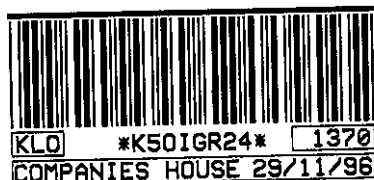


Cott UK Limited
(formerly Benjamin Shaw (Pontefract) Limited)

02836071

Annual report
for the 13 month period ended 27 January 1996

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Cott UK Limited
(formerly Benjamin Shaw (Pontefract) Limited)

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Directors and advisers

Directors

Simon E G Lester
Brian R Mackie
Jonathan H Skofic
Nikola Hrstic

Registered Auditors

Coopers & Lybrand
1 Embankment Place
LONDON
WC2N 6NN

Secretary and registered office

Brian R Mackie
3rd Floor
5 Princes Gate
LONDON
SW7 1QJ

Solicitors

Linklaters & Paines
Barrington House
59-67 Gresham Street
LONDON
EC2V 7JA

Bankers

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

Cott UK Limited
(formerly Benjamin Shaw (Pontefract) Limited)

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Directors' report
for the 13 month period ended 27 January 1996

The directors present their report and the audited financial statements for the 13 month period ended 27 January 1996.

Principal activities

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

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

Change of name

On 31 July 1995 the company changed its name to Cott UK Limited.

Review of business and future developments

On 1 June 1995 part of the business of Cott UK Holdings Limited, and certain assets and liabilities were transferred to the company at net book value. On 26 January 1996 the remaining trading business of Cott UK Holdings Limited, and the remaining assets and liabilities were transferred to the company at net book value (note 19).

The trades of Cott UK Holdings Limited have been incorporated into the company's existing business which is the manufacture of branded and private label products for distribution and sale on its own account, and under co-packing arrangements for the account of other parties.

Both the level of business and the period end position were satisfactory, this being only the second year of operation of the company, and the directors expect that the present level of activity will be sustained for the foreseeable future.

On 20 December 1995 the company became a directly wholly owned subsidiary of Cott Retail Brands Limited.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The loss for the period of £1,960,000 (1994 : £3,686,000 loss) will be transferred to reserves.

Cott UK Limited **(formerly Benjamin Shaw (Pontefract) Limited)**

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Share capital

The Company allotted 11,999,800 £1 ordinary shares at par on 15 January 1996 to Cott Retail Brands Limited. The reason for this allotment of shares was to increase the capital base of the company and to restore the net assets from a deficit situation.

Directors

The directors of the company at 27 January 1996 are listed on page 1. Changes of directors during the period were as follows:

B Mackie	(appointed 18 July 1995)
N Hrstic	(appointed 17 July 1995)
S Harris	(appointed 17 July 1995; resigned 31 December 1995)
C Dowling	(resigned 1 June 1995)
M Langdon	(resigned 1 June 1995)
C Thompsett	(resigned 22 December 1995)

Directors' interests in shares of the company

None of the directors held any interests in the shares of the company during the period.

Changes in fixed assets

The movements in fixed assets during the period are set out in notes 8 and 9 to the financial statements.

Cott UK Limited
(formerly Benjamin Shaw (Pontefract) Limited)

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Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which 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 period.

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 period ended 27 January 1996. 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 reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



Brian R Mackie
Company secretary
29 November 1996

Report of the auditors to the members of Cott UK Limited

We have audited the financial statements on pages 6 to 19.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

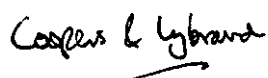
Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 27 January 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
29 November 1996

Cott UK Limited
(formerly Benjamin Shaw (Pontefract) Limited)

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Profit and loss account
for the 13 month period ended 27 January 1996

	Notes	13 month period ended 27 January 1996 £'000	18 month period ended 31 December 1994 £'000
Turnover	1,2	70,896	46,650
Cost of sales		(62,535)	(43,824)
Gross profit		8,361	2,826
Distribution costs		(5,612)	(4,276)
Administration expenses		(4,423)	(1,598)
Operating loss		(1,674)	(3,048)
Interest payable and similar charges	5	(289)	(638)
Loss on ordinary activities before taxation	6	(1,963)	(3,686)
Tax on loss on ordinary activities	7	3	-
Retained loss for the period		(1,960)	(3,686)

All items dealt with in arriving at the loss on ordinary activities before taxation for both periods relate to continuing operations. No indication can be given of the contribution to turnover and operating profit of the business acquired during the year from Cott UK Holdings Limited. This is because the business was amalgamated within existing operations immediately upon acquisition and it is not now possible to identify the separate results other than by arbitrary apportionment.

The company has 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 retained loss for the period stated above, and their historical cost equivalents.

Cott UK Limited
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Balance sheet
at 27 January 1996

	Notes	27 January 1996 £'000	31 December 1994 £'000
Fixed assets			
Tangible assets	8	14,047	9,010
Intangible fixed assets	9	308	56
		<u>14,355</u>	<u>9,066</u>
Current assets			
Stocks	10	7,015	4,374
Debtors	11	10,114	6,237
Cash at bank and in hand		3,359	3
		<u>20,488</u>	<u>10,614</u>
Creditors: amounts falling due within one year	12	<u>(25,591)</u>	<u>(20,612)</u>
Net current liabilities		<u>(5,103)</u>	<u>(9,998)</u>
Total assets less current liabilities		<u>9,252</u>	<u>(932)</u>
Creditors: amounts falling due after more than one year	13	(776)	(302)
Provisions for liabilities and charges	14	(60)	(318)
		<u>(836)</u>	<u>(620)</u>
Net assets/(liabilities)		<u>8,416</u>	<u>(1,552)</u>
Capital and reserves			
Called up share capital	16	12,002	2
Share premium account		11,765	11,765
Profit and loss account	17	(5,646)	(3,686)
Goodwill	17	(9,705)	(9,633)
Equity shareholders' funds	18	<u>8,414</u>	<u>(1,554)</u>
Non-equity shareholders' funds		<u>2</u>	<u>2</u>
Total shareholders' funds		<u>8,416</u>	<u>(1,552)</u>

The financial statements on pages 6 to 19 were approved by the board of directors on 29 November 1996 and were signed on its behalf by:

Simon E G Lester
Director

Simon Lester

Notes to the financial statements
for the 13 month period ended 27 January 1996

1 Principal accounting policies

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

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.

Cash flow statement

The company is a wholly owned subsidiary of Cott Retail Brands Limited and the cash flows of the company are included in the consolidated group cash flow statement of Cott Retail Brands Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

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 for this purpose are:

Freehold buildings	2.5%
Plant and machinery	8.3%
Fixtures and fittings	10%
Motor vehicles	25%
Other vehicles	14.3%
Computer hardware and software	20%

Leasehold improvements are written off over the period of the lease.

Cott UK Limited **(formerly Benjamin Shaw (Pontefract) Limited)**

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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. Cost includes transport and handling costs as appropriate. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Goodwill

Goodwill, representing the difference between the fair value of the consideration paid and the fair value of the separable net assets acquired, is written off to reserves in the year of acquisition.

Deferred development

Costs incurred in the development of new packaging are deferred and written off against income on a straight-line basis over their estimated useful economic lives which is estimated to be three years.

Turnover

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

Foreign currency

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 UK Limited

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Pension scheme arrangements

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

2 Analysis of turnover by geographical area

The analysis of the company's turnover by geographical area of destination is set out below:

	13 month period ended 27 January 1996 £'000	18 month period ended 31 December 1994 £'000
United Kingdom	66,642	43,874
Rest of Europe	4,254	2,776
	<u>70,896</u>	<u>46,650</u>

3 Directors' emoluments

	13 month period ended 27 January 1996 £'000	18 month period ended 31 December 1994 £'000
Fees	383	203
Other emoluments (including pension contributions and benefits in kind)	63	37
	<u>446</u>	<u>240</u>
Compensation for loss of office	129	-
	<u>575</u>	<u>240</u>

All directors' emoluments were paid by the company's UK parent company, Cott Retail Brands Limited, for their services to that company and its subsidiaries and they have not been recharged or apportioned to the subsidiary companies. The amounts disclosed in this note represent the total emoluments paid by Cott Retail Brands Limited.

Cott UK Limited

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Fees and other emoluments (excluding pension contributions) include amounts paid to:

	13 month period ended 27 January 1996 £'000	18 month period ended 31 December 1994 £'000
The chairman	35	30
The highest-paid director	163	116

The number of directors (including the chairman and the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	13 month period ended 27 January 1996 Number	18 month period ended 31 December 1994 Number
£0 to £5,000	2	5
£25,001 to £30,000	-	1
£30,001 to £35,000	1	-
£35,001 to £40,000	2	-
£55,001 to £60,000	1	-
£75,001 to £80,000	-	1
£85,001 to £90,000	1	-
£115,001 to £120,000	-	1
£160,001 to £165,000	1	-

4 Employee information

The average weekly number of persons (including executive directors) employed by the company during the period was:

	13 month period ended 27 January 1996 Number	18 month period ended 31 December 1994 Number
By activity		
Production	135	116
Selling	6	4
Administration	42	20
	183	140

Cott UK Limited
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Employee information (continued)

	13 month period ended 27 January 1996 £'000	18 month period ended 31 December 1994 £'000
Staff costs (for the above persons)		
Wages and salaries	3,174	1,990
Social security costs	311	198
Other pension costs	77	41
	<u>3,562</u>	<u>2,229</u>

5 Interest payable and similar charges

	13 months period ended 27 January 1996 £'000	18 months period ended 31 December 1994 £'000
On bank loans, overdrafts and other loans		
Repayable within 5 years, not by instalments	162	485
On finance leases	32	32
Due to group companies	95	121
	<u>289</u>	<u>638</u>

6 Loss on ordinary activities before taxation

	13 months period ended 27 January 1996 £'000	18 months period ended 31 December 1994 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation charge for the year:		
Intangible assets	117	25
Tangible owned assets	631	416
Tangible fixed assets held under finance leases	129	52
Provision for permanent diminution in tangible fixed assets	-	584
Auditors remuneration for:		
Audit	50	20
Other services	5	15
Hire of plant and machinery - operating leases	194	201
Hire of other assets - operating leases	5	3

Cott UK Limited
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7 Tax on loss on ordinary activities

	13 months period ended 27 January 1996 £'000	18 months period ended 31 December 1994 £'000
United Kingdom corporation tax at 33% (1994: 33%)	-	-
Group relief receivable	3	-
	<u>3</u>	<u>-</u>
	<u>3</u>	<u>-</u>

8 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 January 1995	3,574	6,436	7	42	10,059
Assets transferred	-	1,662	-	-	1,662
Additions	37	4,225	21	24	4,307
Disposals	-	(9)	-	-	(9)
At 27 January 1996	<u>3,611</u>	<u>12,314</u>	<u>28</u>	<u>66</u>	<u>16,019</u>
Depreciation					
At 1 January 1995	69	971	7	2	1,049
Charge for the period	72	677	4	7	760
Disposals	-	(9)	-	-	(9)
Transferred	-	172	-	-	172
At 27 January 1996	<u>141</u>	<u>1,811</u>	<u>11</u>	<u>9</u>	<u>1,972</u>
Net book value					
At 27 January 1996	<u>3,470</u>	<u>10,503</u>	<u>17</u>	<u>57</u>	<u>14,047</u>
At 31 December 1994	<u>3,505</u>	<u>5,465</u>	<u>-</u>	<u>40</u>	<u>9,010</u>

The assets are subject to a fixed and floating charge in favour of Lloyds Bank PLC.

The net book value of tangible fixed assets includes an amount of £791,000 (1994: £711,000) in respect of assets held under finance leases.

Cott UK Limited
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9 Intangible fixed assets

	Development costs £'000
Deferred development	
Cost	
As at 1 January 1995	81
Additions	369
	<u> </u>
At 27 January 1996	450
	<u> </u>
Amortisation	
As at 1 January 1995	25
Charge for the period	117
	<u> </u>
At 27 January 1996	142
	<u> </u>
Net book value	
At 27 January 1996	308
	<u> </u>
At 31 December 1994	56
	<u> </u>

10 Stocks

	27 January 1996 £'000	31 December 1994 £'000
Raw materials	3,966	1,041
Finished goods	3,049	3,333
	<u> </u>	<u> </u>
	7,015	4,374
	<u> </u>	<u> </u>

11 Debtors

	27 January 1996 £'000	31 December 1994 £'000
Amounts falling due within one year		
Trade debtors	7,610	3,791
Amounts owed by parent company and fellow subsidiary undertakings	79	1,846
Other debtors	2,284	556
Prepayments and accrued income	141	44
	<u> </u>	<u> </u>
	10,114	6,237
	<u> </u>	<u> </u>

Cott UK Limited
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12 Creditors: amounts falling due within one year

	27 January 1996 £'000	31 December 1994 £'000
Bank overdraft	-	1,370
Loan notes	-	3,500
Bank loan	-	4,000
Obligations under finance leases	301	164
Trade creditors	9,555	8,241
Amounts owed to parent company and fellow subsidiary undertakings	12,616	111
Corporation tax	-	-
Other taxation and social security	705	989
Other creditors	1,187	913
Accruals	1,227	1,324
	<u>25,591</u>	<u>20,612</u>

The loan notes represented 7.5% unsecured loans granted to the company by its former shareholders Cott UK Holdings Limited and Rutland Trust plc. The loans were repaid on 31 March 1995.

13 Creditors: amounts falling due after more than one year

	27 January 1996 £'000	31 December 1994 £'000
Obligations under finance leases	<u>776</u>	<u>302</u>

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

	27 January 1996 £'000	31 December 1994 £'000
In one year or less	301	164
Between one and two years	219	164
Between two and five years	316	138
Over five years	241	-
	<u>1,077</u>	<u>466</u>

Cott UK Limited
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14 Provisions for liabilities and charges

	Deferred taxation (see below) £'000	Other provisions £'000	Total £'000
At 1 January 1995	-	318	318
Profit and loss account	-	(258)	(258)
	<u>-</u>	<u>-</u>	<u>-</u>
At 27 January 1996	-	60	60
	<u>-</u>	<u>-</u>	<u>-</u>

Deferred taxation

	Amount provided		Amount unprovided	
	27 January 1996 £'000	31 December 1994 £'000	27 January 1996 £'000	31 December 1994 £'000
Tax effect of timing differences because:				
Excess of capital allowances over depreciation	-	-	(627)	(223)
Unrelieved tax losses	-	-	1,773	1,390
Other	-	-	40	22
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Asset not recognised	-	-	1,186	1,189
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15 Pension and similar obligations

The company operates a Group Personal Pension Scheme for certain employees. This is a defined contribution scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company, and amounted to £77,000 (1994: £41,000) for the period.

16 Called up share capital

	27 January 1996 £	31 December 1994 £
Authorised		
2,000 redeemable preference shares of £1 each	2,000	2,000
102 ordinary "A" shares of £1 each	-	102
98 ordinary "B" shares of £1 each	-	98
50,000,000 ordinary shares of £1 each	49,998,000	-
	<u>-</u>	<u>-</u>
Allotted, called up and fully paid		
2,000 redeemable preference shares of £1 each	2,000	2,000
102 ordinary "A" shares of £1 each	-	102
98 ordinary "B" shares of £1 each	-	98
12,000,000 ordinary shares of £1 each	12,000,000	-
	<u>-</u>	<u>-</u>

Cott UK Limited
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On 15 January 1996 the Articles of Association of the company were altered to reclassify and increase the share capital. The 102 ordinary "A" shares, and the 98 ordinary "B" shares were re-classified as ordinary shares, and a further 49,997,800 ordinary shares were authorised, bringing the authorised ordinary share capital to 49,998,000 ordinary shares of £1 each. At the same date, 11,999,800 ordinary £1 shares were allotted at par value in order to increase the capital base of the company.

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.

17 Reserves

	Goodwill	Profit and loss
	£'000	£'000
At 1 January 1995	(9,633)	(3,686)
Retained loss for the period	-	(1,960)
Goodwill written-off	(72)	-
	<u> </u>	<u> </u>
At 27 January 1996	<u>(9,705)</u>	<u>(5,646)</u>

18 Reconciliation of movements in equity shareholders' funds

	27 January 1996	31 December 1994
	£'000	£'000
Opening equity shareholders' funds	(1,554)	-
Share capital introduced	12,000	11,765
Loss for the financial year	(1,960)	(3,686)
Goodwill written off	(72)	(9,633)
	<u> </u>	<u> </u>
Closing equity shareholders' funds	<u>8,414</u>	<u>(1,554)</u>

Cott UK Limited (formerly Benjamin Shaw (Pontefract) Limited)

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19 Acquisitions

The assets and liabilities of Cott UK Holdings Limited acquired for net book value (consideration to be settled through intercompany balances) on 1 June 1995 and 26 January 1996 are set out below:

	1 June 1995 £'000	26 January 1996 £'000
Intangible fixed assets	97	-
Tangible fixed assets	775	704
Stock	4,247	-
Debtors	462	236
Amounts owed to parent and fellow subsidiary undertakings	-	(3,333)
Creditors	-	(135)
Net assets/(liabilities)	<u>5,581</u>	<u>(2,528)</u>

20 Capital commitments

	27 January 1996 £'000	31 December 1994 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>826</u>	<u>Nil</u>

21 Financial commitments

At 27 January 1996 the company had annual commitments under non-cancellable operating leases as follows:

	Other assets £'000
Expiring within one year	14
Expiring between one and two years inclusive	25
Expiring between two and five years inclusive	5
Expiring after more than five years	171
	<u>215</u>

22 Contingent liabilities

The company is appealing against an assessment by HM Customs & Excise which seeks to retrospectively increase the rate of import duty payable on the import of certain raw materials. The directors have taken advice and consider the assessment to be invalid. A formal appeal is due to be heard later in 1996. The amount of the potential claim from H M Customs and Excise is approximately £1.2 million. This amount has not been provided in these financial statements, since the directors believe the assessment to be invalid.

The company has received a claim from a supplier for an amount of £487,000, in respect of alleged non-performance of a contract. The directors have taken advice and believe there is no merit to the claim, which is being vigorously defended. Consequently no provision has been made in these financial statements.

23 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.

Copies of the ultimate UK parent's consolidated financial statements may be obtained from The Secretary, Cott Retail Brands Limited, 3rd Floor, 5 Princes Gate, London SW7 1QJ.