258503

ANNUAL REPORT AND FINANCIAL STATEMENTS 1991

CONTENTS

FINANCIAL HIGHLIGHTS

	1991	1990
	£'000	£'000
Turnover	47,025	49,831
Profit before tax	7,707	7,100
Profit after tax	5,171	4,536
Earnings per share	32.6p	28.5p
Dividends per share	12.3p	11.0p

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the sixty-third Annual General Meeting of the company will be held at the registered office, Ledson Road, Wythenshawe, Manchester on Wednesday 6 May 1992 at 11 a.m. for the purpose of transacting the following business:

As ordinary business:

1. To receive and consider the financial statements for the year ended 31 December 1991 together with the directors' and auditors' reports.

2. To declare a final dividend.

3. To re-elect Mr G A Adkin as a director.

4. To re-appoint Grant Thornton as auditors of the company and to authorise the directors to determine their remuneration.

As special business:

Ordinary resolution:

5. That the company be authorised to make market purchases of its own shares. This authority to be given subject to:
   a) its expiry at the close of the Annual General Meeting to be held in 1993.
   b) the number of shares purchased not to exceed a nominal value of £390,000.
   c) the price per share to be a minimum of 25p and a maximum of 105% of the average of the middle market price per share at the close of business for the 10 days prior to the purchase (exclusive of expenses).

Special resolution:

6. That the directors be and hereby are generally and unconditionally authorised to exercise all the powers of the company to allot relevant securities (as defined in Section 80 of the Companies Act 1985 ("the Act")). The directors in the exercise of such powers be empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 84 of the Act) as if Section 89(1) of the Act did not apply to any such allotment provided that the power hereby granted shall:
   a) be limited to the allotment of equity securities up to an aggregate nominal value of £180,000.
   b) expire at the close of the Annual General Meeting of the company held in 1993 save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired.

By order of the Board
S P Nichols
Secretary
31 March 1992

The directors' service agreements will be available for inspection at the registered office during normal business hours from the date of this notice until the conclusion of the Annual General Meeting.

Any member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll in his stead. A proxy need not be a member of the Company. To be valid, forms of proxy must reach the Registrars not less than forty-eight hours before the time appointed for the meeting.

DIRECTORS AND ADVISERS

President	P Nichols
Directors	G A Adkin FCA *Chairman (Non-executive)* P J Nichols BSc *Managing director* S P Nichols BSc ACA *Financial director/Secretary* A F Isherwood FInstSMM *Sales director*
Auditors	Grant Thornton Heron House Albert Square Manchester M2 5HD
Bankers	Royal Bank of Scotland plc Mosley Street Manchester M60 2BE
Stockbrokers	Henry Cooke Corporate Finance No 1 King Street Manchester M60 3AH
Registrars	Barclays Bank PLC Gadbrook Park Northwich Cheshire CW9 7RD
Registered Office	Ledson Road Manchester M23 9NL
Registered Number	238303

CHAIRMAN'S STATEMENT

I am pleased to be able to report an increase in profit before tax of 8.5% despite a decline in group turnover of £2.8 million which resulted from a shortfall in contract canning work available compared with the previous year. This increase in profit and earnings per share has enabled the board to recommend a final dividend of 7.7p per share to give an increase for the year of 11.8%.

The major factors that have enabled the soft drinks elements of the group to report increased profits have been the strong performance in exports and continuing rise in the sales of Vimto cordial in both standard and diet packs due to increased market penetration supported by extensive advertising. The export trade benefitted from strong demand in our traditional markets in the Gulf and Africa and while the worldwide recession had an effect on some areas these were more than compensated for in others. As was mentioned in the interim report we made the first shipments of concentrate to Egypt for many years in 1991 and we are hopeful that this will develop into another major market for Vimto in the Middle East. In the United Kingdom the economic conditions and the poor summer weather depressed the soft drinks market as a whole; however, we managed to continue the momentum to spread Vimto more widely from its traditional areas and gained share in a falling market.

Cabana finished the year ahead of 1990 despite a poor start to 1991 due to the recessionary conditions which persisted through the year and had a marked effect on the licensed trade, a major customer for Cabana's products and services. During the year two further distributors were acquired to achieve greater control over important areas of the market and to enable the unique, specialised approach of Cabana draught soft drinks to be more fully exploited. The ability to expand in unfavourable market conditions and actions taken to redirect the business towards less vulnerable sectors reinforces confidence in the potential of the company for the future.

Nichols Foods has continued to expand in a market sector that has shown some decline. The closure of the confectionery operation has enabled attention to be focussed on the core business and the acquisition of certain assets of DAG Vending Ingredients has provided a means of expanding the range of products and a wider customer base. A further major development in the year was the supply of soft drink can vending machines, which were sited through the existing customer network and have enabled us to improve the distribution of Vimto and our other range of cans.

Solent Canners was hit hard by the drastic reduction in contract work during 1991 and its external turnover declined by some £6 million compared with 1990. Unfortunately this resulted in a number of redundancies at Solent Canners which is now operating on a single shift pattern.

Considerable efforts have been made throughout the group to further tighten control over working capital. The results of this can be seen in the improvement in our year end cash balances and the level of interest income for the year. This further strengthening of our balance sheet provides both security and the ability to take advantage of any opportunities which may occur.

Members of the company's share option scheme exercised options over 366,000 shares during the year. The introduction of an Employee Share Ownership Trust has enabled this to take place with no dilution of existing shareholders' interests.

Despite a very difficult year for business in 1991 the company has continued to make progress. I would like to express my thanks on behalf of the board and shareholders to all employees of the group who have made this possible.

As far as 1992 is concerned I am confident that every effort will be made to continue the expansion of the Vimto brand's share of the soft drinks market.

G A Adkin
Chairman

11 March 1992

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 1991.

Activities

The company and its principal operating subsidiaries are engaged in the soft drinks, drinks vending and catering supply industries.

A review of the group's trading during the year and of its prospects are contained in the Chairman's Statement on page 4.

Financial results and dividends

	£'000	£'000
Profit after taxation		5,171
Interim dividend 4.6p per share paid 28 October 1991	729	
Proposed final dividend 7.7p per share	1,219	
		1,948
Retained profit for the year		3,223

Share capital

The directors are of the opinion that the company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

The resolutions concerning the ability of the board to purchase the company's own shares and to allot shares are again being proposed at the Annual General Meeting. The board believes that these resolutions provide the flexibility to take advantage of particular circumstances that may arise during the year and asks shareholders to support these proposals.

Share options

The company operates a share option scheme and in conjunction with this makes donations to an Employee Share Ownership Trust to enable shares to be bought in the market to satisfy the demand from option holders. In 1991 options over 366,000 shares were exercised and the company has set aside donations to the Trust totalling £318,000.

Employees

The group's policy is to recruit and promote on the basis of aptitude and ability without discrimination of any kind.

The managements of the individual operating companies keep employees informed of matters of current interest and concern to the business.

Charitable and political donations

Charitable donations amounted to £10,150 (1990—£10,008). There were no political donations in either 1991 or 1990.

Directors

	31 December 1991 Beneficial Holdings	31 December 1991 Options	1 January 1991 Beneficial Holdings	1 January 1991 Options
G A Adkin	—	—	—	—
P J Nichols	1,353,633	16,000	1,353,000	16,000
S P Nichols	689,500	16,000	689,500	16,000
A F Isherwood	3,000	—	1,000	16,000

All the above directors served throughout the year. The director who retires by rotation and offers himself for re-election at the Annual General Meeting, Mr G A Adkin, does not have a service contract with the company.

Mr A F Isherwood exercised his option over 16,000 shares in the company during the year.

Details of the share option scheme are set out in note 18.

On 6 January 1992 S P Nichols acquired a beneficial interest in an additional 7,500 ordinary shares.

There were no other changes in the directors' shareholdings between 31 December 1991 and 11 March 1992.

During the year the company effected insurance for the directors against liabilities in relation to the group.

There are no contracts relative to the group's business in which any of the directors are interested.

Non-executive director

G A Adkin, FCA

Mr Adkin is a director of Caledonia Investments PLC. He has been a non-executive director of J N Nichols (Vimto) plc since July 1980 and was appointed Chairman in July 1986.

Substantial shareholders

The following holdings in excess of 3% of the issued share capital had been notified to the company at the year end. The figures in brackets represent the percentage of the issued share capital at 31 December 1991.

K Irvine	1,219,828	(7.70)
P Nichols	1,120,044	(7.07)
Norwich Union Fund Managers	952,000	(6.01)
S J Harper	798,000	(5.04)
S C Nichols	522,500	(3.30)

On 10 February 1992 Aberforth Partners informed the company that they were interested in 492,000 ordinary shares amounting to 3.11% of the issued share capital.

There were no other changes in the substantial shareholders between 31 December 1991 and 11 March 1992.

Auditors

A resolution will be proposed at the annual general meeting that Grant Thornton be re-appointed auditors.

By order of the Board
S P Nichols
Secretary

11 March 1992

Ledson Road
Manchester M23 9NL

To the members of J. N. Nichols (Vimto) plc

We have audited the financial statements on pages 8 to 19 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Grant Thornton
Registered Auditor
Chartered Accountants
Manchester

11 March 1992

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 1991

	Notes	1991 £'000	1990 £'000
Turnover	2	47,025	49,831
Cost of sales		34,437	38,084
Gross profit		12,588	11,747
Net operating expenses	3	5,524	4,993
Operating profit	4	7,064	6,754
Net interest receivable	5	643	346
Profit on ordinary activities before taxation		7,707	7,100
Tax on profit on ordinary activities	7	2,536	2,564
Profit after taxation		5,171	4,536
Dividends	8	1,948	1,743
Retained profit for the year	16	3,223	2,793
Earnings per share	9	32.6p	28.5p
Dividends per share	8	12.3p	11.0p

The notes on pages 12 to 19 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 1991

	Notes	1991 £'000	1991 £'000	1990 £'000	1990 £'000
Fixed assets					
Tangible assets	10		6,901		6,821
Current assets					
Stocks	12	2,502		3,032	
Debtors	13	7,906		7,579	
Cash at bank and in hand		6,593		3,296	
		17,001		13,907	
Creditors					
Amounts falling due within one year	14	8,695		8,713	
Net current assets			8,306		5,194
Total assets less current liabilities			15,207		12,015
Provision for liabilities and charges	7		235		37
			14,972		11,978
Share capital and reserves					
Called up share capital	15		3,960		3,960
Capital redemption reserve			747		747
Share premium account			671		671
Capital reserve	16		—		37
Profit and loss account	16		9,594		6,563
			14,972		11,978

The notes on pages 12 to 19 form part of these financial statements.

Approved by the board on 11 March 1992.

P J Nichols
Director

P. J. Nichols

BALANCE SHEET

At 31 December 1991

		1991		1990	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10	3,164		2,948	
Investments	11	9,725		9,755	
			12,889		12,703
Current assets					
Stocks	12	765		1,136	
Debtors	13	5,847		5,113	
Cash at bank and in hand		3,414		1,068	
		10,026		7,317	
Creditors					
Amounts falling due within one year	14	8,804		7,658	
Net current assets/(liabilities)			1,222		(341)
			14,111		12,362
Share capital and reserves					
Called up share capital	15		3,960		3,960
Capital redemption reserve			747		747
Share premium account			671		671
Merger reserve			775		775
Profit and loss account	16		7,958		6,209
			14,111		12,362

The notes on pages 12 to 19 form part of these financial statements.

Approved by the board on 11 March 1992.

P J Nichols
Director

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended 31 December 1991

	Notes	1991 £'000	1991 £'000	1990 £'000	1990 £'000
Source of funds					
Operations:					
Profit on ordinary activities before taxation			7,707		7,169
Adjustment for items not involving the movement of funds:					
Depreciation			1,121		1,017
Loss on sale of tangible fixed assets			44		43
Funds generated from operations			8,872		8,160
Other sources:					
Proceeds of sale of tangible fixed assets			496		390
Total funds generated			9,368		8,550
Application of funds					
Purchase of fixed assets		1,449		2,461	
Purchase of subsidiaries and assets	17	279		977	
Dividends paid		1,790		1,642	
Tax paid		1,394		2,235	
Purchase of own shares		—		382	
Total funds applied			4,912		7,697
			4,456		853
Movements in working capital					
Decrease/(Increase) in stocks		530		(262)	
(Increase)/Decrease in debtors		(616)		1,968	
(Decrease) in creditors		(1,073)		(516)	
			(1,159)		1,190
Increase in net liquid funds			3,297		2,043

The notes on pages 12 to 19 form part of these financial statements.

1 *ACCOUNTING POLICIES*

(a) The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover represents the net amount invoiced to external customers during the year (excluding sales taxes).

(c) The consolidated financial statements incorporate the financial statements of the company and its subsidiaries for the year. Results of subsidiaries acquired during the year are consolidated from their date of acquisition using the acquisition method. Goodwill arising on consolidation is deducted from reserves.

(d) Fixed assets are stated at cost and are depreciated over their estimated useful lives, having regard to their residual values. The principal depreciation periods, using the straight line method, are:

Land and buildings – freehold and long leasehold	50 years (excluding land)
– short leasehold	Remaining life of lease
Plant and machinery	5–10 years
Vehicles	4 years

(e) Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads where appropriate.

(f) Deferred tax in respect of accelerated capital allowances and other timing differences is provided under the liability method except where such timing differences are expected, with reasonable probability, to continue in the future.

Advance corporation tax which is considered recoverable is deducted from the deferred taxation account, whenever this is available, or included in debtors.

(g) The pension costs charged against profits are based on an actuarial method designed to provide the anticipated pension costs over the service lives of the employees in the scheme in a way that seeks to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

2 *SEGMENTAL INFORMATION*

a) Class of business	Soft drinks		Vending and catering		Group	
	1991	1990	1991	1990	1991	1990
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover						
Sales to third parties	35,209	38,209	11,816	11,622	47,025	49,831
Profit before taxation						
Segment profit	5,894	5,595	1,170	1,159	7,064	6,754
Net interest receivable					643	346
Profit before taxation					7,707	7,100
Net assets						
Segment net assets	6,919	6,813	1,460	1,869	8,379	8,682
Cash					6,593	3,296
Total net assets					14,972	11,978

2 *SEGMENTAL INFORMATION (continued)*

b) Geographic segments

All turnover and profit originates from and all assets are located in the United Kingdom.

	1991		1990	
Turnover by geographic destination	£'000	%	£'000	%
Arabian peninsula	3,701	7.9	2,691	5.4
Africa	1,388	3.0	1,043	2.1
Others	92	0.2	182	0.4
Total exports	5,181	11.1	3,916	7.9
United Kingdom	41,844	88.9	45,915	92.1
	47,025	100.0	49,831	100.0

3 *NET OPERATING EXPENSES*

	1991	1990
	£'000	£'000
Distribution costs	2,953	2,650
Administrative expenses	2,787	2,542
	5,740	5,192
Other operating income:		
Royalties received	216	199
	5,524	4,993

4 *OPERATING PROFIT*

	1991	1990
	£'000	£'000
Operating profit is stated after charging:		
Auditors' remuneration	42	39
Depreciation of tangible fixed assets	1,121	1,017
Donations to Employee Share Ownership Trust	318	—
Operating lease rentals—land and buildings	136	119
—other	15	7

5 *NET INTEREST RECEIVABLE*

	1991	1990
	£'000	£'000
Interest receivable	656	355
Interest payable	(13)	(9)
	643	346

6 *DIRECTORS AND EMPLOYEES*

a) The average number of persons employed by the group during the year was 255, analysed as follows:

	No.	No.
Production	113	125
Selling and distribution	75	69
Administration	67	64
	255	258

6 DIRECTORS AND EMPLOYEES *(continued)*

b) Group employment costs were as follows:

	1991 £'000	1990 £'000
Wages and salaries	3,736	3,647
Social security costs	304	300
Other pension costs	246	269
	4,286	4,216

c) Directors' emoluments:

	1991	1990
Fees	4	4
Other emoluments	413	350
	417	354

d) The Chairman's emoluments for the year to 31 December 1991 were £2,500 (1990—£2,500). The highest paid director received £171,830 (1990—£154,281). The emoluments of the other directors fell within the following bands:

	1991 No.	1990 No.
£75,001—£80,000	—	1
£80,001—£85,000	—	1
£85,001—£90,000	1	—
£115,001—£120,000	1	—

7 TAXATION

	1991 £'000	1990 £'000
Tax on profit on ordinary activities		
Charge for the year:		
Corporation tax at 33.25% (1990—34.25%)	2,758	2,578
Deferred tax	(207)	87
Prior year adjustments	(15)	(101)
	2,536	2,564

Deferred taxation

The balance on the deferred tax account comprises:	Group 1991 £'000	Group 1990 £'000	Parent 1991 £'000	Parent 1990 £'000
Accelerated capital allowances	710	832	312	365
Short term timing differences	(98)	(8)	(82)	(8)
Capital gains	30	37	—	—
	642	861	230	357
Advance corporation tax recoverable	407	824	230	357
	235	37	—	—

Deferred tax has been fully provided.

The group has unrelieved capital losses of £1,006,000 (1990—£1,006,000) not adjusted through the deferred tax account which are all attributable to the company and which are available to be set off against future capital gains.

8 DIVIDENDS

	1991 £'000	1990 £'000
Interim dividend 4.6p (4.3p) paid 28 October 1991	729	682
Proposed final dividend 7.7p (6.7p)	1,219	1,061
	1,948	1,743

If approved at the Annual General Meeting the final dividend will be paid on 11 May 1992.

9 EARNINGS PER SHARE

Calculated on the basis of earnings of £5,171,000 (1990—£4,536,000) and the number of shares in issue during the year of 15,838,752 (1990—15,912,919). The fully diluted earnings per share, taking account of the share options outstanding at the year end, is not materially different to the basic earnings per share.

10 TANGIBLE FIXED ASSETS

	Land and Buildings		Plant and Machinery		Total	
	Group £'000	Parent £'000	Group £'000	Parent £'000	Group £'000	Parent £'000
Cost 1 January 1991	3,001	2,351	8,594	2,011	11,595	4,362
Acquisitions	—	—	484	—	484	—
Additions	209	181	1,240	403	1,449	584
Disposals	—	—	(854)	(152)	(854)	(152)
Transfers	—	—	—	18	—	18
Cost 31 December 1991	3,210	2,532	9,464	2,280	12,674	4,812
Depreciation 1 January 1991	596	294	4,178	1,120	4,774	1,414
Acquisitions	—	—	192	—	192	—
Charge for the year	50	26	1,071	283	1,121	309
On disposals	—	—	(314)	(82)	(314)	(82)
Transfers	—	—	—	7	—	7
Depreciation 31 December 1991	646	320	5,127	1,328	5,773	1,648
Net book value 31 December 1991	2,564	2,212	4,337	952	6,901	3,164
Net book value 31 December 1990	2,405	2,057	4,416	891	6.821	2,948

Land and buildings	Freehold		Long leasehold		Short leasehold	
	Group £'000	Parent £'000	Group £'000	Parent £'000	Group £'000	Parent £'000
Cost	1,704	1,704	828	828	678	—
Accumulated depreciation	(116)	(116)	(204)	(204)	(326)	—
Net book value	1,588	1,588	624	624	352	—

Included in freehold land and buildings are two houses adjacent to the Haydock site which are let on short leases. They were acquired in 1990 for a total of £100,000 and are included in the financial statements at this value; the directors consider this to be equivalent to the open market value.

The group's land and buildings at Chorley are currently empty and have been actively marketed during the year. There is no probability of an early disposal and therefore this property is shown as part of fixed assets.

11 INVESTMENTS

All fixed asset investments relate to group undertakings; those listed below are trading subsidiaries, the ownership of whose share capital is noted below.

	Group %	Parent %
J N Nichols (Vimto) International Limited	—	100
Solent Canners Holdings Limited	—	100
Solent Canners Limited	100	—
Cabana (Holdings) Limited	—	100
Cabana Soft Drinks Limited	100	—
Cabana Soft Drinks (West Midlands) Limited	100	—
Cabana Soft Drinks (Essex) Limited	80	—
Nichols Foods Limited	—	100
J N Nichols Leasing Limited	—	100

The above companies and the parent company are all registered and operate in England.

Particulars of non-trading companies are filed with the annual return.

J N Nichols Leasing Limited is a finance leasing company.

All other companies in the group are engaged in the soft drinks, drinks vending and catering supply industries.

	Parent £'000
Fixed asset investments 1 January 1991	9,755
Amounts written off	(30)
Fixed asset investments at 31 December 1991	9,725

	Group £'000
Goodwill written off consolidated reserves in previous years	7,555
Goodwill written off in 1991	229
	7,784

12 STOCKS

	Group 1991 £'000	Group 1990 £'000	Parent 1991 £'000	Parent 1990 £'000
Raw materials and consumables	1,281	1,610	467	610
Finished goods	1,221	1,422	298	526
	2,502	3,032	765	1,136

13 *DEBTORS*

	Group 1991 £'000	Group 1990 £'000	Parent 1991 £'000	Parent 1990 £'000
Trade debtors	7,152	6,479	2,551	2,245
Amounts owed by subsidiary undertakings	—	—	2,889	1,919
Other debtors	549	522	128	11
Prepayments and accrued income	205	169	102	62
Advance corporation tax recoverable	—	409	177	876
	7,906	7,579	5,847	5,113

Other debtors includes an amount of £75,000 (1990—£143,000) falling due after more than one year.

14 *CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR*

	Group 1991 £'000	Group 1990 £'000	Parent 1991 £'000	Parent 1990 £'000
Trade creditors	2,799	3,257	827	994
Amounts owed to subsidiary undertakings	—	—	4,378	3,845
Corporation tax	2,971	2,436	1,554	855
Other taxes and social security	807	591	570	392
Accruals and deferred income	899	1,368	256	511
Proposed dividend	1,219	1,061	1,219	1,061
	8,695	8,713	8,804	7,658

15 *SHARE CAPITAL*

	1991 £'000	1990 £'000
Authorised 20,800,000 (1990—20,800,000) 25p ordinary shares	5,200	5,200
Allotted, issued and fully paid 15,838,752 (1990—15,838,752) 25p ordinary shares	3,960	3,960

16 *RESERVES*

	Group Profit & Loss £'000	Group Capital Reserve £'000	Parent Profit & Loss £'000
Balance 1 January 1991	6,563	37	6,209
Retained profits for the year	3,223	—	1,749
Transfer of reserve	37	(37)	—
Goodwill written off (note 17)	(229)	—	—
	9,594	—	7,958

A profit and loss account is not presented for the parent company as provided by S.230 of the Companies Act 1985.

The profit dealt with for J N Nichols (Vimto) plc was £3,697,000 (1990—£2,759,000)

17 *PURCHASE OF SUBSIDIARIES AND ASSETS*

The figures below relate to the purchases of the entire share capital of Cabana (Midlands) Limited, 80 per cent of the share capital of Cabana Soft Drinks (Essex) Limited and certain assets of DAG Vending Ingredients Limited. The consideration for the above was all in cash.

	£'000
Fixed assets	292
Current assets	120
Current liabilities	(362)
Goodwill	229
	279

Cabana (Midlands) Limited was acquired on 30 January 1991. Its statutory accounts for the seven months ended 31 December 1990 showed pre-tax losses of £8,470. In the month to 30 January 1991 losses were £3,495. Cabana Soft Drinks (Essex) Limited was acquired on 30 April 1991. Its statutory accounts for the year ended 31 March 1991 showed pre-tax losses of £48,614. In the month to 30 April 1991 losses were £20,771.

18 *SHARE OPTION SCHEME*

The following options were outstanding at the year end:

Option date	Number of shares	Price per share
3 January 1985	54,000	£2.60
18 March 1986	32,000	£2.40
2 April 1987	8,000	£2.45
1 September 1987	12,000	£3.42
2 May 1988	40,000	£2.35
3 April 1989	152,000	£2.70
10 April 1991	60,000	£2.43

Options are exercisable no less than three and no more than ten years after the option date.

Directors' options were all granted on 3 January 1985.

Options over 366,000 shares were exercised during the year. The demand for shares from option holders was satisfied by the Employee Share Ownership Trust and no new shares in the company were issued.

19 *FUTURE CAPITAL EXPENDITURE*

	Group 1991 £'000	Group 1990 £'000	Parent 1991 £'000	Parent 1990 £'000
Authorised by the directors but not provided for in these financial statements	—	148	—	40
Of which contracts have been placed for	—	148	—	40

20 *CONTINGENT LIABILITIES*

	Parent	
	1991	1990
	£'000	£'000
Guarantee of subsidiaries' bank overdrafts	—	514

There were no group contingent liabilities in either 1991 or 1990.

21 *OPERATING LEASES*

Annual commitments in respect of operating leases which expire:

	Land and buildings		Other	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
within one year	—	—	2	2
between two and five years	5	5	11	—
over five years	146	116	—	—
	151	121	13	2

None of the above commitments relates to the parent company.

22 *PENSIONS*

The group operates a defined benefit pension scheme for eligible employees which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested in managed funds. The scheme is funded by contributions from the employer and employee. The contributions of the employer are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the aggregate method and projected period of 20 years. The most recent valuation was at 1 April 1990 and incorporated the following assumptions:

a) Future yield at 9.0%.

b) Future salary increases at 7.5%.

c) No new entrants.

The actuary reported that the value of the scheme's assets as at 1 April 1990 was approximately £1,442,000. The actuarial value of the assets at 1 April 1990 was sufficient to cover 109% of the benefits that had accrued to members.

The pension charge for the year was £246,000 (1990—£269,000)

	1991 £'000	1990 £'000	1989 £'000	1988 £'000	1987 £'000
Turnover	47,025	49,831	49,792	39,342	30,763
Operating profit	7,064	6,754	6,146	5,475	4,632
Profit on other activities	643	346	441	614	695
Profit on disposal of investments	—	—	1,559	464	629
Profit before tax	7,707	7,100	8,146	6,553	5,956
Tax	2,536	2,564	2,931	2,314	1,936
Profit after tax	5,171	4,536	5,215	4,239	4,020
Extraordinary item	—	—	1,570	—	202
Dividends	1,948	1,743	1,600	1,619	1,455
Retained profit	3,223	2,793	2,045	2,620	2,363
Earnings per share	32.6p	28.5p	31.2p	22.5p	21.5p
Dividends per share	12.3p	11.0p	10.0p	8.6p	7.75p

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