Cott Beverages Limited

Report and financial statements for the year ended 1 January 2000

Registered No: 2836071

Cott Beverages Limited

Report and financial statements for the year ended 1 January 2000

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Cott Beverages Limited

Directors and advisers

Directors

Neil A Thompson (Chairman)
Raymond P Silcock
Gary E Saunders
Christopher TF Birrell
Barbara Harris
Ivor Harrison

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
2 Park Lane
Leeds LS3 1ES

Linklaters & Paines
One Silk Street
London EC2Y 8HQ

Bankers

Lloyds 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 1 January 2000

The directors present their report and the audited group financial statements for the year ended 1 January 2000.

Principal activities

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

Review of business and future developments

The consolidated profit and loss account for the period is set out on page 6.

During the period the company completed the integration of the Hero Drinks acquisition which resulted in the sale of the Featherstone factory, closure of the London and Yorkshire administrative offices, and resizing the canning facility in Yorkshire. All administration is now centralised in Kegworth and was completed on time by October 1999.

The business performed adequately, during the period, in a very competitive market which saw significant pressure on prices as retailers battled to gain both market share and government confidence that UK prices and retailers profit were not disadvantaging the UK consumer.

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

The company has presented group financial statements for the year ended 1 January 2000.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 1 January 2000 (1999: £Nil).

Directors

The directors at 1 January 2000, who held office throughout the year, unless otherwise stated, were:
S E G Lester (resigned 19 May 1999)
B R Mackie (resigned 13 January 2000)
J H Skofic (resigned 10 May 1999)
N A Thompson (appointed as a director and chairman on 10 March 1999)
RP Silcock (appointed as a director on 10 March 1999)
GE Saunders (appointed as a director on 13 May 1999)
CTF Birrell (appointed as a director on 13 May 1999)
B Harris (appointed as a director on 20 October 1999)
I Harrison (appointed as a director on 20 October 1999)

Directors' interests in shares of the company

The Directors' have no interest in the shares of any group companies.

Payment to suppliers

It is the groups' 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.

Employees

The group'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 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.

Year 2000

The group has experienced no disruption since the turn of the year arising from its own computer systems or equipment with embedded date-reliant computer chips.

The lack of disruption from the group's own systems and equipment is attributed to:

i) the global corporate inventory and Year 2000 Impact Assessment which was conducted during 1998, and

ii) the action plan subsequently put into place to ensure the various Year 2000 critical issues were addressed in the necessary timescale.

The total cost to complete modifications to computer hardware and software was £409,000 of which some £217,000 was for new equipment and systems enhancements that have been capitalised, and the remainder has been expensed. Of this £192,000 revenue cost, expenditure of £41,000 was incurred in 1998 and the balance of £151,000 was incurred in 1999.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year 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 group 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 1 January 2000. 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

Hackwood Secretaries Limited
Company Secretary
28 March 2000

Cott Beverages Limited

Report of the auditors to the members of Cott Beverages Limited

We have audited the financial statements on pages 6 to 22.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report including, as described on page 4, for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the group 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.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 group'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 affairs of the company and the group at 1 January 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the United Kingdom Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Nottingham
28 March 2000

Cott Beverages Limited

Consolidated Profit and loss account for the year ended 1 January 2000

		Year to 1.1.2000 before exceptional items £'000	Year to 1.1.2000 exceptional items £'000	Year to 1.1.2000 after exceptional items £'000	11 months to 2.1.1999 before exceptional items £'000	11 months to 2.1.1999 exceptional items £'000	11 months to 2.1.1999 after exceptional items £'000
Turnover	2	**115,276**	**-**	**115,276**	127,032	-	127,032
Cost of sales	3	**(93,597)**	**973**	**(92,624)**	(103,633)	(5,145)	(108,778)
Gross profit		**21,679**	**973**	**22,652**	23,399	(5,145)	18,254
Net operating expenses	3	**(20,841)**	**(1,062)**	**(21,903)**	(18,586)	(3,547)	(22,133)
Operating profit		**838**	**(89)**	**749**	4,813	(8,692)	(3,879)
Profit on sale of fixed assets	4	**-**	**544**	**544**	-	-	-
Profit/(loss) before interest and taxation		**838**	**455**	**1,293**	4,813	(8,692)	(3,879)
Interest receivable	7			**42**			88
Interest payable	8			**(5,050)**			(6,202)
Loss on ordinary activities before taxation	9			**(3,715)**			(9,993)
Tax on loss on ordinary activities	10			**-**			-
Deficit for the financial year				**(3,715)**			(9,993)

The company and the group have no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

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.

All the above relate to continuing operations.

Cott Beverages Limited

Consolidated Balance sheet at 1 January 2000

		Group 1.1.2000 £'000	Company 1.1.2000 £'000	Group 2.1.1999 £'000	Company 2.1.1999 £'000
Fixed assets					
Intangible fixed assets	12	**15,765**	**15,765**	25,906	25,906
Tangible assets	13	**48,532**	**48,532**	52,607	52,607
Investments	14	**-**	**100**	-	142
		64,297	**64,397**	78,513	78,655
Current assets					
Stocks	15	**7,934**	**7,934**	11,642	11,642
Debtors	16	**15,570**	**15,570**	25,225	25,225
Cash at bank and in hand	17	**5,000**	**5,000**	81	81
		28,504	**28,504**	36,948	36,948
Creditors: amounts falling due within one year	18	**(29,010)**	**(29,110)**	(35,816)	(35,958)
Net current (liabilities)/assets		**(506)**	**(606)**	1,132	990
Total assets less current liabilities		**63,791**	**63,791**	79,645	79,645
Creditors: amounts falling due after more than one year	19	**(31,533)**	**(31,533)**	(53,009)	(53,009)
Provisions for liabilities and charges	20	**(700)**	**(700)**	(2,960)	(2,960)
Accruals and deferred income	21	**-**	**-**	(153)	(153)
		(32,233)	**(32,233)**	(56,122)	(56,122)
Net assets		**31,558**	**31,558**	23,523	23,523
Capital and reserves					
Called up share capital	23	**45,978**	**45,978**	34,228	34,228
Share premium account	24	**11,765**	**11,765**	11,765	11,765
Profit and loss account	24	**(26,185)**	**(26,185)**	(22,470)	(22,470)
Equity shareholders' funds	25	**31,556**	**31,556**	23,521	23,521
Non-equity shareholders' funds		**2**	**2**	2	2
Total shareholders' funds		**31,558**	**31,558**	23,523	23,523

The financial statements on pages 6 to 22 were approved by the board of directors on 28 March 2000 and were signed on its behalf by:

Neil A Thompson
Director

Gary E. Saunders
Director

Notes to the financial statements for the year ended 1 January 2000

1 Principal accounting policies

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

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

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.

Basis of consolidation

The group financial statements include the financial statements for the company and all its subsidiary undertakings made up to 1 January 2000. 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.

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%
Motor vehicles	25%
Computer hardware and software	20%

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

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.

Finance costs of raising debt

The finance costs of raising debt are deferred and offset against the relevant debt. The costs are charged to the profit and loss account over the term of the debt.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the asset's useful life.

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

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. Previously, with the exception of the Hero acquisition, goodwill was written off to reserves in the year of acquisition. In accordance with Financial Reporting Standard 10 goodwill previously written off to reserves is included within the profit and loss account reserve.

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.

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.

2 Turnover

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

	Year to 1.1.2000 £'000	11 months to 2.1.1999 £'000
United Kingdom	**113,538**	123,770
Rest of Europe	**1,738**	3,262
	115,276	127,032

3 Cost of sales/net operating expenses

Cost of sales

	Year to 1.1.2000 Before exceptional items £'000	Year to 1.1.2000 exceptional items £'000	Year to 1.1.2000 after exceptional items £'000	11 months to 2.1.99 before exceptional items £'000	11 months to 2.1.99 exceptional items £'000	11 months to 2.1.99 after exceptional items £'000
Total cost of sales	**93,597**	**(973)**	**92,624**	103,633	5,145	108,778

Net operating expenses

	Year to 1.1.2000 Before exceptional items £'000	Year to 1.1.2000 exceptional items £'000	Year to 1.1.2000 after exceptional items £'000	11 months to 2.1.99 after exceptional items £'000	11 months to 2.1.99 after exceptional items £'000	11 months to 2.1.99 after exceptional items £'000
Distribution costs	**7,426**	**-**	**7,426**	7,494	-	7,494
Administrative expenses	**13,415**	**1,062**	**14,477**	11,092	3,547	14,639
Total net operating expenses	**20,841**	**1,062**	**21,903**	18,586	3,547	22,133

All the above relate to continuing operations.

4 Exceptional items

The sale of the Featherstone factory resulted in the write back of prior year fixed asset write downs of £1,805,000, relating to plant and machinery. Provisions of £1,410,000 relating to costs of closure were also written back. It also meant additional costs were incurred during 1999 relating to the sale of Featherstone (£1,501,000).

The remaining exceptional costs incurred in the year were the write down of capitalised installation costs following a review of the carrying value of all assets (£718,000). Other costs relating to centralisation including redundancy, and other miscellaneous one off items were charged in the year (£1,085,000).

The exceptional profit on the sale of fixed assets of £544,000 arose from the sale of the Featherstone factory.

5 Directors' emoluments

	Year to 1.1.2000 £'000	11 months to 2.1.1999 £'000
Aggregate emoluments	**644**	288
Company contributions to money purchase pension schemes	**46**	29
Compensation to past directors for loss of office	**149**	-

Retirement benefits are accruing to six (1999: two) directors under money purchase pension schemes.

Highest paid director	Year to 1.1.2000 £'000	11 months to 2.1.1999 £'000
Aggregate emoluments	**71**	171
Company pension contributions to money purchase schemes	**7**	14
Compensation for loss of office	**149**	-

Mr Skofic's emoluments were paid by Cott Europe Trading Limited for his services to that company and 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 their emoluments are disclosed in the financial statements of Cott Europe Trading Limited and Cott Corporation respectively.

6 Employee information

Group and Company

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

	Year to 1.1.2000 Number	11 months to 2.1.1999 Number
Production	**463**	570
Sales	**21**	25
Administration	**87**	100
	571	695

	Year to 1.1.2000 £'000	11 months to 2.1.1999 £'000
Staff costs (for the above persons):		
Wages and salaries	**13,613**	14,206
Social security costs	**1,214**	1,366
Other pension costs	**718**	771
	15,545	16,343

7 Interest receivable and similar income

	Year to 1.1.2000 £'000	11 months to 2.1.1999 £'000
On bank deposits or similar	**42**	88

8 Interest payable and similar charges

	Year to 1.1.2000 £'000	11 months to 2.1.1999 £'000
On bank loans and overdrafts	**3,696**	4,646
Amortisation of funding costs	**321**	294
Imputed interest on deferred consideration	**996**	1,195
On finance leases	**37**	67
	5,050	6,202

9 Loss on ordinary activities before taxation

	Year to 1.1.2000 £'000	11 months to 2.1.1999 £'000
Loss on ordinary activities before taxation is stated after (crediting)/charging:		
Amortisation of intangible assets	**1,081**	1,428
Depreciation charge for the year:		
Tangible owned assets	**4,745**	4,287
Tangible fixed assets held under finance leases	**175**	435
Exceptional fixed asset write-down	**718**	2,260
Write-off of goodwill	**-**	1,828
Amortisation of government grant	**(3)**	(16)
Auditors' remuneration for:		
Audit (Group and company)	**90**	165
Other services	**125**	153
Hire of plant and machinery - operating leases	**17**	316
Hire of other assets - operating leases	**420**	334

10 Tax on loss on ordinary activities

The company has incurred taxable losses during the period and therefore has no UK Corporation tax liability.

11 Loss for the Financial Period

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company loss for the financial period was £3,715,000 (1999: £9,318,000).

12 Intangible fixed assets

Group and Company

	Goodwill £'000
Cost	
At 2 January 1999	27,389
Write down of assets	(9,060)
At 1 January 2000	**18,329**
Amortisation	
At 2 January 1999	1,483
Charge for the year	1,081
At 1 January 2000	**2,564**
Net book value	
At 1 January 2000	**15,765**
At 2 January 1999	25,906

During the year it became apparent that part of the deferred consideration payable in respect of the Hero acquisition would not need to be paid.

Accordingly, the value of goodwill and the value of the deferred consideration have both been reduced by £9,060,000 during the year, representing the reduction in the present value of the liability.

13 Tangible fixed assets

Group and Company

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 2 January 1999	24,587	34,450	60	3,042	62,139
Additions	126	1,905	51	1,200	3,282
Asset write down	(1,416)	(6,777)	(29)	(254)	(8,476)
Disposals	-	(1,974)	-	(611)	(2,585)
At 1 January 2000	**23,297**	**27,604**	**82**	**3,377**	**54,360**
Depreciation					
At 2 January 1999	1,036	7,885	4	607	9,532
Charge for the period	562	3,466	8	884	4,920
Asset write down	(205)	(6,735)	-	(159)	(7,099)
Disposals	-	(966)	-	(559)	(1,525)
At 1 January 2000	**1,393**	**3,650**	**12**	**773**	**5,828**
Net book value					
At 1 January 2000	**21,904**	**23,954**	**70**	**2,604**	**48,532**
At 2 January 1999	23,551	26,565	56	2,435	52,607

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

The net book value of tangible fixed assets includes an amount of £737,000 (1999: £2,399,000) in respect of assets held under finance leases.

14 Investments

Company Interests in group undertakings

	Company £'000
At 2 January 1999	142
Written down in the period as a result of dividend paid out of pre-acquisition profits	(42)
At 1 January 2000	**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.

Cott UK Limited, Carters Drinks Group Limited, Carters Packaging Limited and Carters Gold Medal Soft Drinks Limited were wholly owned subsidiaries of Cott Private Label Limited at the start of the year.

These companies were struck off on 14 December 1999, with the exception of Carters Drinks Group Limited, which was struck off on 21 December 1999.

15 Stocks

Group and Company

	1.1.2000 £'000	2.1.1999 £'000
Raw materials	**4,049**	6,502
Finished goods	**3,885**	5,140
	7,934	11,642

16 Debtors

Group and Company

	1.1.2000	2.1.1999
	£'000	£'000
Trade debtors	**13,726**	19,220
Amounts owed by group undertakings	**320**	4,000
Corporation tax recoverable	**227**	227
Other debtors	**257**	382
Prepayments and accrued income	**290**	1,396
Deferred consideration	**750**	-
	15,570	25,225

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.

17 Cash at bank and in hand

At 1 January 2000, £5 million cash was held in a restricted account in anticipation of the deferred consideration payment which was due to be made to Hero AG in May 2000. As this deferred consideration payment will not now be made the cash was released in January 2000.

18 Creditors: amounts falling due within one year

	Group	**Company**	Group	Company
	1.1.2000	**1.1.2000**	2.1.1999	2.1.1999
	£'000	**£'000**	£'000	£'000
Bank loans and overdrafts, net of finance costs (see note 19)	**5,578**	**5,578**	9,278	9,278
Trade creditors	**9,701**	**9,701**	8,580	8,580
Obligations under finance leases	**260**	**260**	504	504
Amounts owed to group undertakings	**3,086**	**3,186**	3,264	3,406
Other taxation and social security	**1,704**	**1,704**	2,213	2,213
Other creditors and accruals	**8,681**	**8,681**	11,977	11,977
	29,010	**29,110**	35,816	35,958

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

19 Creditors: amounts falling due after more than one year

Group and Company

	1.1.2000 £'000	2.1.1999 £'000
Bank loans, net of finance costs	**21,240**	34,419
Deferred consideration	**9,965**	18,029
Obligations under finance leases	**328**	561
	31,533	53,009

Bank loans and overdrafts

The bank loans and overdrafts are secured by fixed and floating charges over the company's assets. They are repayable as follows:

	Gross debt £'000	Finance costs £'000	Net debt £'000
In one year or less	5,899	(321)	5,578
Between one and two years	5,600	(321)	5,279
Between two and five years	16,900	(939)	15,961
Over five years	-	-	-
	28,399	**(1,581)**	**26,818**

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
	12,784

The consideration has been discounted to the current value of £9,965,000 using a discount rate of 7.5%.

Finance Leases

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

	1.1.2000 £'000	2.1.1999 £'000
In one year or less	**260**	504
Between one and two years	**199**	300
Between two and five years	**129**	261
	588	1,065

20 Provisions for liabilities and charges

Group and Company

	Deferred taxation £'000	Other Provisions £'000	Total £'000
At 2 January 1999	700	2,260	2,960
Release	-	(1,410)	(1,410)
Utilised in the period	-	(850)	(850)
At 1 January 2000	**700**	-	**700**

Other provisions relate to costs associated with the closure of the Featherstone factory and centralisation of the administration functions at Kegworth.

Deferred taxation

	Amount Provided		Amount Unprovided	
	1.1.2000 £'000	2.1.1999 £'000	**1.1.2000 £'000**	2.1.999 £'000
Tax effect of timing differences because:				
Excess of capital allowances over depreciation	**700**	700	**4,738**	3,902
Unrelieved tax losses	-	-	**(5,399)**	(1,458)
Other	-	-	**(135)**	(840)
	700	700	**(796)**	1,604

21 Accruals and deferred income

Government grants

Group and Company

	£'000
At 2 January 1999	153
Amortised in the period	(3)
	150
Repaid	(56)
Released to profit and loss account	(94)
At 1 January 2000	-

22 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 £416,000 (1999: £457,000) for the period. An amount of £47,000 (1999: £18,000) is included in creditors in respect of contributions payable to the schemes.

The company also operates the Hero Drinks Group 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 £260,000 (1999: £201,000). An amount of £24,000 (1999: £nil) is included in creditors in respect of contributions payable to the scheme.

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 1997. The assumptions which have the most significant effects 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 9% per annum, that salary increases would average 7.5% per annum, and that pension increases would be 5% per annum on post 1988 Guaranteed Minimum Pension ("GMP"), 5% per annum on non-GMP for executive members and 5% per annum on non-GMP executive members post 5 April 1997 service. The market value of the scheme assets at 1 May 1997 was £4,818,263 and the actuarial value of those assets represented 126% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

The company also operated the Crystal Drinks Limited Retirement Benefit Scheme providing benefits based on final pensionable salary. This scheme was merged with the Hero Drinks Group Retirement and Death Benefit Scheme in August 1999. The total pension cost for the company for the Crystal Scheme was £42,000 (1999 : £113,000). At the date of the latest actuarial valuation, 28 February 1997, the market value of the assets of the scheme was £1,200,000. At this time the actuarial value of the assets was sufficient to cover 116% of the benefits which had accrued to members, after allowing for expected future increases in earnings.

23 Called up share capital

Group and Company

	1.1.2000 £'000	2.1.1999 £'000
Authorised		
2,000 redeemable preference shares of £1 each	**2**	2
49,998,000 ordinary shares of £1 each	**49,998**	49,998
	50,000	50,000
Allotted, called up and fully paid		
2,000 redeemable preference shares of £1 each	**2**	2
45,976,610 (1999: 34,226,610) ordinary shares of £1 each	**45,976**	34,226
	45,978	34,228

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.

On 27 May 1999 the company allotted and issued 1,750,000 ordinary shares at par to capitalise an inter-company loan.

On 30 December 1999 the company allotted and issued 10,000,000 ordinary shares at par to provide further capital for the business.

24 Reserves

Group and Company

	Share premium account £'000	Profit and Loss account £'000
At 2 January 1999	11,765	(22,470)
Deficit for the financial year	-	(3,715)
At 1 January 2000	**11,765**	**(26,185)**

The profit and loss account reserve includes a goodwill reserve.

25 Reconciliation of movements in equity shareholders' funds

	Group 1.1.2000 £'000	Company 1.1.2000 £'000	Group 2.1.1999 £'000	Company 2.1.1999 £'000
Opening equity shareholders' funds	23,521	23,521	29,686	29,011
Share capital introduced	11,750	11,750	2,000	2,000
Loss for the financial period	(3,715)	(3,715)	(9,993)	(9,318)
Goodwill written off	-	-	1,828	1,828
Closing equity shareholders' funds	31,556	31,556	23,521	23,521

26 Financial commitments

At 1 January 2000, the company had annual commitments under non-cancellable operating leases as follows:

	1.1.2000 £'000	2.1.1999 £000
Expiring within one year	373	545
Expiring between one and two years inclusive	244	368
Expiring between two and five years	100	184
	717	1,097

27 Capital Commitments

Capital expenditure contracted but not provided for in the financial statements amounts to £410,000.

28 Related party disclosure

A sum of £667,500 has been charged to the Profit and Loss Account during the year in respect of consultancy services provided by Bernwood Ventures Limited. The consultant was a former director of Cott Beverages Ltd. Included in accruals at 1 January 2000 is an amount of £75,000 due to Bernwood Ventures Limited.

29 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.