a fellow subsidiary company. Pension benefits are based on final pensionable pay and annual contributions are based on actuarial advice.

The most recent actuarial assessment of the pension funds were either on 31 December 1993 or 31 December 1994. The assumptions which have the most significant effect on the results of the valuation are those relating to rate of return on investments and rate of increases in pensionable salaries. It was assumed that the investment return would be 9.0% per annum, that increases in pensionable salaries will average 7.0% per annum and that the rate of increase in pension payments would be 5.0% per annum. Further details are given in the financial statements of Walkers Snack Foods Limited.

PepsiCo Foods and Beverages International Limited (formally PepsiCo Foods International Limited)

Notes *(continued)*

14 Ultimate parent company

The ultimate holding company is PepsiCo Inc, a company incorporated in the United States of America. The largest group in which the results of the company are consolidated is that headed by PepsiCo Inc. The smallest group in which the results are consolidated is that headed by PepsiCo Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of these groups are available to the public and may be obtained from:

PepsiCo Holdings Limited
63 Kew Road
Richmond
Surrey

PepsiCo Inc
700 Anderson Hill Road
Purchase
New York
10577
United States of America