

Cott Beverages Limited

Annual report and financial statements  
for the period ended 29 December 2007

Registered number 2836071



# **Cott Beverages Limited**

## **Annual report and financial statements for the period ended 29 December 2007**

	Page
Directors and advisers for the period ended 29 December 2007	1
Directors' report for the period ended 29 December 2007	2
Independent auditors' report to the members of Cott Beverages Limited	6
Consolidated profit and loss account for the period ended 29 December 2007	8
Consolidated Statement of Total Recognised Gains and Losses (STRGL) for the period ended 29 December 2007	9
Balance sheets as at 29 December 2007	10
Notes to the financial statements for the period ended 29 December 2007	11

# **Cott Beverages Limited**

## **Directors and advisers for the period ended 29 December 2007**

### **Current directors**

Jeremy Fowden  
Mike Turner  
Robert Mason

### **Secretary**

Hammonds Secretarial Services Ltd

### **Registered office**

Citrus Grove  
Side Ley  
Kegworth  
Derby DE74 2FJ

### **Independent auditors**

PricewaterhouseCoopers LLP  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands DE74 2UZ

# **Cott Beverages Limited**

## **Directors' report for the period ended 29 December 2007**

The Directors present their report and the audited group financial statements for the period ended 29 December 2007

### **Principal activities**

The principal activity of the Company during the period was the manufacture and sale of soft drinks

### **Review of business and future developments**

On 27 January 2007, the Trade and assets of Cott (Nelson) Ltd, a 100% subsidiary of Cott Nelson (Holdings) Ltd, were transferred at their Fair Value to Cott Beverages Ltd. This transaction took place as part of the integration process following the acquisition of Cott Nelson (Holdings) Ltd in August 2005.

Turnover has increased year on year by 9%. While the traditional carbonated soft drinks market is in decline, the company offers a broad range of products which have helped win new business and deliver sales growth. Commodity prices rose during the year. The continuous focus on cost saving initiatives has been able to partly offset this. For 2008 the company is seeking price increases to close the gap between input costs and cost savings.

A significant capital project was completed half way through the year that increased the Company's bottling capacity and product diversification at the Nelson plant in Lancashire.

The Directors' continue with their commitment on excellent customer service, stringent cost control and improving manufacturing efficiency. By delivering both value and service the Directors' aim to maintain current volumes of business for 2008.

### **Key performance indicators**

The key performance measures for the Company and the Group are profit growth and cashflow generation. Progress towards achievement of these targets is monitored on a monthly basis by comparing actual and expected volume, sales, margin, cost and working capital performance against the annual budget, periodic re-forecasts and previous period.

# **Cott Beverages Limited**

## **Directors' report for the period ended 29 December 2007 (continued)**

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company is a participant in the Cott Corporation global credit facility which provides it with additional funding capacity.

Management also has access to Cott Corporation's Treasury department that assists in the monitoring and managing of financial risk.

### **Price risk**

The company is exposed to commodity price risk as a result of its operations. If the company's operations change in size or nature the Directors revisit price risk to ensure the risks are still being managed appropriately. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

### **Credit risk**

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

### **Liquidity risk**

The UK Directors manage the UK risk through monitoring performance against forecast and have regular discussions with the parent company to ensure appropriate funding.

### **Interest rate cash flow risk**

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at floating rates.

### **Results and dividends**

The consolidated profit and loss account for the period is set out on page 8.

The Directors do not recommend the payment of a dividend in respect of the period ended 29 December 2007 (2006: £nil).

### **Donations**

The group made charitable donations totalling £2,100, (2006: £8,975).

# **Cott Beverages Limited**

## **Directors' report for the period ended 29 December 2007 (continued)**

### **Directors**

The directors of the company who held office throughout the period, unless otherwise stated, were

David R Main	(resigned 8 March 2007)
Nicholas E Whitley	(resigned 19 October 2007)
Jonathan H Skofic	(resigned 8 March 2007)
Wynn Willard	(resigned 1 February 2008)
Mike Turner	(appointed 8 March 2007)
Jeremy Fowden	(appointed 1 October 2007)
Robert Mason	(appointed 7 January 2008)

### **Company secretary**

David Main	(resigned 8 March 2007)
Hammonds Secretarial Services Ltd	(appointed 8 March 2007)

### **Payment to suppliers**

It is the group's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the group abides by the agreed payment terms subject to the terms and conditions being met by the suppliers. The creditor days outstanding at the period end was 39 days (2006 33 days)

### **Employees**

The group's policy is to consult and discuss with employees, through unions, staff consultation committees and at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through quarterly briefs and through the use of staff notice boards.

The group's policy is to recruit disabled employees for those vacancies that they are able to fill. All necessary assistance with initial training courses is given, and, in common with all employees, a career plan is prepared so as to maximise individual development opportunities. Arrangements are made where possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

The group encourages the involvement of employees in the group's performance through a SIP (Share Incentive Plan). This enables employees to purchase shares in Cott Corporation.

# Cott Beverages Limited

## Directors' report for the period ended 29 December 2007 (continued)

### Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The directors are responsible for preparing financial statements for each financial period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### Statement of disclosure of information to auditors

The Directors confirm that the auditors have been provided with appropriate information and that

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as *"information needed by the company's auditors in connection with preparing their report"*

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

By order of the board



Robert A Mason

Director

27 August 2008

## **Independent auditors' report to the members of Cott Beverages Limited**

We have audited the group and parent company financial statements (the "financial statements") of Cott Beverages Ltd for the period ended 29 December 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

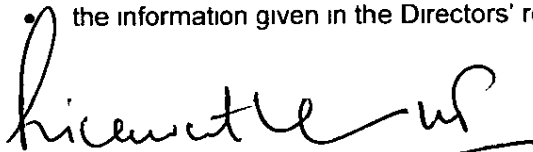


## **Independent auditors' report to the members of Cott Beverages Limited (continued)**

### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 29 December 2007 and of the group's profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors, East Midlands  
27 August 2008

# Cott Beverages Limited

## Consolidated profit and loss account for the period ended 29 December 2007

	Notes	29 December 2007  £'000	30 December 2006  £'000
<b>Turnover</b>	2	<b>201,881</b>	185,201
Cost of sales (including exceptional items)	3	<b>(159,986)</b>	(149,581)
<b>Gross profit</b>		<b>41,895</b>	35,620
Net operating expenses	4	<b>(32,136)</b>	(32,474)
<b>Operating profit</b>		<b>9,759</b>	3,146
<b>Profit before interest and taxation</b>		<b>9,759</b>	3,146
Interest receivable and similar income	7	<b>74</b>	24
Interest payable and similar charges	8	<b>(6,431)</b>	(4,779)
Other finance income/(charges)	23	<b>27</b>	(55)
<b>Profit/(loss) on ordinary activities before taxation</b>	9	<b>3,429</b>	(1,664)
Tax credit/(charge) on profit/(loss) on ordinary activities	10	<b>1,734</b>	(845)
<b>Profit/(loss) for the financial period</b>	25	<b>5,163</b>	(2,509)

All items dealt with in arriving at the profit/(loss) on ordinary activities before taxation relate to continuing activities

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the period stated above, and their historical cost equivalents

# Cott Beverages Limited

## Consolidated Statement of Total Recognised Gains and Losses (STRGL) for the period ended 29 December 2007

	Note	29 December 2007 £'000	30 December 2006 £'000
Profit/(loss) for the financial period		<b>5,163</b>	(2,509)
Actuarial gains	23	<b>202</b>	2,096
Movement on deferred tax relating to pension gain	23	<b>(168)</b>	(680)
Movement on current tax relating to pension deficit	23	<b>112</b>	51
Total recognised gains and losses	26	<b>5,309</b>	(1,042)

# Cott Beverages Limited

## Balance sheets as at 29 December 2007

	Notes	Group 2007 £'000	Company 2007 £'000	Group 2006 £'000	Company 2006 £'000
<b>Fixed assets</b>					
Intangible fixed assets	12,13	43,649	44,058	46,239	1,370
Tangible assets	14,15	62,558	62,558	58,741	35,193
Investments	16	-	509	-	63,783
		106,207	107,125	104,980	100,346
<b>Current assets</b>					
Stocks	17	12,643	12,643	14,656	10,828
Debtors	18	45,928	45,928	38,155	30,133
Cash at bank and in hand		5,113	5,113	526	371
		63,684	63,684	53,337	41,332
Creditors amounts falling due within one year	19	(41,958)	(41,958)	(45,817)	(37,181)
<b>Net current assets</b>		<b>21,726</b>	<b>21,726</b>	<b>7,520</b>	<b>4,151</b>
<b>Total assets less current liabilities</b>		<b>127,933</b>	<b>128,851</b>	<b>112,500</b>	<b>104,497</b>
Creditors amounts falling due after more than one year	20	(96,818)	(97,334)	(83,554)	(77,054)
Provisions for liabilities and charges	21	(3,844)	(4,561)	(6,623)	(4,983)
<b>Net assets excluding pension liability</b>		<b>27,271</b>	<b>26,956</b>	<b>22,323</b>	<b>22,460</b>
<b>Net pension liability</b>	23	<b>(2,013)</b>	<b>(2,013)</b>	<b>(2,374)</b>	<b>(2,374)</b>
<b>Net assets including pension liability</b>		<b>25,258</b>	<b>24,943</b>	<b>19,949</b>	<b>20,086</b>
<b>Capital and reserves</b>					
Called-up share capital	24	49,623	49,623	49,623	49,623
Share premium account	25	11,765	11,765	11,765	11,765
Retained earnings	25	(36,130)	(36,445)	(41,439)	(41,302)
<b>Total shareholders' funds</b>	26	<b>25,258</b>	<b>24,943</b>	<b>19,949</b>	<b>20,086</b>

The financial statements on pages 8 to 37 were approved by the board of directors on 27 August 2008 and were signed on its behalf by

  
Robert A Mason Director

# **Cott Beverages Limited**

## **Notes to the financial statements for the period ended 29 December 2007**

### **1 Principal accounting policies**

#### **Basis of accounting**

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The directors consider that the company's accounting policies and estimation techniques are the "most appropriate" in accordance with Financial Reporting Standard 18 ("FRS 18")

The financial statements are prepared on the going concern basis, under the historical cost convention

#### **Basis of consolidation**

The company is a wholly owned subsidiary of Cott Retail Brands Limited, a company incorporated in Great Britain. Following the acquisition of Cott Nelson (Holdings) Ltd the Directors have elected to prepare consolidated accounts for Cott Beverages Limited Group

The group financial statements include the financial statements for the Company and all its subsidiary undertakings to 29 December 2007. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account. The amounts taken for subsidiary companies are taken from the latest audited financial statements which all have the same accounting reference date

The cash flows of the group are included in the consolidated cash flow statement of Cott Corporation. Consequently, the group is exempt under the provisions of Financial Reporting Standard 1 (revised 1996) from publishing a cash flow statement

#### **Goodwill and Intangible assets**

Goodwill which represents the difference between the cost of acquisitions and the fair value of the net tangible assets acquired, is capitalised within Intangible Fixed Assets and amortised over its estimated useful economic life, which is considered by the Directors to have 18 accounting periods remaining. The amortisation charge is included within administration expenses

The brand represents consideration paid for the right to use a particular brand name. It has been capitalised and is being written off over 10 accounting periods

# **Cott Beverages Limited**

## **Notes to the financial statements for the period ended 29 December 2007 (continued)**

### **1 Principal accounting policies (continued)**

#### **Impairment of fixed assets and goodwill**

In accordance with FRS11, the Group performs impairment reviews where there is an indication that the carrying amount of fixed assets or goodwill may not be recoverable. The impairment review involves using measurement techniques to estimate the asset's recoverable amount, based upon the higher of post tax net realisable value and value in use, and comparing that with the carrying value of the asset.

Where it is established that an asset has been impaired, then an amount equal to the impairment is charged to the profit and loss account in the period of the impairment.

Where an impairment review has been carried out and the recoverable amount has been based on value in use, the Group monitors the results of the review for the next five periods. If, during this monitoring period, the results of the original impairment review are no longer considered to be appropriate, then a reversing credit or increased charge is made to the profit and loss account.

#### **Investments**

Investments are stated at cost less provisions for impairment.

#### **Capitalisation of finance costs**

Financing fees are capitalised and written off on a straight line basis over the life of the financing arrangement.

#### **Tangible fixed assets and depreciation**

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

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are

Freehold buildings	2.5 - 10%
Plant and machinery	8.33 - 25%
Computer equipment	33%
Fixtures and fittings	10%
Motor vehicles	25%

Freehold land is not depreciated, and interest is not capitalised.

# **Cott Beverages Limited**

## **Notes to the financial statements for the period ended 29 December 2007 (continued)**

### **1 Principal accounting policies (continued)**

#### **Finance and operating leases**

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

#### **Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value, cost being determined on the first-in, first-out basis. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

#### **Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced amounts derived from the manufacture and sale of soft drinks. Turnover is recognised when goods are despatched.

#### **Share Incentive Plan (SIP)**

The company has a SIP scheme (Share Incentive Plan). Shares in Cott Corporation are purchased mid month using the previous month's employee contributions. There are no free or matching shares. The SIP trust held no shares at 29 December 2007.

#### **Foreign currencies**

Foreign exchange differences are taken to the profit and loss account in the period in which they arise.

#### **Taxation**

The charge for taxation is based on the profits for the period as adjusted for disallowable items.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. Deferred tax balances are not discounted and are recognised to the extent that it is regarded more than likely that there will be suitable taxable profits against which these assets can be recovered in future periods.

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 1 Principal accounting policies (continued)

#### Pension costs

The Group's defined benefit pension scheme is assessed annually in accordance with FRS17

The accounting valuation, which was based on assumptions determined with independent actuarial advice, resulted in a deficit of £2,790,000 (2006 deficit of £3,391,000) before deferred taxation being recognised on the balance sheet at 29 December 2007. The size of the deficit is sensitive to the market value of the assets held by the scheme, and to actuarial assumptions which include price inflation, pension and salary increases, the discount rate used in assessing actuarial liabilities, mortality and other demographic assumptions and the level of contributions. Further details are included in note 23.

Payments to the Group's defined contribution schemes are charged as an expense as they fall due.

#### Research and development

Costs incurred in respect of research and development are expensed to the profit and loss account in the period in which they are incurred.

### 2 Turnover

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

	<b>29 December 2007</b>	<b>30 December 2006</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>192,377</b>	172,472
Rest of Europe	<b>9,362</b>	12,621
Rest of World	<b>142</b>	108
	<b>201,881</b>	185,201

All the Company's assets and liabilities are held in the UK.



## Cott Beverages Limited

### Notes to the financial statements for the period ended 29 December 2007 (continued)

#### 3 Exceptional items

	29 December 2007	30 December 2006
	£'000	£'000
Cost of sales excluding exceptional items	159,986	145,081
Inventory loss on Administration of resin supplier	-	4,500
	159,986	149,581

#### 4 Net operating expenses

	29 December 2007	30 December 2006
	£'000	£'000
Distribution costs	13,314	11,639
Administrative expenses	18,822	20,835
Total net operating expenses	32,136	32,474

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 5 Directors' emoluments

	29 December 2007	30 December 2006
	£'000	£'000
Aggregate emoluments paid by the group	402	504
Compensation for loss of office	70	227
Company pension contributions to money purchase pension schemes	-	14
	472	745

Emoluments for the services of W Willard were paid by other subsidiaries of the Cott Corporation group of companies and accordingly his emoluments are disclosed in the financial statements of Cott Corporation

Retirement benefits are accruing to no directors (2006 two) under a money purchase pension scheme Retirement benefits are accruing to 3 directors (2006 two) under defined benefit pension schemes No directors exercised share options in Cott Corporation during the period No directors received shares under long term incentive schemes

	29 December 2007	30 December 2006
	£'000	£'000
Highest paid director		
Aggregate emoluments	169	139
Compensation for loss of office	-	227
Company pension contributions to money purchase schemes	-	13
Defined benefit pension scheme		
Accrued pension at end of the period	14	-
	183	379

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 6 Employee information

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

	<b>29 December 2007</b>	<b>30 December 2006</b>
	<b>Number</b>	<b>Number</b>
By activity		
Production	<b>621</b>	588
Sales	<b>48</b>	41
Administration	<b>76</b>	82
	<b>745</b>	711

	<b>29 December 2007</b>	<b>30 December 2006</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs		
Wages and salaries	<b>21,596</b>	19,638
Social security costs	<b>1,422</b>	1,994
Other pension costs	<b>913</b>	963
Compensation for loss of office	<b>70</b>	227
	<b>24,001</b>	22,822

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 7 Interest receivable and similar income

	29 December 2007	30 December 2006
	£'000	£'000
On bank deposits or similar	74	24

### 8 Interest payable and similar charges

	29 December 2007	30 December 2006
	£'000	£'000
On bank loans and overdrafts	1,581	4,574
On intercompany loans	4,283	-
Amortisation of financing costs	567	205
	6,431	4,779

### 9 Profit/(loss) on ordinary activities before taxation

	29 December 2007	30 December 2006
	£'000	£'000
Profit/(loss) on ordinary activities before taxation is stated after charging		
Amortisation of intangible assets	2,590	2,920
Depreciation charge for the period Tangible owned assets	7,139	7,169
Auditors' remuneration for Audit	189	96
Other services – auditing of subsidiaries	5	45
Other services – tax fees	59	82
Hire of plant and machinery	678	595
Hire of plant and machinery – operating leases	723	660
Hire of other equipment – operating leases	80	64

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 10 Tax on profit(loss) on ordinary activities

	29 December 2007	30 December 2006
	£'000	£'000
Current tax		
UK Corporation Tax on profits/(loss) for the period	1,128	349
Adjustment in respect of previous periods	(234)	76
Total current tax	894	425
Deferred tax		
Origination and reversal of timing differences	(2,628)	420
Tax on profit/(loss) on ordinary activities	(1,734)	845
The current tax charge of £894,000 is £135,000 lower (2006 £924,000 higher) than the standard UK rate of 30% applied to the profit for the period. The differences are explained below.		
Factors affecting tax charge for the period		
Profit/(loss) on ordinary activities before taxation	3,429	(1,664)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2006 30%)	1,029	(499)
Effect of		
Expenses not deductible for tax purposes	772	251
Adjustment in respect of previous periods	(234)	76
Accelerated capital allowances and utilisation of tax losses	(673)	597
Current tax charge for the period	894	425

#### Factors that may affect future tax charges

Future tax charges may be affected by reversal of accelerated capital allowances

The standard rate of Corporation Tax in the UK changed to 28% with effect from 1 April 2008

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 11 Profit for the financial period

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. The Company's profit for the period before taxation, was £2,724,000 (2006: loss £3,206,000)

### 12 Group intangible assets

	Goodwill	Brand	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 30 December 2006	48,296	1,750	50,046
<b>At 29 December 2007</b>	<b>48,296</b>	<b>1,750</b>	<b>50,046</b>
<b>Amortisation</b>			
At 30 December 2006	3,427	380	3,807
Charge for the period	2,415	175	2,590
<b>At 29 December 2007</b>	<b>5,842</b>	<b>555</b>	<b>6,397</b>
<b>Net book value</b>			
<b>At 29 December 2007</b>	<b>42,454</b>	<b>1,195</b>	<b>43,649</b>
At 30 December 2006	44,869	1,370	46,239

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 13 Company intangible assets

	Goodwill	Brand	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 30 December 2006	-	1,750	1,750
Additions	45,278	-	45,278
<b>At 29 December 2007</b>	<b>45,278</b>	<b>1,750</b>	<b>47,028</b>
<b>Amortisation</b>			
At 30 December 2006	-	380	380
Charge for the period	2,415	175	2,590
<b>At 29 December 2007</b>	<b>2,415</b>	<b>555</b>	<b>2,970</b>
<b>Net book value</b>			
<b>At 29 December 2007</b>	<b>42,863</b>	<b>1,195</b>	<b>44,058</b>
At 30 December 2006	-	1,370	1,370

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 14 Group tangible fixed assets

	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Assets under con- struction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 30 December 2006	32,159	57,824	4,708	72	524	95,287
Additions	184	11,143	156	-	(524)	10,959
Disposals	-	(287)	-	(15)	-	(302)
<b>At 29 December 2007</b>	<b>32,343</b>	<b>68,680</b>	<b>4,864</b>	<b>57</b>	<b>-</b>	<b>105,944</b>
<b>Depreciation</b>						
At 30 December 2006	4,865	27,094	4,546	41	-	36,546
Charge for the period	838	6,196	87	18	-	7,139
On disposals	-	(287)	-	(12)	-	(299)
<b>At 29 December 2007</b>	<b>5,703</b>	<b>33,003</b>	<b>4,633</b>	<b>47</b>	<b>-</b>	<b>43,386</b>
<b>Net book value</b>						
<b>At 29 December 2007</b>	<b>26,640</b>	<b>35,677</b>	<b>231</b>	<b>10</b>	<b>-</b>	<b>62,558</b>
At 30 December 2006	27,294	30,730	162	31	524	58,741

The assets are subject to a fixed and floating charge in favour of the group's bankers

All land and buildings relate to freehold land and buildings

Freehold land and buildings includes £6,117,000 (2006 £6,117,000) in respect of land which is not subject to depreciation



# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 15 Company tangible fixed assets

	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Assets under con- struction	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 30 December 2006	22,559	38,666	4,708	487	-	66,420
Additions	183	10,983	156	(487)	-	10,835
Transfers from group company	8,904	14,354	-	-	28	23,286
Disposals	-	(287)	-	-	(15)	(302)
<b>At 29 December 2007</b>	<b>31,646</b>	<b>63,716</b>	<b>4,864</b>	<b>-</b>	<b>13</b>	<b>100,239</b>
<b>Depreciation</b>						
At 30 December 2006	4,199	22,482	4,546	-	-	31,227
Charge for the period	807	5,844	87	-	15	6,753
On disposals	-	(287)	-	-	(12)	(299)
<b>At 29 December 2007</b>	<b>5,006</b>	<b>28,039</b>	<b>4,633</b>	<b>-</b>	<b>3</b>	<b>37,681</b>
<b>Net book value</b>						
<b>At 29 December 2007</b>	<b>26,640</b>	<b>35,677</b>	<b>231</b>	<b>-</b>	<b>10</b>	<b>62,558</b>
At 30 December 2006	18,360	16,184	162	487	-	35,193

The assets are subject to a fixed and floating charge in favour of the company's bankers

All land and buildings relate to freehold land and buildings

Freehold land and buildings includes £6,117,000 (2006 £6,117,000) in respect of land which is not subject to depreciation

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 16 Investments

Company interests in group undertakings	£'000
At 30 December 2006	63,783
Write down of investment in Cott Nelson (Holdings) Ltd	(63,274)
<b>At 29 December 2007</b>	<b>509</b>

Following the transfer of the trade and assets of Cott (Nelson) Ltd to Cott Beverages Ltd on 27 January 2007, the investment held by Cott Nelson (Holdings) Ltd in Cott (Nelson) Ltd was impaired to the recoverable amount of the investment. The related reduction in the assets of Cott Nelson (Holdings) Ltd following this impairment have been reflected in these financial statements as an impairment of the investment held by Cott Beverages Ltd in the holding company.

Name of undertaking	Country of Incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by group	Proportion of nominal value of issued shares held by company
Cott Private Label Limited	UK	Ordinary shares of 10p each	100%	100%
Cott Nelson (Holdings) Limited (formerly Macaw (Holdings) Limited)	UK	Ordinary shares of £1 each	100%	100%

Cott Private Label Limited is a non-trading company

### 17 Stocks

	Group	Company	Group	Company
	29 December 2007	29 December 2007	30 December 2006	30 December 2006
	£'000	£'000	£'000	£'000
Raw materials	4,079	4,079	9,036	7,160
Finished goods	8,564	8,564	5,620	3,668
	<b>12,643</b>	<b>12,643</b>	<b>14,656</b>	<b>10,828</b>

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 18 Debtors

	Group	Company	Group	Company
	29 December 2007	29 December 2007	30 December 2006	30 December 2006
	£'000	£'000	£'000	£'000
Trade debtors	38,643	38,643	30,684	21,242
Amounts owed by group undertakings	996	996	39	4,681
Corporation tax	332	332	1,407	1,348
Other debtors	4,251	4,251	925	816
Prepayments and accrued income	1,706	1,706	5,100	2,046
	45,928	45,928	38,155	30,133

The amounts owed by group undertakings shown as falling due within one year are payable on demand and non interest bearing All amounts fall due within one year

### 19 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	29 December 2007	29 December 2007	30 December 2006	30 December 2006
	£'000	£'000	£'000	£'000
Trade creditors	23,711	23,711	15,679	8,978
Amounts owed to group undertakings	2,609	2,609	19,573	19,673
Other taxation and social security	3,896	3,896	3,212	2,062
Other creditors and accruals	11,742	11,742	7,353	6,468
	41,958	41,958	45,817	37,181

The amounts owed to group undertakings are payable on demand and are non-interest bearing

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 20 Creditors: amounts falling due after more than one year

	Group	Company	Group	Company
	29 December 2007	29 December 2007	30 December 2006	30 December 2006
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	-	-	55,000	48,500
Amounts owed to group undertakings	96,816	97,332	28,552	28,552
Redeemable preference shares	2	2	2	2
	96,818	97,334	83,554	77,054

On 31 March 2008, Cott Corporation entered into a new US\$250million senior secured asset-based lending credit facility. The outstanding indebtedness under the previous credit facility was repaid. The facility covers Cott Corporation and its subsidiaries which includes Cott Beverages Limited.

The facility has a maturity date of 5 years, but if Cott does not refinance its senior subordinated notes by June 2011, the facility will mature then. The facility includes a revolver that is limited to US\$250million subject to a borrowing base comprised of certain Cott assets, namely eligible inventory, accounts receivable and property, plant and equipment. Interest on the facility will be LIBOR plus 2.5%.

Interest at a fixed rate of 8.3% is payable on £68million amounts owed to group undertakings. The remaining amount of £28,816,000 owed to group undertakings is non-interest bearing. All amounts owed to group undertakings are unsecured and have no fixed repayment date. However, the directors have received written confirmation from the ultimate parent undertaking that the amounts will not have to be repaid within one year.

The redeemable (at par) preference shares are undated and are eligible to a fixed cumulative dividend of ½% payable bi-annually on 25 March and 29 September on the nominal value of the shares. The shares are non-voting and have a preferential right to return of capital on a winding up. Since these shares were acquired by Cott Retail Brands Limited, the rights to these dividends have been waived.

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 21 Provisions for liabilities and charges

	Group	Company
	Deferred Taxation £'000	Deferred Taxation £'000
At 30 December 2006	6,623	4,983
Charged to the profit and loss account	(2,779)	(422)
<b>At 29 December 2007</b>	<b>3,844</b>	<b>4,561</b>

\* excluding deferred tax on pension liability (see note 23)

Deferred taxation provided in the financial statements, is as follows

	Group	Company	Group	Company
	Amount provided		Amount provided	
	29 December 2007	29 December 2007	30 December 2006	30 December 2006
	£'000	£'000	£'000	£'000
Tax effect of timing differences because of				
Excess of capital allowances over depreciation	3,844	4,561	6,623	4,983
Other	-	-	-	-
Deferred tax creditor excluding that relating to pension liability	3,844	4,561	6,623	4,983
Deferred tax asset on pension scheme liability (note 23)	(777)	(777)	(1,017)	(1,017)
<b>Net deferred tax creditor</b>	<b>3,067</b>	<b>3,784</b>	<b>5,606</b>	<b>3,966</b>

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 22 Acquisition

On 27 January 2007, the company acquired the trade and assets of Cott (Nelson) Ltd, a 100% subsidiary of Cott Nelson (Holdings) Ltd, which is a 100% subsidiary of Cott Beverages Ltd, at their market value. The list of assets and liabilities acquired are set out below.

		Book values	Fair value adjustments	Fair values
	Note	£'000	£'000	£'000
Fixed Assets		25,515	(2,229)	23,286
Stock		3,722	-	3,722
Cash		104	-	104
Debtors		10,725	-	10,725
Creditors		(15,633)	-	(15,633)
Net assets acquired		24,433	(2,229)	22,204
Goodwill on acquisition	13			45,278
Satisfied by				
Purchase consideration				67,482

The results of Cott (Nelson) Limited for the 1 month period ended 27 January 2007, and for the year ended 30 December 2006, were included within the consolidated accounts for Cott Beverages Ltd.

# **Cott Beverages Limited**

## **Notes to the financial statements for the period ended 29 December 2007 (continued)**

### **23 Pension commitments**

#### **Defined contribution schemes**

The group operates a number of defined contribution schemes

The assets of these schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group, and amounted to £665,000 (2006 £673,328) for the period

#### **Defined benefit schemes**

The Group also operates the Cott Beverages Limited Retirement and Death Benefit Scheme. The assets of the scheme, which is a funded scheme, are held in a separate trustee administered fund and employees are entitled to retirement benefits based on their final pensionable salaries and length of service

#### **FRS 17 Disclosures**

The valuation of the scheme is based on the most recent actuarial valuation as at 1 May 2006, updated by the scheme actuary to 29 December 2007

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 23 Pension commitments (continued)

The principal actuarial assumptions used at the balance sheet date were as follows

	<b>29 December 2007</b>	<b>30 December 2006</b>	<b>31 December 2005</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Rate of increase in salaries	<b>3.4</b>	<b>4.0</b>	<b>3.9</b>
Rate of increase of pensions in payment			
Pre 88 GMP	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Post 88 GMP	<b>3.0</b>	<b>3.0</b>	<b>2.9</b>
a) Ordinary Members			
Pre 6/4/97 excess over GMP	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Post 5/4/97 excess over GMP	<b>3.4</b>	<b>3.0</b>	<b>2.9</b>
b) Executive members (excess over GMP)	<b>3.4</b>	<b>3.0</b>	<b>2.9</b>
c) Ex-Crystal Members			
Pre 6/4/97 (excess over GMP)	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
post 5/4/97 (excess over GMP)	<b>3.4</b>	<b>3.0</b>	<b>3.25</b>
Discount rate	<b>5.9</b>	<b>5.20</b>	<b>4.66</b>
Inflation	<b>3.4</b>	<b>3.0</b>	<b>2.9</b>

The mortality assumptions used are PA92 C2006 for pensioners, and PA92 C2020 for non-pensioners



# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 23 Pension commitments (continued)

Amounts recognised in the profit and loss account:

#### Operating profit charge

	29 December 2007	30 December 2006
	£'000	£'000
Current service cost	(248)	(290)
Past service cost	-	-
<b>Total operating charge</b>	<b>(248)</b>	<b>(290)</b>
<b>Finance income/(charge)</b>		
Expected return on pension scheme	787	660
Interest on pension scheme liabilities	(760)	(715)
Net income/(charge)	27	(55)
<b>Total profit and loss account charge</b>	<b>(221)</b>	<b>(345)</b>

#### Actuarial gain recognised in the Statement of Total Recognised Gains and Losses ("STRGL").

	29 December 2007	30 December 2006
	£'000	£'000
Actual return less expected return on pension scheme assets	(304)	601
Experience gains and losses arising on scheme liabilities	(438)	(50)
Changes in assumptions underlying the present value of the scheme liabilities	944	1,545
<b>Actuarial gain recognised in the STRGL</b>	<b>202</b>	<b>2,096</b>

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 23 Pension commitments (continued)

Amounts recognised in the balance sheet:

	29 December 2007	30 December 2006
	£'000	£'000
Total market value of scheme assets	12,037	11,253
Present value of scheme liabilities	(14,827)	(14,644)
Deficit in the scheme	(2,790)	(3,391)
Deferred tax on deficit in the scheme	777	1,017
<b>Net pension liability recognised in the balance sheet</b>	<b>(2,013)</b>	<b>(2,374)</b>

Movement in the deficit during the period:

	29 December 2007	30 December 2006
	£'000	£'000
Opening deficit in the scheme	(3,391)	(5,659)
Movement in the period		
Current service cost	(248)	(290)
Contributions	620	517
Past service costs	-	-
Other finance income/(charge)	27	(55)
Actuarial gain	202	2,096
<b>Closing deficit in the scheme</b>	<b>(2,790)</b>	<b>(3,391)</b>

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 23 Pension commitments (continued)

The market value of the scheme assets and the expected rates of return were as follows

	Long term expected rate of return 29 December 2007	Market value at 29 December 2007	Long term expected rate of return 30 December 2006	Market value at 30 December 2006	Long term expected rate of return 31 December 2005	Market value at 31 December 2005
	%	£'000	%	£'000	%	£'000
Equities	8.0	8,239	7.6	8,036	7.1	8,256
Government Bonds	4.5	1,265	4.6	1,059	4.1	431
Corporate Bonds	5.9	2,472	5.2	2,121	4.7	872
Cash	5.0	61	4.6	37	4.1	19
<b>Total market value of assets</b>		<b>12,037</b>		<b>11,253</b>		<b>9,578</b>

#### History of experience gains and losses

	Period to 29.12 2007	Period to 30 12 2006	Period to 31 12 2005	Period to 01 01 2005	Period to 03 01 2004
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets	304	(601)	1,272	174	418
Percentage of scheme assets	2.5%	5.3%	13.3%	2.4%	6.5%
Experience gains and losses arising on the scheme liabilities	(438)	(50)	171	24	328
Percentage of the present value of the scheme liabilities	3.0%	0.3%	1.1%	0.2%	3.3%
Total amount recognised in the STRGL	202	2,096	(1,362)	(946)	249
Percentage of the present value of the scheme liabilities	1.4%	14.3%	(8.9%)	(8.0%)	2.5%

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 24 Called-up share capital

Group and Company

	29 December 2007	30 December 2006
	£'000	£'000
<b>Authorised</b>		
74,998,000 ordinary shares of £1 each	74,998	74,998
<b>Allotted, called up and fully paid</b>		
49,623,610 ordinary shares of £1 each	49,623	49,623

### 25 Reserves

	Share premium account Group	Share premium account Company	Retained earnings Group	Retained earnings Company
	£'000	£'000	£'000	£'000
At 30 December 2006	11,765	11,765	(41,439)	(41,302)
Profit for the period	-	-	5,163	4,711
Actuarial gain	-	-	202	202
Deferred tax on actuarial gain	-	-	(168)	(168)
Current tax on actuarial gain	-	-	112	112
<b>As at 29 December 2007</b>	<b>11,765</b>	<b>11,765</b>	<b>(36,130)</b>	<b>(36,445)</b>

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 26 Reconciliation of movements in total shareholders' funds

	Group	Company	Group	Company
	29 December 2007	29 December 2007	30 December 2006	30 December 2006
	£'000	£'000	£'000	£'000
Profit/(loss) for the period	5,163	4,711	(2,509)	(2,860)
Actuarial gain	202	202	2,096	2,096
Movement on deferred tax re actuarial gain	(168)	(168)	(680)	(680)
Movement on current tax re actuarial loss	112	112	51	51
<b>Total movements</b>	<b>5,309</b>	<b>4,857</b>	<b>(1,042)</b>	<b>(1,393)</b>
Opening shareholders' funds	19,949	20,086	20,991	21,479
Closing shareholders' funds	25,258	24,943	19,949	20,086

### 27 Contingent liabilities

The group has no material contingent liabilities

# Cott Beverages Limited

## Notes to the financial statements for the period ended 29 December 2007 (continued)

### 28 Financial commitments

At 29 December 2007, the group had annual commitments under non-cancellable operating leases as follows

	Group	Company	Group	Company
	29 December 2007	29 December 2007	30 December 2006	30 December 2006
	£'000	£'000	£'000	£'000
Expiring within one year	64	64	80	8
Expiring between one and two years inclusive	253	253	81	-
Expiring between two and five years	224	224	494	220
	541	541	655	228

All operating leases relate to plant, machinery and office equipment

### 29 Capital commitments

Capital expenditure contracted but not provided for in the financial statements amounts to £243,000 (2006 £5,404,200)

### 30 Related party disclosures

Transactions with other companies within the Cott Group are not disclosed as the company and group have taken advantage of the exemption available under Financial Reporting Standard No 8 'Related party disclosures' as the consolidated accounts of Cott Corporation, in which the company and group are included, are publicly available

### 31 Post balance sheet events

On 31 March 2008 Cott Corporation entered into a new US\$250million senior secured asset-based lending credit facility. The outstanding indebtedness under the previous credit facility was repaid. The facility covers Cott Corporation and its subsidiaries which includes Cott Beverages Ltd

# **Cott Beverages Limited**

## **Notes to the financial statements for the period ended 29 December 2007 (continued)**

### **32 Ultimate parent company**

The directors consider Cott Retail Brands Limited, a company registered in England and Wales, as the immediate and ultimate UK parent company. The ultimate parent company is Cott Corporation, a company incorporated in Canada, whom the directors consider to be the ultimate controlling party.

Copies of the ultimate UK parent's consolidated financial statements and the ultimate controlling party's consolidated financial statement may be obtained from The Secretary, Cott Retail Brands Limited, Citrus Grove, Side Ley, Kegworth, Derbyshire, DE74 2FJ.