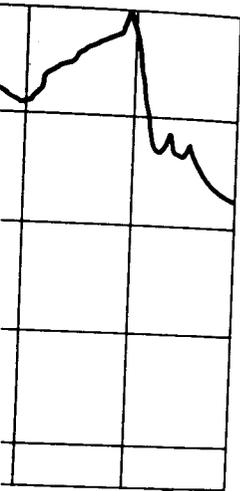


(g) other operating expenses;
(h) promotion, advertising, and



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years.
e wholly owned) are
rcompany accounts,
ciation of property,

plant, and equipment on a straight-line basis for both financial and federal income tax reporting. Annual depreciation rates are:

Land improvements	12 $\frac{2}{3}$	to 10%
Buildings	12 $\frac{2}{3}$	to 20%
Machines and equipment	4	to 25%
Steel drums	8	to 1 $\frac{1}{3}$ %
Automobiles and trucks	25-33	to 1 $\frac{1}{3}$ %
Furniture and fixtures	5	to 33 $\frac{1}{3}$ %
Other trading equipment	20	to 25%

Similarly, there are no significant timing differences between reporting net earnings for financial and for federal income tax purposes. The company uses the inventory method (FIFO, representing a logical flow of goods, and COST, the value of inventory at that point in time) of accounting for returnable containers.

Maintenance and repairs are charged to operations as incurred; renewals and betterments are capitalized and depreciated. The cost and accumulated depreciation of properties sold or disposed of are removed from the accounts. The resultant profit or loss on such transactions is credited or charged to income. The amounts of beginning and ending inventories used in the computation of cost of sales were \$1,906,629 and \$2,155,307 respectively in 1971, and \$2,155,307 and \$2,429,672 respectively in 1972.

The company does not amortize the cost of intangible assets because Dr Pepper feels the assets have unlimited terms of existence.

The future

No one can be sure of the future, of course. But Dr Pepper's executives believe they will be number one in the twenty-first century.