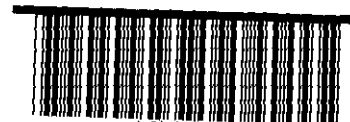


Cott Beverages Limited

**Report and financial statements
for the year ended 29 December 2001**

Registered No: 2836071



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Cott Beverages Limited

Report and financial statements for the year ended 29 December 2001

	Pages
Directors and advisers	1
Directors' report	2 – 3
Auditors' report	4
Profit and Loss Account	5
Balance sheet	6
Notes to the financial statements	7 - 23

Cott Beverages Limited

Directors and advisers

Directors

Raymond P Silcock (Chairman)
Christopher T F Birrell
David R Main
Nicholas E Whitley
Jonathan H Skofic

Secretary

Hackwood Secretaries Limited
One Silk Street
London EC2Y 8HQ

Registered office

Citrus Grove
Side Ley
Kegworth
Derby DE74 2FJ

Registered Auditors

PricewaterhouseCoopers
Victoria House
76 Milton Street
Nottingham NG1 3QY

Solicitors

Hammond Suddards Edge
2 Park Lane
Leeds LS3 1ES

Bankers

Lloyds TSB Bank Plc
City Office
P O Box 72
Bailey Drive
Gillingham Business Park
Kent ME8 OLS

Cott Beverages Limited

Directors' report for the year ended 29 December 2001

The directors present their report and the audited financial statements for the year ended 29 December 2001.

Principal activities

The company's principal activity is the manufacture and sale of soft drinks.

Review of business and future developments

The profit and loss account for the year is set out on page 5.

The business performed adequately during the year in a market, which continued to experience intense price competition. However, based on a review of discounted future cashflows the decision was taken to write down the carrying value of goodwill (see Note 11).

The directors are committed to developing the company by focusing on excellent customer service and innovation whilst maintaining a tight control of costs.

The directors remain confident that the company will continue to be a major player in the UK soft drinks industry.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 29 December 2001 (30.12.2000: £Nil).

Directors

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

Raymond P Silcock (Chairman)
Neil A Thompson (resigned 19 February 2002)
Gary E Saunders (resigned 30 June 2001)
Christopher T F Birrell
Barbara Harris (resigned 30 June 2001)
David R Main (appointed 01 July 2001)
Nicholas E Whitley (appointed 01 July 2001)
Jonathan H Skofic (appointed 25 July 2001)

Directors' interests in shares of the company

No directors had any beneficial interest in the shares of the company at any time during the period. Under statutory instrument 802 1985, the interests of the directors in the capital of the ultimate parent company or any of its subsidiaries incorporated overseas are not required to be disclosed.

Cott Beverages Limited

Directors' report for the year ended 29 December 2001 (continued)

Payment to suppliers

It is the company'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 company abides by the agreed payment terms subject to the terms and conditions being met by the suppliers. The creditor days outstanding at the year end was 37 days (30.12.2000 : 33 days).

Employees

The company's policy is to consult and discuss with employees, through unions, site forums and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through monthly briefs and through the use of staff notice boards.

The company'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.

Directors' responsibilities

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

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 29 December 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting.

By order of the board



FOR AND ON BEHALF OF
Hackwood Secretaries Limited
Company Secretary
25 March 2002

Cott Beverages Limited

Independent auditors' report to the members of Cott Beverages Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 transactions is not disclosed.

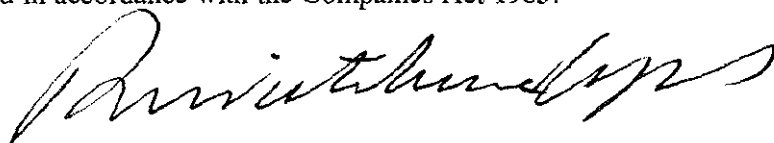
Basis of audit opinion

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 at 29 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Nottingham
25 March 2002

Cott Beverages Limited

Profit and Loss Account for the year ended 29 December 2001

		Year to 29.12.2001 before exceptional items £'000	Year to 29.12.2001 exceptional items £'000	Year to 29.12.2001 after exceptional items £'000	Year to 30.12.2000 before exceptional items restated £'000	Year to 30.12.2000 exceptional items £'000	Year to 30.12.2000 after exceptional items restated £'000
Turnover	2	91,519	-	91,519	95,635	-	95,635
Cost of sales		(78,639)	-	(78,639)	(75,599)	(685)	(76,284)
Gross profit		12,880	-	12,880	20,036	(685)	19,351
Net operating expenses	3, 9	(16,607)	(14,013)	(30,620)	(18,255)	-	(18,255)
Operating (loss)/ profit		(3,727)	(14,013)	(17,740)	1,781	(685)	1,096
Profit on sale of fixed assets	4	93	-	93	-	2,181	2,181
(Loss)/profit before interest and taxation		(3,634)	(14,013)	(17,647)	1,781	1,496	3,277
Interest receivable	7			148			93
Interest payable	8			(1,073)			(4,792)
Loss on ordinary activities before taxation	9			(18,572)			(1,422)
Tax on loss on ordinary activities	10			-			-
Deficit for the financial year				(18,572)			(1,422)

All items dealt with in arriving at the loss on ordinary activities before taxation for 2001 and 2000 relate to continuing activities.

Statement of Recognised Gains and Losses

	Year to 29.12.2001 £'000	Year to 30.12.2000 restated £'000
Loss for the financial year	(18,572)	(1,422)
Total recognised losses for the year	(18,572)	(1,422)
Prior year adjustment	22	480
Total losses recognised since last annual report	(18,092)	

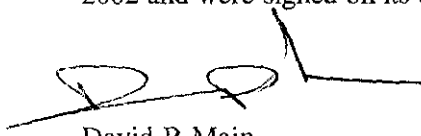
There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above, and their historical cost equivalents.

Cott Beverages Limited

Balance Sheet at 29 December 2001

		29.12.2001	30.12.2000 restated
		£'000	£'000
Fixed assets			
Intangible fixed assets	11	2,529	14,889
Tangible assets	12	40,735	43,330
Investments	13	100	100
		<u>43,364</u>	<u>58,319</u>
Current assets			
Stocks	14	6,109	6,247
Debtors	15	16,967	18,600
Cash at bank and in hand		1,671	3,237
		<u>24,747</u>	<u>28,084</u>
Creditors: amounts falling due within one year	16	(16,068)	(20,087)
Net current assets		<u>8,679</u>	<u>7,997</u>
Total assets less current liabilities		<u>52,043</u>	<u>66,316</u>
Creditors: amounts falling due after more than one year	17	(36,132)	(31,833)
Provisions for liabilities and charges	18	(700)	(700)
Net assets		<u>15,211</u>	<u>33,783</u>
Capital and reserves			
Called up share capital	20	49,625	49,625
Share premium account	21	11,765	11,765
Profit and loss account	22	(46,179)	(27,607)
Equity shareholders' funds	23	15,209	33,781
Non-equity shareholders' funds		2	2
Total shareholders' funds		<u>15,211</u>	<u>33,783</u>

The financial statements on pages 5 to 23 were approved by the board of directors on 25 March 2002 and were signed on its behalf by:


David R Main
Director

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001

1 Principal accounting policies

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

The company is a wholly owned subsidiary of Cott Retail Brands Limited, a company incorporated in Great Britain.

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

During 2001, the company adopted Financial Reporting Standard 18 ("FRS 18"): Accounting Policies, which requires a full review of the company's accounting policies and estimation techniques (the latter being the methods by which accounting policies are implemented). This review was conducted in accordance with FRS 18, which requires that where a choice of treatment is available, the "most appropriate" accounting policies and estimation techniques shall be used. Implementation of the FRS has not resulted in any changes to accounting policies and estimation techniques. Therefore, there has been no impact on the profit and loss account. However, prior year comparatives for Imputed Interest (note 7), Deferred Tax (note 18) and Pension and Similar Obligations (note 19) have been restated to ensure comparability.

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

Basis of accounting

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

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%
Plant and machinery	8.33%
Fixtures and fittings	10%
Computer hardware and software	20%

Leasehold improvements are written off over the period of the lease. Freehold land is not depreciated.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

Finance and operating leases

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

Stocks and work in progress

Stocks and work in progress are 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.

Goodwill and other intangibles

Goodwill represents the difference between the fair value of the consideration paid and the fair value of the separable net assets acquired. Goodwill is capitalised and written off over its estimated useful life of 20 years.

The licence fee represents consideration paid for the right to use certain concentrates and recipes. It has been capitalised and is being written off over 5 years.

Impairment

The company undertakes a review for impairment of a fixed asset or goodwill if events or changes in circumstances indicate that the carrying amount of the fixed asset or goodwill may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is the higher of net realisable value and value in use, the fixed asset or goodwill is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

Turnover

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

Foreign currencies

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

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

Pension costs

Pension commitments arising in respect of the company's defined contribution pension schemes are charged to the profit and loss account on the basis of contributions payable for the year.

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

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.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

2 Turnover

The analysis of turnover by geographical area of destination is set out below:

	Year to 29.12.2001 £'000	Year to 30.12.2000 £'000
United Kingdom	88,996	93,895
Rest of Europe	2,523	1,740
	<u>91,519</u>	<u>95,635</u>

3 Net operating expenses

	Year to 29.12.2001 before exceptional items £'000	Year to 29.12.2001 exceptional items £'000	Year to 29.12.2001 after exceptional items £'000	Year to 30.12.2000 £'000
Distribution costs	6,338	-	6,338	6,078
Administrative expenses	10,269	14,013	24,282	12,177
Total net operating expenses	<u>16,607</u>	<u>14,013</u>	<u>30,620</u>	<u>18,255</u>

All the above relate to continuing operations.

The current year exceptional item is explained in Note 11.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

4 Exceptional items

During the year to 30 December 2000 the sale of the Sawley assets resulted in an exceptional profit on the sale of the fixed assets of £2,181,000. The remaining exceptional costs included in cost of sales (£685,000) were the result of the closure costs of Sawley including redundancy.

5 Directors' emoluments

	Year to 29.12.2001 £'000	Year to 30.12.2000 £'000
Aggregate emoluments	752	1,015
Company contributions to money purchase pension schemes	33	50
Compensation to past directors for loss of office	359	-
	<u>1,144</u>	<u>1,065</u>

Retirement benefits are accruing to two (year end 30.12.2000 - four) directors under money purchase pension schemes. Retirement benefits are accruing to two (year end 30.12.2000 - nil) directors under defined benefit pension schemes.

Highest paid director	Year to 29.12.2001 £'000	Year to 30.12.2000 £'000
Aggregate emoluments	113	371
Company pension contributions to money purchase schemes	9	-
Compensation for loss of office	277	-
	<u>399</u>	<u>371</u>

Mr Silcock's emoluments were paid by Cott Corporation for his services to that company. No amounts have been specifically recharged or apportioned to the company, and accordingly his emoluments are disclosed in the financial statements of Cott Corporation.

Seven directors including the highest paid director exercised share options in Cott Corporation during the year.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

6 Employee information

The average monthly number of persons employed during the year was:

	Year to 29.12.2001 Number	Year to 30.12.2000 Number
Production	327	355
Sales	28	31
Administration	52	57
	<u>407</u>	<u>443</u>
	Year to 29.12.2001 £'000	Year to 30.12.2000 £'000
Staff costs (for the above persons):		
Wages and salaries	9,828	10,136
Social security costs	978	1,060
Other pension costs	573	563
	<u>11,379</u>	<u>11,759</u>

An AESOP scheme (All Employee Share Ownership plan) was set up in October 2001. Lloyds TSB Registrars administer the scheme. Shares in Cott Corporation are purchased mid month using the previous month's employee contributions. Any balance of funds are carried over to the next month. There are no free or matching shares. The fees charged by Lloyds TSB Registrars for setting up and administering the plan are charged to the profit and loss account as incurred. The AESOP trust holds no shares at 29.12.2001.

7 Interest receivable and similar income

	Year to 29.12.2001 £'000	Year to 30.12.2000 restated £'000
On bank deposits or similar	24	55
Imputed interest on deferred consideration	124	38
	<u>148</u>	<u>93</u>

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

8 Interest payable and similar charges

	Year to 29.12.2001	Year to 30.12.2000 restated
	£'000	£'000
On bank loans and overdrafts	213	2,052
On other loans	-	11
Amortisation of funding costs	-	1,581
Imputed interest on deferred consideration	834	1,110
On finance leases	26	38
	<u>1,073</u>	<u>4,792</u>

9 Loss on ordinary activities before taxation

	Year to 29.12.2001	Year to 30.12.2000 restated
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging:		
Amortisation of intangible assets	1,110	876
Goodwill impairment (see Note 11)	14,013	-
Depreciation charge for the year:		
Tangible owned assets	4,215	4,484
Tangible fixed assets held under finance leases	226	208
Auditors' remuneration for:		
Audit	74	72
Other services	41	82
Hire of plant and machinery - operating leases	31	28
Hire of other assets - operating leases	236	271
	<u></u>	<u></u>

10 Tax on loss on ordinary activities

The company made a loss in the period and therefore has no UK Corporation Tax liability.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

11 Intangible assets

	Goodwill £'000	Licence £'000	Total £'000
Cost			
At 30 December 2000	18,329	-	18,329
Additions	-	2,763	2,763
At 29 December 2001	18,329	2,763	21,092
Amortisation			
At 30 December 2000	3,440	-	3,440
Charge for the year	876	234	1,110
Impairment	14,013	-	14,013
At 29 December 2001	18,329	234	18,563
Net book value			
At 29 December 2001	-	2,529	2,529
At 30 December 2000	14,889	-	14,889

The impairment of goodwill has been determined in accordance with FRS 11, "Impairment of fixed assets and goodwill" to ensure that the assets are stated at the higher of net realisable value and value in use. The write-down restates the asset to its value in use and has been determined using a pre-tax discount rate of 9%.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

12 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 30 December 2000	23,792	23,663	4,266	51,721
Additions	33	2,631	162	2,826
Disposals	(1,357)	-	-	(1,357)
At 29 December 2001	22,468	26,294	4,428	53,190
Depreciation				
At 30 December 2000	1,925	4,560	1,906	8,391
Charge for the period	486	3,104	851	4,441
Asset write down	-	233	-	233
Disposals	(610)	-	-	(610)
At 29 December 2001	1,801	7,897	2,757	12,455
Net book value				
At 29 December 2001	20,667	18,397	1,671	40,735
At 30 December 2000	21,867	19,103	2,360	43,330

The assets are subject to a fixed and floating charge in favour of the company's bankers. The net book value of tangible fixed assets includes an amount of £304,000 (30.12.2000: £486,000) in respect of assets held under finance leases.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

13 Investments

Interests in group undertakings

	£'000
At 30 December 2000 and 29 December 2001	100

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 Private Label Limited is a non-trading company. The company is exempt from the requirement to prepare group accounts under Section 228 of the United Kingdom Companies Act 1985, as it is a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Economic Community.

14 Stocks

	29.12.2001 £'000	30.12.2000 £'000
Raw materials	3,446	4,141
Finished goods	2,663	2,106
	<u>6,109</u>	<u>6,247</u>

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

15 Debtors

	29.12.2001	30.12.2000
	£'000	restated £'000
Trade debtors	12,894	13,744
Amounts owed by group undertakings	198	656
Other debtors	1,142	726
Prepayments and accrued income	434	398
Deferred consideration	2,299	3,076
	<u>16,967</u>	<u>18,600</u>

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 except for the deferred consideration relating to the sale of the Featherstone site, which is receivable on 22 May 2005 and the deferred consideration relating to the sale of the assets at the Sawley site of which £598,000 is due on 1 October 2003 before discounting. The Sawley consideration has been discounted to the current value of £1,924,000 using a discount rate of 8.5%

16 Creditors: amounts falling due within one year

	29.12.2001	30.12.2000
	£'000	£'000
Trade creditors	9,673	10,689
Obligations under finance leases	66	200
Amounts owed to group undertakings	939	1,179
Other taxation and social security	1,393	2,285
Other creditors and accruals	3,997	5,734
	<u>16,068</u>	<u>20,087</u>

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 year ended 29 December 2001 (continued)

17 Creditors: amounts falling due after more than one year

	29.12.2001 £'000	30.12.2000 £'000
Deferred consideration	11,572	10,738
Obligations under finance leases	36	95
Amounts owed to group undertakings	24,524	21,000
	<u>36,132</u>	<u>31,833</u>

Amounts owed to group undertakings are non-interest bearing, unsecured and have no fixed repayment date.

Deferred consideration

The deferred consideration is the present value of the likely and maximum amount payable to the vendor of Hero Drinks Group (UK) Limited if the acquired business achieves certain performance targets. The maximum payable is £12,784,000 with repayment dates as follows:

	£'000
Between one and two years	-
Between two and five years	12,784
	<u>12,784</u>

The consideration has been discounted to the current value £11,572,000 using a discount rate of 7.5%.

Finance Leases

The net finance lease obligations to which the company is committed are:

	29.12.2001 £'000	30.12.2000 £'000
In one year or less	66	200
Between one and two years	36	59
Between two and five years	-	36
	<u>102</u>	<u>295</u>

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

18 Provisions for liabilities and charges

	Deferred Taxation			
	£'000			
At 30 December 2000 and 29 December 2001	700			
	<hr/>			
Deferred taxation	Amount Provided		Amount Unprovided	
	29.12.2001	30.12.2000	29.12.2001	30.12.2000
	£'000	£'000	£'000	£'000
Tax effect of timing differences because:				
Excess of capital allowances over depreciation	5,015	4,919	-	550
Unrelieved tax losses	(4,140)	(3,843)	(115)	-
Other	(175)	(376)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	700	700	(115)	550
	<hr/>	<hr/>	<hr/>	<hr/>

19 Pension and similar obligations

The company operates two Group Personal Pension Schemes for certain employees. These are defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension charge represents contributions payable by the company, and amounted to £358,000 (year ended 30.12.2000 : £351,000) for the period.

The company also operates the Cott Beverages Limited Retirement and Death Benefit Scheme providing benefits based on final pensionable salary. The assets of the scheme, which is a funded scheme, are held separately from those of the company. The total pension cost for the company was £215,000 (year ended 30.12.2000 : £212,000).

The contributions for this scheme were determined by a qualified actuary on the basis of regular investigations using the projected unit method. The most recent valuation was carried out on 1 May 2000. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increases of salaries and pensions. It was assumed that the investment return would be 6% per annum, that salary increases would average 4% per annum, and that pension increases would be 3% per annum on post 1988 Guaranteed Minimum Pension ("GMP"), 3% per annum on non-GMP for executive members and 3% per annum on non-GMP executive members post 5 April 1997 service. The market value of the scheme assets at 1 May 2000 was £9,294,000 and the actuarial value of those assets represented 106% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

The following amounts at 29 December 2001 were measured in accordance with the requirements of Financial Reporting Standard 17 (FRS17) – Retirement Benefits.

	£'000
Total market value of assets	6,950
Present value of scheme liabilities	(8,089)
(Deficit) in the scheme	<u>(£1,139)</u>

The assets in the scheme and the expected rate of return were:-

Asset Class	Proportion of Fund	Expected Return
Equities	89%	7.0%
Bonds	11%	4.83%
Total	100%	6.75%

The major assumptions used by the actuary in producing these figures were:

Rate of Increase in salaries	3.5%
Rate of pension increases:	
Pre 88 GMP	Nil
Post 88 GMP	2.5%
a) Ordinary Members	
Pre 6/4/97 excess over GMP	Nil.
Post 5/4/97 excess over GMP	2.5%
b) Executive members (excess over GMP)	2.5%
Ex-Crystal members (excess over GMP)	3.5%
Discount rate	6.0%
Inflation	2.5%

If the above amounts had been recognised in the financial statements, the company's net assets and profit and loss reserve at 29 December 2001 would be as follows:-

	£'000
Net assets excluding pension liability	29,224
Pension liability	(1,139)
Net assets including pension liability	<u>28,085</u>
Profit and loss reserve excluding pension liability	(32,166)
Pension reserve	(1,139)
Profit and loss reserve	<u>(33,305)</u>

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

20 Called up share capital

	29.12.2001 £'000	30.12.2000 £'000
Authorised		
2,000 redeemable preference shares of £1 each	2	2
74,998,000 ordinary shares of £1 each	74,998	74,998
	<u>75,000</u>	<u>75,000</u>
Allotted, called up and fully paid		
2,000 redeemable preference shares of £1 each	2	2
49,623,610 ordinary shares of £1 each	49,623	49,623
	<u>49,625</u>	<u>49,625</u>

The redeemable (at par) preference shares are undated and are eligible to a fixed cumulative dividend of $\frac{1}{2}\%$ 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.

21 Share premium account

	Share premium account £'000
At 30 December 2000	11,765
Deficit for the financial year	-
At 29 December 2001	<u>11,765</u>

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

22 Profit and Loss Account

	£'000
At 30 December 2000	
As previously reported	(28,087)
Prior year adjustment	480
As restated	(27,607)
Retained loss for the year	(18,572)
At 29 December 2001	(46,179)

The profit and loss account reserve includes a goodwill reserve of £9,705,000 (30.12.2000 : £9,705,000).

Prior Year Adjustment

From January 2000, the method of sourcing the concentrate used to make the Colas sold by the company was changed, with the result that the company undertook extra functions in respect of converting the concentrate into the finished goods for sale. During 2001 the transfer price of concentrate was adjusted to reflect the revised group cost base and an adjustment of £480,000 to the initial prices charged was processed in respect of the year to 30 December 2000.

23 Reconciliation of movements in equity shareholders' funds

	29.12.2001	30.12.2000 Restated
	£'000	£'000
Opening equity shareholders' funds (originally £33,301,000 before adding prior year adjustment of £480,000)	33,781	31,556
Share capital introduced	-	3,647
Loss for the financial period	(18,572)	(1,422)
Closing equity shareholders' funds	15,209	33,781

Cott Beverages Limited

Notes to the financial statements for the year ended 29 December 2001 (continued)

24 Financial commitments

At 29 December 2001, the company had annual commitments under non-cancellable operating leases as follows:

	29.12.2001	30.12.2000
	£'000	£000
Expiring within one year	108	214
Expiring between one and two years inclusive	57	90
Expiring between two and five years	10	17
	<u>175</u>	<u>321</u>

25 Capital Commitments

Capital expenditure contracted but not provided for in the financial statements amounts to £Nil (30.12.2000 : £112,000).

26 Related Party Disclosures

Transactions with other companies within the Cott Group are not disclosed as the company has 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 is included, are available at the address noted in note 27.

27 Ultimate Parent Company

The directors regard Cott Retail Brands Limited, a company registered in England and Wales, as the 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 statements may be obtained from The Secretary, Cott Retail Brands Limited, Citrus Grove, Side Ley, Kegworth, Derbyshire, DE74 2FJ.