Britvic plc Preliminary Results – 25 November 2015

Britvic plc announces its preliminary results for the 52 weeks ended 27 September 2015. All numbers quoted are on a constant currency basis and are pre-exceptional and other items, unless otherwise stated[1][2]. Underlying numbers exclude the impact of the equity placement in July, with the acquisition of Ebba successfully completed post year end on 30 September.

Group Financial Headlines:

- Slight revenue decline of 0.6% to £1,300.1m, with volume[3] growth of 0.9% and ARP decline of 1.5%
- Growth in EBITA of 7.1% to £171.6m, with an EBITA margin increase of 100bps
- Continued disciplined cost management enabling investment in long-term growth drivers
- Underlying free cash inflow of £89.3m, ahead of last year
- Underlying adjusted earnings per share (EPS)[11] is 46.7p, 12.0% up on last year, which when including the impact of the share placement gives an adjusted EPS of 46.3p, up 11.0% on last year
- Further reduction in underlying adjusted net debt[13] to £351.7m, EBITDA ratio reducing from 1.9x to 1.7x
- Full year dividend of 23.0p, up 10.0% on last year, reflecting earnings growth and robust cash generation

Strategic highlights:

- 2013 strategic cost initiatives now complete
- Business capability programme announced to drive further cost savings, commercial benefits and margin expansion
- Fruit Shoot USA multipack launch confirmed for H1 calendar 2016, with initial listings secured
- Ebba acquisition completed, providing access to world's second largest liquid dilutes market
- 53-week 2016 EBITA guidance in the range of £180m to £190m, including Brazil

	52 weeks ended 27 September 2015 £m[2]	52 weeks ended 28 September 2014 £m[2]	% change actual exchange rate	% change constant[1] exchange rate
Revenue[5]	1,300.1	1,344.4	(3.3)%	(0.6)%
EBITA[8]	171.6	161.0	6.6%	7.1%
EBITA margin[8]	13.2%	12.0%	120bps	100bps
EBIT[9]	169.0	158.1	6.9%	7.2%
Profit before tax	147.0	132.9	10.6%	10.9%
Profit after tax	112.5	99.9	12.6%	12.7%
Profit after tax, after exceptional and other items	103.8	89.7	15.7%	15.6%
Adjusted EPS [10]	46.3p	41.8p	10.8%	11.0%
Underlying adjusted EPS[11]	46.7p	41.8p	11.7%	12.0%
Weighted average no. of shares	248.6	245.8	1.1%	-
Full year dividend per share	23.0p	20.9p	10.0%	-
Underlying free cash flow [12]	89.3	88.9	0.4%	-
Adjusted net debt [13]	(263.9)	(380.9)	30.7%	-
Adjusted net debt to EBITDA	1.3x	1.9x	(0.6)x	-
Underlying adjusted net debt	(351.7)	(380.9)	7.7%	-
Underlying adj. net debt/EBITDA	1.7x	1.9x	(0.2)x	-
ROIC[14]	26.2%	24.9%	130bps	-

The board is proposing a final dividend per share of 16.3p, up 10.1% on last year. This reflects the board's confidence in the future prospects of our business, the robust free cash flow generation and our stated progressive dividend policy.

Simon Litherland, Chief Executive Officer commented:

"We have delivered another strong set of results, with margin growth and profit significantly ahead of last year, despite challenging market conditions. In all of our core markets, we continued to take volume and value share. I'm pleased to have completed the acquisition of Ebba in Brazil, which will create significant value for shareholders in the future.

2016 will see significant developments and investment in the drivers of our future growth. We have established the route to market for Fruit Shoot multi-pack in the USA, which we will launch in the first half of calendar 2016. We are also planning a major investment programme in GB, which will deliver further efficiencies and flexibility in our supply chain.

We have seen a slow start to the year, reflecting the continued challenging market conditions. However, with our compelling marketing and innovation plans and our continued focus on disciplined cost management we are confident of increasing our profitability in 2016".

For further information please contact:

Investors:

Rupen Shah (PLC Finance and Investor Relations Director)	+44 (0) 1442 284 330
Steve Nightingale (Director of Investor Relations)	+44 (0) 1442 284 330

Media:

Susan Turner (Director of Corporate Affairs)	+44 (0) 7808 098579
Ben Foster/Rosie Oddy (Pendomer Communications)	+44 (0) 203 603 5220

There will be a live webcast of the presentation given today at 10am by Simon Litherland (Chief Executive Officer), John Gibney (Chief Financial Officer) and Mathew Dunn (Chief Financial Officer-Designate). The webcast will be available at http://ir.britvic.com/, with a transcript available in due course.

Definitions

(1) Where appropriate, comparative results are quoted using constant exchange rates. Constant currency change removes the impact of exchange rate movements during the period by retranslating prior year foreign currency denominated results of the group at current period exchange rates to aid comparability.

(2) All numbers quoted are pre-exceptional and other items, unless otherwise stated.

(3) Volume is defined as number of litres sold, excluding factored brands sold by Counterpoint in Ireland. No volume is recorded in respect of international concentrate sales.

(4) ARP is defined as average revenue per litre sold, excluding factored brands and concentrate sales.

(5) Revenue is defined as sales achieved by the group net of price promotional investment and retailer discounts.

(6) Brand contribution is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials, and marginal production and distribution costs.

(7) Brand contribution margin is a percentage measure calculated as brand contribution, divided by revenue. Each business unit's performance is reported down to the brand contribution level.

(8) EBITA is defined as operating profit before exceptional and other items and amortisation. Only amortisation attributable to intangibles related to acquisitions is added back, in the period this is £2.6m (2014: £2.9m). EBITA margin is EBITA as a proportion of group revenues.

(9) EBIT is defined as operating profit before exceptional and other items. EBIT margin is EBIT as a proportion of revenue.

(10) Adjusted earnings per share amounts are calculated by dividing adjusted earnings by the average number of shares during the period. Adjusted earnings is defined as the profit/(loss) attributable to ordinary equity shareholders before exceptional and other items adjusted for the adding back of acquisition related amortisation. Average number of shares during the period is defined as the weighted average number of ordinary shares outstanding during the period excluding any own shares held by Britvic that are used to satisfy various employee share-based incentive programmes. The weighted average number of ordinary shares in issue for adjusted earnings per share for the period was 248.6m (2014: 245.8m).

(11) Underlying adjusted earnings per share amounts are calculated by dividing adjusted earnings by the underlying average number of shares during the period. The underlying average number of ordinary shares excludes the impact of the share placement on 23 July 2015.

(12) Underlying free cash flow is defined as net cash flow excluding movements in borrowings, dividend payments, exceptional and other items and proceeds from the share placement in July 2015.

(13) Adjusted net debt is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt.

(14) Return on invested capital (ROIC) is defined as operating profit after applying the tax rate for the period, stated before exceptional and other items, as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the group and excluding any deferred tax balances and effective hedges relating to interest-bearing liabilities.

Reconciliation from actual exchange rate to constant exchange rate

	2014 actual exchange rate £m	Change £m	2014 constant exchange rate £m
Revenue	1,344.4	(35.9)	1,308.5
EBIT	158.1	(0.5)	157.6
Profit before tax	132.9	(0.4)	132.5
Profit after tax (PAT)	99.9	(0.1)	99.8
PAT after exceptional and other items	89.7	0.1	89.8
EBITA	161.0	(0.8)	160.2
Adjusted earnings per share	41.8	(0.1)	41.7

Notes to editors

About Britvic
Britvic is one of the leading branded soft drinks businesses in Europe. The company leverages its own leading brand portfolio including Robinsons, Tango, J2O, Fruit Shoot, Teisseire and MiWadi with PepsiCo brands such as Pepsi, 7UP and Mountain Dew Energy which Britvic produces and sells in Great Britain (GB) and Ireland under exclusive PepsiCo agreements.

Britvic is the largest supplier of branded still soft drinks in GB and the number two supplier of branded carbonated soft drinks in GB. Britvic is an industry leader in the island of Ireland with brands such as MiWadi and Ballygowan, and in France with brands such as Teisseire and Fruité. Britvic is growing its reach into other territories through franchising, export and licensing. Britvic's management team has successfully developed the business through a clear strategy of organic growth and international expansion based on creating and building scale brands. Britvic is listed on the London Stock Exchange under the code BVIC and is a constituent of the FTSE 250 index.

Cautionary note regarding forward-looking statements
This announcement includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules and applicable law, Britvic undertakes no obligation to update or change any forward-looking statements to reflect events occurring after the date such statements are published.

Market data
GB take-home market data referred to in this announcement is supplied by Nielsen and runs to 26 September 2015. ROI take-home market data referred to in this announcement is supplied by Nielsen and runs to 4 October 2015. French market data is supplied by IRI and runs to 20 September 2015.

Next scheduled announcement

Britvic will publish its quarter one interim management statement on 27 January 2016.

Chief Executive Officer's Strategic Review

In May 2013, I laid out a new strategy for the group, with a focus on driving growth in the kids, family and adult categories, where we have market-leading brands. In 2015 we continued to make good progress against this strategy, and delivered another year of excellent earnings growth.

"Generate profitable growth in our core markets"

Market conditions remained challenging across all our core markets. The retail landscape continued to evolve, with channels such as convenience, discounters, leisure and online benefiting at the expense of traditional, large supermarkets, where people are shopping less often. In addition, any increase in disposable income has not yet been reflected in their grocery spend on soft drinks. Consumers in all our markets are also more focused than ever on what they consume, with health and wellbeing increasingly important to purchasing decisions. With our broad portfolio, strong track record on innovation and a clear health strategy, Britvic remains well placed to respond to these trends. The weather this summer was particularly poor in both GB and Ireland, adversely impacting the soft drinks category. Whilst in France the category, and syrups in particular, benefited from a very warm summer.

In GB we have taken market volume and value share overall. Whilst our GB stills performance was disappointing, with a marginal loss of share, J20 and Fruit Shoot continued to grow and take market share, we launched a number of new products over the course of the year to capitalise on consumer trends and stimulate category growth. We introduced our leading French brand Teisseire to GB, with a range of premium syrups as well as formats for mixing with hot drinks and alcohol. We also staged a major relaunch of the Robinsons brand this year. As well as introducing a significantly better tasting formula and new flavours, we took the decision to remove the added sugar variant from the range as part of our health strategy. The relaunched Robinsons range now offers affordable, great tasting drinks containing on average just five calories per glass. Although the squash category has been in decline, and Robinsons has not been immune to this, I am confident that the work we have done to date and will continue to do will see the brand return to growth in the near future. Robinsons Squash'd, the leading brand in the water enhancer category, was launched in 2014 and continues to capitalise on the growth of plain water, providing a great tasting way to hydrate on the go.

In carbonates we introduced Pepsi Max Cherry which has been very succesful. Max contains no sugar yet retains the full taste of Pepsi. It has led growth in the cola category and contributed signifcantly to brand Pepsi growing its volume and value market share. 7UP and Tango have also undergone a refresh this year with new pack designs and marketing campaigns. Through the strength of these brands, supported by our innovations, we gained volume and value market share in the total carbonates category.

In France, we have continued to outperform the total soft drinks market by a significant margin. Our syrup and juice brands, as well as Teisseire Fruit Shoot, have all taken market share. Five years on from the acquisition of the business, we have doubled profitability in France, despite difficult macro conditions. Innovation has been key to the growth this year with the Teisseire "pump pack" and a new large bottle Fruit Shoot "sharing pack" proving very popular with consumers.

In Ireland, we saw the business return to revenue growth, although the particularly poor summer weather impacted our performance in the final quarter, after three successive quarters of growth. The market remained subdued and deflationary; however, we gained market share, testament to the strength of our brands in Ireland. MiWadi, Ballygowan, Fruit Shoot and Club all gained share, and the business is now well positioned to deliver growth in the coming years. We have also agreed a 10 year extension with PepsiCo for the distribution rights for 7UP, Pepsi and Mountain Dew in the Republic of Ireland and Northern Ireland from 1 January 2016.

"Exploit global opportunities in kids, family and adult categories"

The international business unit has embraced significant change this year to create the right operating model to deliver our future ambitions. In the Netherlands, we ended a long-term third party distribution agreement and established our own commercial team to manage the relationship with retailers. In the short-term, this resulted in some one-off costs, including the re-purchase of stock from the distributor, but we are already seeing the benefit of the change, with new customer listings. In the USA, we changed the compound formula we send to our bottling partners, to enable a significant reduction in order lead times. In the year this resulted in a reduction in stocks held by the bottlers; however, it creates a more flexible and responsive model for the future. In May we announced that we were continuing to evaluate the merits of the route to market options for Fruit Shoot multi-pack to grocery stores. I am pleased to confirm that this review has been concluded and we have appointed Advantage Sales & Marketing (ASM) as our partner. They will facilitate the relationship with key retailers as well as provide market insight and manage the order to cash process for us. Good progress has already been made in our discussion with retailers, with a number of initial listings already confirmed for launch in the first half of 2016. The Pepsi network remains important to us and they will continue to distribute Fruit Shoot in all other channels, as well as manufacturing in-market. We are making good progress with single-serve Fruit Shoot, achieving a 17% market share in the convenience and gas channel.

In the summer, we announced the acquisition of Ebba, the leading manufacturer of liquid dilutes in Brazil. This provides Britvic with access to the sixth largest soft drinks market and the second largest liquid dilutes category in the world. Its two brands, Maguary and Dafruta, have a similar relevance to consumers as Robinsons, MiWadi and Teisseire in their home markets. The business has many similarities to the one we bought in France and it offers an excellent opportunity to create shareholder value in the medium-term. We recognise that economic conditons in Brazil are challenging, but our assesment is that we can deliver sustainable growth in the coming years. We have a clear plan to create value through reinvigorating the core concentrates category, accelerating growth in ready to drink nectars and introducing Britvic brands and innovation to the market.

"Continue to step-change our business capability"

People are at the heart of this business and our employees' commitment has been unwavering over the last year. We have seen some changes to the Executive Team in the past year and we have recruited significant new talent to complement the team. John Gibney, our CFO, will retire in the spring of 2016 and I want to take this opportunity to personally thank him for the support he has given me since becoming CEO and also for his dedication to Britvic over the last 16 years. Replacing John is Mathew Dunn, who joined us from SABMiller, where he was CFO in South Africa. Mat has enjoyed a successful career in beverages across a number of continents, and also has extensive partnership and bottling experience. Also joining Mat on the Executive Team is Hessel De Jong, our new International MD. Hessel also has excellent beverage and general management experience in a number of markets, with companies such as Heineken and Coca-Cola. Hessel replaces Simon Stewart who has chosen to return to Australia with his young family. We wish Simon the very best for the future and thank him for his valuable service. Finally, Joao Caetano De Mello Netto, who joined our business as a result of the acquisition of Ebba, joins the Executive Team, as Managing Director of Brazil.

We have also recruited at all levels of the organisation, bringing in new talent and new ideas to complement the existing hugely talented team. I am confident that we have the right people in place and the organisational capacity to deliver our future growth ambitions.

We have also announced a business capability programme to unlock revenue, margin and profitable growth opportunities. In 2016 we will be investing an additional £70m to £80m capital in our GB supply chain to start to create a best in class supply chain, generating a minimum annual cash return of 15% on an on-going basis. This programme will provide us with additional capacity in growth packs, deliver cost savings, as well as enable us to participate more effectively in the evolving retail environment.

"Build trust and respect in our communities"

We have continued to make progress on our broad sustainability agenda, acknowledging the responsibility we have to be an active member of the communities in which we operate.

Public health and obesity have never been higher on the agendas of Government, NGOs and the media. I am proud of how we have positioned Britvic to be part of the solution in playing an active role in encouraging healthier lifestyles. Over the past few years, we have significantly evolved our portfolio and in 2014, we launched our 2020 health strategy. Last year, we took further bold steps to reduce the calorie content of our portfolio, including the removal of our added sugar variant of Robinsons. We also launched a number of innovations such as J20 Spritz and Club Zero which are lower in calories.

Read more about our health strategy and approach to sustainability in the Annual Report.

Overall, I am delighted with the progress we have made this year and am equally excited by the opportunities we have to continue to build our business capability, grow our brands and deliver strong shareholder returns.

Chief Financial Officer's Review

The following is based on Britvic's results for the 52 weeks ended 27 September 2015. All numbers quoted are on a constant currency basis and are pre-exceptional and other items, unless otherwise stated.

Overview

In the period the group sold over 2.1 billion litres of soft drinks, an increase of 0.9% on the previous year, with Average Realised Price (ARP) of 60.5p, declining by 1.5%. The group's revenue was £1,300.1m, down 0.6% compared to last year.

The focus has remained on building sustainable profit and margin improvement with the delivery of the strategic cost initiatives underpinning the 7.1% growth in EBITA to £171.6m, and the resulting 100 basis points (bps) improvement in EBITA margin to 13.2%. The strategic cost initiative benefits have been realised in both brand contribution and in fixed costs.

The disappointing summer weather in GB and Ireland contributed to a revenue decline in these markets in the final quarter and was a significant drag on the full year performance. This was partly offset by the strong performance in France where the weather was particularly good this summer.

GB stills	52 weeks ended 27 September 2015 £m	52 weeks ended 28 September 2014 £m	% change actual exchange rate
Volume (millions litres)	377.5	378.9	(0.4)
ARP per litre	85.2p	88.5p	(3.7)
Revenue	321.6	335.2	(4.1)
Brand contribution	151.1	159.4	(5.2)
Brand contribution margin	47.0%	47.6%	(60)bps

Stills performance this year was disappointing with both volume and ARP down, leading to revenue declining 4.1%. This was primarily due to the performance of Robinsons, which was impacted by both competitive pressures and our decision to remove the added sugar variant from the portfolio. As consumer trends move to "better for you" products, Robinsons is well-positioned to capitalise on the future growth opportunities. Both Fruit Shoot and J2O grew revenue and gained market share whilst the introduction of Ballygowan has resulted in strong growth in the plain water category. A number of new products were also launched this year to provide longer-term growth in the category, including Teisseire and J2O Spritz.

GB carbonates	52 weeks ended 27 September 2015 £m	52 weeks ended 28 September 2014 £m	% change actual exchange rate
Volume (millions litres)	1,206.7	1,204.7	0.2
ARP per litre	46.9p	47.1p	(0.4)
Revenue	565.7	567.8	(0.4)
Brand contribution	225.1	222.4	1.2
Brand contribution margin	39.8%	39.2%	60bps

Whilst full year revenue marginally declined, this was an out-performance of the carbonates category, as measured by Nielsen. Pepsi continued to see robust growth this year and gained further significant volume and value share. The focus on the no-sugar Pepsi Max variant continued to be successful with the new cherry variant a key factor in the growth. Pack mix was also positive with single-serve packs in particularly strong growth. Whilst we held share in fruit carbonates, revenue declined, outweighing the performance of Pepsi. Overall ARP declined 0.4% reflecting the impact of the competitive environment and brand mix. Brand contribution increased by 1.2% with margin expanding by 60bps.

France	52 weeks ended 27 September 2015 £m	52 weeks ended 28 September 2014 £m	% change actual exchange rate	% change constant exchange rate
Volume (millions litres)	288.9	273.6	5.6	5.6
ARP per litre	83.2p	93.2p	(10.7)	(1.3)
Revenue	240.3	254.9	(5.7)	4.2
Brand contribution	75.6	67.1	12.7	24.3
Brand contribution margin	31.5%	26.3%	520bps	510bps

France benefited from the warm weather this summer during our quarter four, with syrups in particular in strong growth. The customer environment was challenging with the emergence of retailer buying groups this year leading to significant pricing pressure, which was largely offset by favourable product mix. The continued focus on the kids and family categories, with a significant increase in A&P investment and the benefit of innovation launches, resulted in share gains in the syrups, juice and kids juice drinks categories. Brand contribution increased by 24.3% with margin expanding by 510bps. As well as the benefit of the positive brand mix there was the additional benefit of favourable raw materials and the move to in-market production for Teisseire Fruit Shoot resulting in significantly lower distribution costs.

Ireland	52 weeks ended 27 September 2015 £m	52 weeks ended 28 September 2014 £m	% change actual exchange rate	% change constant exchange rate
Volume (millions litres)	202.2	197.0	2.6	2.6
ARP per litre	49.7p	54.1p	(8.1)	(1.0)
Revenue	120.4	128.3	(6.2)	1.3
Brand contribution	44.2	47.0	(6.0)	2.8
Brand contribution margin	36.7%	36.6%	10bps	50bps

Note: Volumes and ARP include own-brand soft drinks sales and do not include factored product sales included within total revenue and brand contribution

Revenue in Ireland was up on last year for three successive quarters, with the poor weather across the summer contributing to a decline in quarter four. Full year volume increased by 2.6% whilst ARP declined by 1.0% leading to a revenue increase of 1.3%. The soft drinks market continued to be very competitive with deflationary pressure. Whilst the market was challenging we outperformed the market, gaining both volume and value share, with our own brand portfolio performing particularly well. The Counterpoint business also performed well.

International	52 weeks ended 27 September 2015 £m	52 weeks ended 28 September 2014 £m	% change actual exchange rate	% change constant exchange rate
Volume (millions litres)	41.3	44.3	(6.8)	(6.8)
ARP per litre	126.2p	131.4p	(4.0)	(0.0)
Revenue	52.1	58.2	(10.5)	(6.8)
Brand contribution	16.9	21.0	(19.5)	(16.7)
Brand contribution margin	32.4%	36.1%	(370)bps	(390)bps

Note: Concentrate sales are included in both revenue and ARP but do not have any associated volume

During the year a direct route to market model was established in the Netherlands. This resulted in a one-off adjustment due to the re-purchase of stock from the previous distributor. In addition, there has been a reclassification from overheads to revenue of specific customer investment costs as a result of the change of business model. At the start of the year the USA compound model was altered to reduce the lead time on orders from our bottling partners. Both of these changes provide a platform for sustainable future growth. In-market performance in the USA was encouraging with retail sales value increasing by 23% over the previous year. Increased investment in A&P also contributed to the 16.7% decline in brand contribution.

Fixed costs	52 weeks ended 27 September 2015 £m	52 weeks ended 28 September 2014 £m	% change actual exchange rate
Non-brand A&P	(9.7)	(9.9)	2.0
Fixed supply chain	(92.6)	(101.8)	9.0
Selling costs	(118.6)	(120.7)	1.7
Overheads and other	(123.0)	(126.4)	2.7
Total	(343.9)	(358.8)	4.2
Total A&P investment	*(71.1)*	*(72.0)*	*1.3*
A&P as a % of own-brand revenue	*5.6%*	*5.4%*	*(20)bps*

Fixed costs declined by 4.2% to £343.9m. During the year the residual benefit of the 2014 strategic cost initiatives were achieved, such as the benefits of the factory closures in GB and the consolidation of GB and Ireland back-office functions. We have further invested in the international business unit and the strategic marketing and innovation function. A&P spend marginally decreased by 1.3% to £71.1m, with the percentage of revenue measure increasing by 20bps to 5.6%.

Exceptional and other items

In the period, we accounted for a net charge of £9.4m of pre-tax (£8.7m post tax) exceptional and other costs. These include:

- Brazil acquisition related costs £6.5m
- Strategic restructuring costs related to the 2013 cost initiatives programme £3.6m, within the original cumulative guidance of £29m
- Business capability programme adviser fees and business continuity costs £1.4m
- Fair value gains of £0.9m
- Gains on disposal of property and assets £1.2m

The cash costs of exceptional and other items in the period were £8.6m.

Interest

The net finance charge before exceptional and other items for the 52 week period for the group was £22.0m compared with £25.2m in the same period in the prior year, reflecting the lower debt profile of the group, the benefit of the increased free cash flow generation and the refinancing of the group bank facilities earlier in the financial year.

Taxation

The tax charge before exceptional and other items was £34.5m which equates to an effective tax rate of 23.5% (52 weeks ended 28 September 2014: 24.8%). The decrease in the effective tax rate reflects the decrease in the UK corporate tax rate during the period and the utilisation of trading losses in Ireland. In addition, the group has incurred further start-up losses in certain territories as a part of its international expansion for which no tax relief is currently available.

Earnings per share

Adjusted basic EPS for the period was 46.3p. Adjusted underlying basic EPS for the period, excluding exceptional and other items and acquisition related amortisation, as well as the weighted average number of shares related to July share placing, was 46.7p, up 12.0% on the same period last year (41.8p). Basic EPS (after exceptional and other items charges post-tax) for the period was 41.8p compared with 36.5p for the same period last year.

Dividends

The board is recommending a final dividend of 16.3p per share, an increase of 10.1% on the dividend declared last year, with a total value of £42.6m. The final dividend will be paid on 5 February 2016 to shareholders on record as at 4 December 2015. The ex-dividend date is 3 December 2015.

Cash flow and net debt

Free cash flow was a £89.3m inflow, compared to a £88.9m inflow the previous year. Working capital was an inflow of £10.3m (2014: £1.6m outflow) as a result of a one-off change in supplier payment terms. Capital expenditure was £3.6m higher than last year, driven by the continued implementation of the strategic initiatives. Other spend increased by £17.1m and included £9.2m of own share purchases to satisfy share incentive schemes (2014: nil) and higher tax payments, largely driven by timing differences. Overall adjusted net debt reduced by £117m and took our leverage to 1.3x EBITDA from 1.9x last year. In July 2015 £87.8m cash was received from the issue of shares under a non pre-emptive placing, subsequently used in consideration for the acquisition of Ebba. The adjusted net debt (taking into account the foreign exchange movements on the derivatives hedging our US Private Placement debt) at 27 September 2015 was £263.9m, compared to £380.9m at the end of last year.

Treasury management

The financial risks faced by the group are identified and managed by a central treasury department, whose activities are carried out in accordance with board approved policies and subject to regular Audit and Treasury Committee reviews. The department does not operate as a profit centre and no transaction is entered into for trading or speculative purposes. Key financial risks managed by the treasury department include exposures to movements in interest rates and foreign exchange rates whilst managing the group's debt and liquidity, currency risk, interest rate risk and cash management. The group uses financial instruments to hedge against interest rate and foreign currency exposures. On 17 December 2014, Britvic plc repaid US$30m of Notes in the United States private placement market (USPP) using surplus cash available at the time. The 2009 cross currency interest rate swap instruments which had been designated as part of a cash flow hedge relationship against the future cash flows associated with this maturing portion of the 2009 Notes, also matured on 17 December 2014.

At 27 September 2015 the group has £902m of committed debt facilities consisting of a £400m bank facility which matures in 2020 subject to potential extensions to 2021 and a series of private placement notes with maturities between 2016 and 2026 providing the business with a secure funding platform. At 27 September 2015, the group's unadjusted net debt of £335.7m (excluding derivative hedges) consisted of £0.5m drawn under the group's committed bank facilities, £574.0m of private placement notes, £3.4m of accrued interest and £0.2m of finance leases, offset by net cash and cash equivalents of £239.6m and unamortised loan issue costs of £2.8m. After taking into account the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes, the group's adjusted net debt was £263.9m which compares to £380.9m at 28 September 2014.

Pensions

At 27 September 2015, the IAS 19 pension surplus in respect of the group defined benefit pension schemes was £17.3m (28 September 2014: net deficit of £8.4m). The reduction in the deficit was driven by the additional employer contributions made to the GB plan of £20.4m combined with positive investment performance over the period, offset by higher liabilities due to changes in the financial assumptions.

The defined benefit section of the GB pension plan is closed to all new members and future accrual. The NI Plan is open to future accrual for members on 28 February 2006, and new employees from this date are eligible to join the defined contribution plan. The Britvic Ireland Defined Benefit Plan introduced a pensionable salary cap of €50,000 and removed guaranteed pension increases from 1 January 2012, and new employees join the Ireland defined contribution plan.

The 1 January 2015 actuarial valuation of the Britvic Ireland Defined Benefit Plan has been completed and shows there was no past service deficit. The NI Defined Benefit Pension Plan valuation is underway and will be completed early in 2016. The GB Pension Plan actuarial valuation date is due as at 31 March 2016.

The Ireland and Northern Ireland Defined Benefit Pension Plans have an investment strategy journey plan to manage the risks as the funding position improves. The GB Pension Plan mainly has credit-type investments and the Trustees have developed proposals to manage the investment risks.

CONSOLIDATED INCOME STATEMENT
For the 52 weeks ended 27 September 2015

	Note	**52 weeks ended 27 September 2015**			52 weeks ended 28 September 2014		
		Before exceptional & other items	**Exceptional & other items***	**Total**	Before exceptional & other items	Exceptional & other items*	Total
		£m	**£m**	**£m**	£m	£m	£m
Revenue		**1,300.1**	**-**	**1,300.1**	1,344.4	-	1,344.4
Cost of sales		**(581.4)**	**-**	**(581.4)**	(617.5)	-	(617.5)
Gross profit		**718.7**	**-**	**718.7**	726.9	-	726.9
Selling and distribution costs		**(355.6)**	**-**	**(355.6)**	(370.4)	-	(370.4)
Administration expenses		**(194.1)**	**(12.4)**	**(206.5)**	(198.4)	(12.8)	(211.2)
Operating profit/(loss)	6	**169.0**	**(12.4)**	**156.6**	158.1	(12.8)	145.3
Finance income	9	**0.3**	**3.6**	**3.9**	0.2	1.0	1.2
Finance costs	9	**(22.3)**	**(0.6)**	**(22.9)**	(25.4)	(1.0)	(26.4)
Profit/(loss) before tax		**147.0**	**(9.4)**	**137.6**	132.9	(12.8)	120.1
Taxation	10	**(34.5)**	**0.7**	**(33.8)**	(33.0)	2.6	(30.4)
Profit/(loss) for the period attributable to the equity shareholders		**112.5**	**(8.7)**	**103.8**	99.9	(10.2)	89.7
Earnings per share							
Basic earnings per share	11			**41.8p**			36.5p
Diluted earnings per share	11			**41.2p**			36.2p
Adjusted basic earnings per share**	11			**46.3p**			41.8p
Adjusted diluted earnings per share**	11			**45.7p**			41.5p

* See note 5.

** Adjusted basic and diluted earnings per share measures have been adjusted by adding back exceptional & other items (see notes 5 and 11) and amortisation relating to acquired intangible assets (see note 14).

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)
For the 52 weeks ended 27 September 2015

	Note	**52 weeks ended 27 September 2015 £m**	52 weeks ended 28 September 2014 £m
Profit for the period attributable to the equity shareholders		**103.8**	89.7
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement gains/(losses) on defined benefit pension schemes	23	**3.2**	(12.3)
Deferred tax on defined benefit pension schemes	10a	**(3.7)**	(2.0)
Current tax on additional pension contributions	10a	**3.1**	4.5
		2.6	(9.8)
Items that may be subsequently reclassified to profit or loss			
Gains/(losses) in the period in respect of cash flow hedges	26	**10.1**	(11.9)
Amounts recycled to the income statement in respect of cash flow hedges	26	**(22.1)**	10.5
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	10a	**2.5**	0.1
Exchange differences on translation of foreign operations	26	**(1.5)**	(3.9)
Tax on exchange differences accounted for in the translation reserve	10a	**-**	0.7
Deferred tax on other temporary differences	10a	**-**	0.1
		(11.0)	(4.4)
Other comprehensive expense for the period, net of tax		**(8.4)**	(14.2)
Total comprehensive income for the period attributable to the equity shareholders		**95.4**	75.5

CONSOLIDATED BALANCE SHEET
As at 27 September 2015

	Note	**2015 £m**	2014 £m
Assets			
Non-current assets			
Property, plant and equipment	13	**244.2**	221.0
Intangible assets	14	**305.1**	299.7
Other receivables	16	**2.4**	3.0
Derivative financial instruments	26	**90.4**	64.6
Pension asset	23	**22.4**	-
		664.5	588.3
Current assets			
Inventories	17	**86.7**	84.7
Trade and other receivables	18	**293.9**	276.9
Derivative financial instruments	26	**10.9**	4.5
Cash and cash equivalents	19	**239.6**	144.0
		631.1	510.1
Non-current assets held for sale	20	**3.5**	3.6
Total assets		**1,299.1**	1,102.0
Current liabilities			
Trade and other payables	24	**(417.4)**	(379.7)
Bank overdrafts	19	**-**	(0.7)
Interest bearing loans and borrowings	22	**(2.9)**	(22.4)
Derivative financial instruments	26	**(13.8)**	(1.6)
Current income tax payable		**(24.0)**	(25.4)
Provisions	28	**(1.3)**	(4.1)
Other current liabilities	27	**-**	(0.4)
		(459.4)	(434.3)
Non-current liabilities			
Interest bearing loans and borrowings	22	**(572.4)**	(539.9)
Deferred tax liabilities	10d	**(46.4)**	(23.3)
Pension liability	23	**(5.1)**	(8.4)
Derivative financial instruments	26	**(1.3)**	(9.9)
Provisions	28	**(1.2)**	(1.6)
Other non-current liabilities	27	**(1.5)**	(1.5)
		(627.9)	(584.6)
Total liabilities		**(1,087.3)**	(1,018.9)
Net assets		**211.8**	83.1
Capital and reserves			
Issued share capital	21	**52.2**	49.4
Share premium account		**123.2**	33.5
Own shares reserve		**(11.4)**	(2.9)
Hedging reserve		**(8.1)**	1.4
Translation reserve		**14.9**	16.4
Merger reserve		**87.3**	87.3
Retained losses		**(46.3)**	(102.0)
Total equity		**211.8**	83.1

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 52 weeks ended 27 September 2015

	Note	**52 weeks ended 27 September 2015 £m**	52 weeks ended 28 September 2014 £m
Cash flows from operating activities			
Profit before tax		**137.6**	120.1
Finance costs	9	**19.0**	25.2
Other financial instruments		**3.9**	(1.3)
Impairment of property, plant and equipment and intangible assets	13	**0.1**	0.6
Depreciation	13	**29.9**	31.5
Amortisation	14	**11.1**	10.4
Share based payments	29	**10.6**	9.1
Net pension charge less contributions		**(22.2)**	(22.9)
(Increase)/decrease in inventory		**(4.4)**	3.1
Increase in trade and other receivables		**(21.5)**	(15.8)
Increase/(decrease) in trade and other payables		**36.1**	10.5
Decrease in provisions		**(3.1)**	(4.8)
Loss on disposal of property, plant and equipment and intangible assets		**-**	1.1
Income tax paid		**(30.2)**	(20.2)
Net cash flows from operating activities		**166.9**	146.6
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**4.1**	0.7
Purchases of property, plant and equipment		**(54.1)**	(49.2)
Purchases of intangible assets		**(7.0)**	(8.8)
Net cash flows used in investing activities		**(57.0)**	(57.3)
Cash flows from financing activities			
Interest paid		**(21.6)**	(24.2)
Interest bearing loans drawndown/(repaid)	22	**(0.9)**	0.2
Repayment of 2009 USPP Notes	22	**(18.0)**	-
Repayment of 2007 USPP Notes	22	**-**	(76.8)
Issue of 2014 USPP Notes	22	**-**	105.8
Issue costs paid	22	**(2.2)**	(0.4)
Issue of shares relating to incentive schemes for employees		**3.7**	4.9
Issue of shares under a non pre-emptive placing	21	**87.8**	-
Purchase of own shares		**(9.2)**	-
Dividends paid to equity shareholders	12	**(52.9)**	(46.8)
Net cash flows used in financing activities		**(13.3)**	(37.3)
Net increase in cash and cash equivalents		**96.6**	52.0
Cash and cash equivalents at beginning of period		**143.3**	91.5
Exchange rate differences	30	**(0.3)**	(0.2)
Cash and cash equivalents at the end of the period	19	**239.6**	143.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 27 September 2015

	Issued share capital	Share premium account	Own shares reserve	Hedging reserve	Translation reserve	Merger reserve	Retained Losses*	**Total**
	£m	£m	£m	£m	£m	£m	£m	**£m**
At 29 September 2013	49.0	25.0	(1.1)	2.7	19.6	87.3	(141.6)	40.9
Profit for the period	-	-	-	-	-	-	89.7	89.7
Other comprehensive expense	-	-	-	(1.3)	(3.2)	-	(9.7)	(14.2)
	-	-	-	(1.3)	(3.2)	-	80.0	75.5
Issue of shares	0.4	8.5	(5.4)	-	-	-	-	3.5
Own shares utilised for share schemes	-	-	3.6	-	-	-	(2.2)	1.4
Movement in share based schemes	-	-	-	-	-	-	7.2	7.2
Current tax on share based payments	-	-	-	-	-	-	0.8	0.8
Deferred tax on share based payments	-	-	-	-	-	-	0.6	0.6
Payment of dividend	-	-	-	-	-	-	(46.8)	(46.8)
At 28 September 2014	49.4	33.5	(2.9)	1.4	16.4	87.3	(102.0)	83.1
Profit for the period	-	-	-	-	-	-	103.8	103.8
Other comprehensive expense	-	-	-	(9.5)	(1.5)	-	2.6	(8.4)
	-	-	-	(9.5)	(1.5)	-	106.4	95.4
Issue of shares relating to incentive schemes for employees	0.3	5.5	(2.1)	-	-	-	-	3.7
Issue of shares under a non pre-emptive placing	2.5	85.3	-	-	-	-	-	87.8
Transaction costs relating to placement of ordinary shares	-	(1.1)	-	-	-	-	-	(1.1)
Own shares purchased for share schemes	-	-	(13.4)	-	-	-	-	(13.4)
Own shares utilised for share schemes	-	-	7.0	-	-	-	(5.6)	1.4
Movement in share based schemes	-	-	-	-	-	-	8.2	8.2
Current tax on share based payments	-	-	-	-	-	-	0.6	0.6
Deferred tax on share based payments	-	-	-	-	-	-	(1.0)	(1.0)
Payment of dividend	-	-	-	-	-	-	(52.9)	(52.9)
At 27 September 2015	**52.2**	**123.2**	**(11.4)**	**(8.1)**	**14.9**	**87.3**	**(46.3)**	**211.8**

* The retained losses balance has been amalgamated with the share scheme reserve in the consolidated statement of changes in equity and the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Britvic plc (the 'company') is a company incorporated in the United Kingdom under the Companies Act 2006. It is a public limited company domiciled in England & Wales and its ordinary shares are traded on the London Stock Exchange. Britvic plc and its subsidiaries (together the 'group') operate in the soft drinks manufacturing and distribution industry, principally in the United Kingdom, Republic of Ireland and France.

The preliminary results announcement for the 52 week period ended 27 September 2015, has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The preliminary statement of results was approved by the board on 24 November 2015. The preliminary statement of results does not represent the full group financial statements of Britvic plc and its subsidiaries which will be delivered to the Registrar of Companies in due course. The preliminary statement of results have, however, been extracted from the statutory accounts for the 52 week period ended 27 September 2015 on which an unqualified report, which did not contain an emphasis of matter reference or a statement under Section 498 (2) or (3) of the Companies Act 2006, has been made by the company's auditors. The financial information for the 52 week period ended 28 September 2014, has been extracted from the Britvic Annual Report for that period as filed with the Registrar of Companies.

2. Statement of compliance

The financial information has been prepared on the basis of applicable International Financial Reporting Standards as adopted by the European Union (IFRS), as they apply to the financial statements of the group.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on a historical cost basis except where measurement of balances at fair value is required as explained below. The consolidated financial statements of the group are presented in pounds sterling, which is also the functional currency of the company, and all values are rounded to the nearest 0.1 million except where otherwise indicated.

Finance income and finance cost have been split out on the face of the income statement in the current and prior period in order to assist users of the financial statements in understanding the finance costs and finance income of the group.

Going concern

The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements. As at 27 September 2015, the consolidated balance sheet is showing a net assets position of £211.8m (28 September 2014: net assets of £83.1m).

Group reserves are low due to the capital restructuring undertaken at the time of flotation. This does not impact on Britvic plc's ability to make dividend payments.

The liquidity of the group remains strong, an agreement was reached in November 2014 to refinance the group's £400.0m bank facility with a revised maturity date of November 2019, which was subsequently revised further to November 2020, and £574.0m of private placement notes have maturity dates between 2016 and 2026.

Basis of consolidation

The consolidated financial statements of the group incorporate the financial information of the company and the entities controlled by the company (its subsidiaries) in accordance with IFRS 10 'Consolidated financial statements'. Control is achieved when the company:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date the group gains control or up to the date control ceases respectively.

3. Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured, regardless of when payment is being made.

Revenue is recognised when goods are delivered and accepted by customers, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount can be measured reliably.

Revenue is the value of sales, excluding transactions with or between subsidiaries, after the deduction of sales related discounts and rebates, value added tax and other sales related taxes. Sales related discounts comprise:

- Long term discounts and rebates – which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth
- Short term promotional discounts – which are directly related to promotions run by customers

Where sales related rebates and discounts are earned, management make an accrual where it is probable that the rebate will be earned by the customer. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management make estimates on an ongoing basis to assess customer performance and sales volume to calculate total amounts earned to be recorded as deductions from revenue.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Assets under construction are carried at cost. Depreciation of these assets commences when they are ready for use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight-line basis, over the useful economic life of that asset as follows:

Plant and machinery	3 to 20 years
Vehicles (included in plant and machinery)	5 to 7 years
Equipment in retail outlets (included in fixtures, fittings, tools and equipment)	5 to 10 years
Other fixtures and fittings (included in fixtures, fittings, tools and equipment)	3 to 10 years

Land is not depreciated.

Freehold properties are depreciated over 50 years.

Leasehold properties are depreciated over 50 years, or over the unexpired lease term when this is less than 50 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the consolidated income statement in the period of derecognition.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual amounts are reviewed annually and where adjustments are required these are made prospectively.

Investment property

Investment property is property held to earn rentals and or capital appreciation. The group has elected to use the cost model. Properties are stated at cost less accumulated depreciation and any impairment loss at the balance sheet date. Depreciation on investment property is calculated in the same way as for property, plant and equipment.

The carrying value of investment property is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and is written down immediately to the recoverable amount. Useful lives and residual amounts are reviewed annually and where adjustments are required these are made prospectively.

Non-current assets held for sale

The group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than continuing use. Such non-current assets as held for sale are measured at the lower of their carrying value and fair value less costs to sell.

Property, plant and equipment and intangibles assets are not depreciated or amortised once classified as held for sale.

Assets classified as held for sale are presented separately beneath current items in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Goodwill

While the original acquisition of Britannia Soft Drinks Limited was accounted for under the merger method, business combinations on or after 4 October 2004 have been accounted for under IFRS 3 'Business Combinations' using the acquisition method. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the consolidated income statement in the period of acquisition.

Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. As at the acquisition date, any goodwill acquired is allocated to the group of cash-generating units expected to benefit from the combination's synergies by management. Impairment is determined by assessing the recoverable amount of the group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than the carrying amount, an impairment loss is recognised immediately in the consolidated income statement.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Software costs

Software expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. Acquired computer software licences and software developed in-house are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs include resources focussed on delivery of capital projects where the choice has been made to use internal resources rather than external resources. These costs are amortised over their estimated useful lives of three to seven years on a straight line basis.

Trademarks, franchise rights and customer lists

Intangible assets acquired separately are measured on initial recognition at the fair value of consideration paid. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation or impairment losses. An intangible asset acquired as part of a business combination is recognised outside goodwill, at fair value at the date of acquisition, if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation is charged on assets with finite lives on a straight-line basis over a period appropriate to the asset's useful life.

The carrying values of intangible assets with finite and indefinite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets with indefinite useful lives are also tested for impairment annually either individually or, if the intangible asset does not generate cash flows that are largely independent of those from other assets or groups of assets, as part of the cash generating unit to which it belongs. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Research and development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability to use the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

3. Accounting policies (continued)

Intangible assets (continued)

Impairment of intangible assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount or the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs if it does not generate largely independent cash flows. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects senior management's estimate of the cost of capital. Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Goodwill impairment losses cannot subsequently be reversed.

Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing inventories to their present location and condition. Cost is determined using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

The group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, which is normally the transaction price, plus directly attributable transaction costs for those financial assets not subsequently measured at fair value through profit or loss. The group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Loans and receivables

The group has financial assets that are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit or loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the consolidated income statement when loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised at the lower of their original invoiced value and recoverable amount.

Provision is made when collection of the full amount is no longer considered probable. Balances are written off when the probability of recovery is assessed as being remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Fair value

The group measures financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group uses valuation techniques that are appropriate in the circumstance and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

Derivative financial instruments and hedging

The group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. All derivative financial instruments are initially recognised and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is appropriate, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Derivative financial instruments and hedging (continued)

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cash flow hedges

Hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the consolidated income statement. Amounts previously recognised in other comprehensive income are transferred to the consolidated income statement in the period in which the hedged item affects profit or loss, such as when a forecast sale occurs. However, when the forecast transaction results in the recognition of a non-financial asset or liability, the amounts previously recognised in other comprehensive income are included in the initial carrying amount of the asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are then transferred to the consolidated income statement or included in the initial carrying amount of a non-financial asset or liability as above.

Net investment hedges

Financial instruments are classified as net investment hedges when they hedge the group’s net investment in foreign operations. Some of the group’s foreign currency borrowings qualify as hedging instruments that hedge foreign currency net investment balances. The effective portion of gains or losses on translation of borrowings designated as net investment hedges is recognised in other comprehensive income. Any ineffective portion is recognised immediately in the consolidated income statement. Upon disposal of the associated investment in foreign operations any cumulative gain or loss previously recognised in other comprehensive income is recycled through the consolidated income statement.

Fair value hedges

Hedges of the change in fair value of recognised assets or liabilities are classified as fair value hedges. For fair value hedges, the gain or loss on the fair value of the hedging instrument is recognised in the consolidated income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognised in the consolidated income statement. If the hedge relationship no longer meets the criteria for hedge accounting, the hedged item would no longer be adjusted and the cumulative adjustment to its carrying amount would be amortised to the consolidated income statement based on a recalculated effective interest rate. The fair value gain on loss on the hedging instrument would continue to be recorded in the consolidated income statement.

Derecognition of financial instruments

The derecognition of a financial asset takes place when the contractual rights to the cash flows expire, or when the contractual rights to the cash flows have either been transferred or an obligation has been assumed to pass them through to a third party and the group does not retain substantially all the risks and rewards of the asset.

Financial liabilities are only derecognised when they are extinguished, that is, when the obligation is discharged, cancelled or expires.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that, in the opinion of the Directors and based on the best available estimate at that date, will ultimately vest (or in the case of an instrument subject to a market condition, be treated as vesting as described below). The consolidated income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Taxation

The current income tax expense is based on taxable profits for the period, after any adjustments in respect of prior periods. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying values in the consolidated financial statements.

The principal temporary differences arise from accelerated capital allowances, intangible assets, provisions for pensions and other post-retirement benefits, provisions for share-based payments and unutilised losses incurred in overseas jurisdiction.

Deferred tax assets are recognised to the extent that it is regarded as probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the asset or liability will be settled based on the tax rates enacted or substantively enacted by the balance sheet date.

Provisions

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

Pensions and post retirement benefits

The group operates a number of pension schemes. These include both defined benefit and defined contribution plans.

Defined benefit plans

The defined benefit pension liability or asset in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined contribution plans

Under defined contribution plans, contributions payable for the period are charged to the consolidated income statement as an operating expense.

Employee benefits

Wages, salaries, bonuses and paid annual leave are accrued in the period in which the associated services are rendered by the employees of the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Leases

Leases in which substantially all the risks and rewards of ownership of the leased asset are retained by the lessor are classified as operating leases by the group. Leases in which the group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Any lease incentives received are credited to the consolidated income statement on a straight-line basis over the term of the leases to which they relate.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, bank overdrafts repayable on demand are a component of cash and cash equivalents.

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised in the balance sheet at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

On a refinancing any unamortised financing charges are accelerated through the consolidated income statement.

Foreign currencies

Functional and presentation currency

The consolidated financial statements of the group are presented in pounds sterling. The presentation currency of the consolidated financial statements is the same as the functional currency of the company. For each entity the Group determines the functional currency and items, included in the financial statements of each entity, are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement, except when hedge accounting is applied and for differences in monetary assets and liabilities that form part of the group's net investment in a foreign operation. These are taken in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit and loss.

Foreign operations

The consolidated income statement and statement of cash flows of foreign operations are translated at the average rate of exchange during the period. The balance sheet is translated at the rate ruling at the reporting date. Exchange differences arising on opening net assets and arising on the translation of results at an average rate compared to a closing rate are both recognised in other comprehensive income. On disposal of a foreign operation, the accumulated exchange differences previously recognised in other comprehensive income are included in the consolidated income statement.

Certain of the group's financial instruments are classified as net investment hedges when they hedge the group's net investment in foreign operations. See derivative financial instruments and hedging policy above for further detail.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the company.

Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. Accounting policies (continued)

Other reserves

Share premium account

The share premium account is used to record the excess of proceeds over the nominal value on the issue of shares.

Own shares reserve

The own shares reserve is used to record purchases and issues by the group of its own shares, which will be distributed to employees as and when share awards made under the Britvic employee share plans vest.

Hedging reserve

The hedging reserve records the effective portion of movements in the fair value of forward exchange contracts, interest rate and cross currency swaps that have been designated as hedging instruments in cash flow hedges.

Translation reserve

The translation reserve includes cumulative net exchange differences on translation into the presentational currency of items recorded in group entities with a non-sterling functional currency net of amounts recognised in respect of net investment hedges.

Merger reserve

The merger reserve arose as a result of the non pre-emptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Section 612-3 of the Companies Act 2006.

Own shares

The cost of own shares held in employee share trusts and in treasury is deducted from shareholders' equity until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, the fair value of any consideration received is also included in shareholders' equity.

Exceptional and other items

The group presents items as exceptional and other items on the face of the consolidated income statement to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess trends in financial performance more readily.

- 'Exceptional' items include those significant items of income and expense which, because of the size, nature and infrequency of the events giving rise to them, merit separate presentation.

- 'Other' items include fair value movements on financial instruments where hedge accounting cannot be applied on future transactions and also where hedge ineffectiveness is recognised. These items have been included within 'exceptional and other items' because they are non-cash and do not form part of how management assesses performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Key judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. In the process of applying the group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements.

Post-retirement benefits

The determination of the pension and other post-retirement benefits cost and obligation is based on assumptions determined with independent actuarial advice. The assumptions include discount rate, inflation, pension and salary increases, expected return on scheme assets, mortality and other demographic assumptions. These key assumptions are disclosed in note 23.

Franchise rights

Franchise rights represent franchise agreements acquired as part of the Britvic Ireland business combination which provides long term rights to distribute certain soft drinks. These agreements were allocated a 35 year useful economic life. The franchise agreement has a contract life less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the franchise agreements is highly probable. A significant emphasis is made on developing relationships with Pepsico, which includes maintaining an appropriate level of communication to deal with on-going operational issues. This is further strengthened through the addition of Pepsico products to Britvic's portfolio in recent years.

Intangible assets with indefinite lives

Management have made a judgement that intangible assets relating to brands have indefinite lives. This is based on their historical longevity, and a business model and strategy that is based on development and expansion of Britvic's brands.

Impairment of goodwill and intangible assets with indefinite lives

Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash generating units to which the goodwill/intangible asset has been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details are given in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

New standards adopted in the current period

During the period, the group adopted a number of interpretations and amendments to standards including IFRS 10 ‘Consolidated financial statements’, IFRS 11 ‘Joint arrangements’ and IFRS 12 ‘Disclosure of interests in other entities’, all of which had an immaterial impact on the consolidated financial statements of the group.

New standards and interpretations not applied

The group has not applied the following IFRSs, which may be applicable to the group, that have been issued (although in some cases not yet adopted by the EU) but are not yet effective:

		Effective date – periods commencing on or after
International Financial Reporting Standards (IFRS)		
IFRS 9	Financial Instruments	1 January 2018
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS10, IFRS12 and IAS 28 - Investment Entities	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 11	Amendments to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations	1 January 2016
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
International Accounting Standards (IAS)		
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 1	Amendments to IAS 1 - Disclosure Initiatives	1 January 2016
IAS 27	Amendments to IAS 27 – Equity Method in Separate Financial Statements	1 January 2016
Annual IFRS Improvement Process		
AIP IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal	1 January 2016
AIP IFRS 7	Financial Instruments: Disclosure – Servicing contracts	1 January 2016
AIP IAS 19	Employee Benefits - Discount rate: regional market issue	1 January 2016

The group is currently confirming the impacts of the above new standards and interpretations on its results, financial position and cash flows, which are not expected to be material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segmental reporting

For management purposes, the group is organised into business units and has five reportable segments as follows:

- GB stills – United Kingdom excluding Northern Ireland
- GB carbs – United Kingdom excluding Northern Ireland
- Ireland – Republic of Ireland and Northern Ireland
- France
- International

These business units sell soft drinks into their respective markets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on brand contribution. This is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

Transfer prices between reportable segments are on an arm's length basis in a manner similar to transactions with third parties.

52 weeks ended 27 September 2015	**GB stills £m**	**GB carbs £m**	**Total GB £m**	**Ireland £m**	**France £m**	**International £m**	**Total £m**
Revenue	321.6	565.7	**887.3**	120.4	240.3	52.1	**1,300.1**
Brand contribution	151.1	225.1	**376.2**	44.2	75.6	16.9	**512.9**
Non-brand advertising & promotion *							(9.7)
Fixed supply chain**							(92.6)
Selling costs**							(118.6)
Overheads and other costs*							(123.0)
Operating profit before exceptional & other items							**169.0**
Finance costs before exceptional & other items							(22.0)
Exceptional & other items							(9.4)
Profit before tax							**137.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. **Segmental reporting (continued)**

52 weeks ended 28 September 2014	GB stills £m	GB carbs £m	Total GB £m	Ireland £m	France £m	International £m	Total £m
Revenue	335.2	567.8	**903.0**	128.3	254.9	58.2	**1,344.4**
Brand contribution	159.4	222.4	**381.8**	47.0	67.1	21.0	**516.9**
Non-brand advertising & promotion *							(9.9)
Fixed supply chain**							(101.8)
Selling costs**							(120.7)
Overheads and other costs*							(126.4)
Operating profit before exceptional & other items							**158.1**
Finance costs before exceptional & other items							(25.2)
Exceptional & other items							(12.8)
Profit before tax							**120.1**

* Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation.

** Included within 'selling and distribution costs' in the consolidated income statement.

Geographic information

Revenues from external customers

The analysis below is based on the location where the sale originated.

	2015 £m	2014 £m
United Kingdom	939.4	966.7
Republic of Ireland	100.8	109.2
France	252.7	268.2
Other	7.2	0.3
Total revenue	**1,300.1**	1,344.4

Non-current assets

	2015 £m	2014 £m
United Kingdom	253.9	233.7
Republic of Ireland	102.0	105.3
France	194.8	183.6
Other	1.0	1.1
Total	**551.7**	523.7

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Exceptional and other items

Unless otherwise stated, exceptional and other items are included within administration expenses in the consolidated income statement.

	Note	**52 weeks ended 27 September 2015 £m**	52 weeks ended 28 September 2014 £m
Asset impairments	(a)	**-**	(0.7)
Costs in relation to the acquisition of subsidiary	(b)	**(6.5)**	-
Gain on disposal of previously impaired assets		**0.4**	0.7
Gain on held for sale property in Britvic Ireland		**0.8**	-
Strategic restructuring - cost initiatives	(c)	**(3.6)**	(14.1)
Strategic restructuring - business capability programme	(d)	**(1.4)**	-
Fair value movements	(e)	**(2.1)**	1.3
Total included in administration expenses		**(12.4)**	(12.8)
Fair value movements	(e)	**3.6**	1.0
Total included in finance income		**3.6**	1.0
Fair value movements	(e)	**(0.6)**	-
Write off of unamortised financing fees	(f)	**-**	(1.0)
Total included in finance costs		**(0.6)**	(1.0)
Total exceptional and other items before tax		**(9.4)**	(12.8)

a) Asset impairments relates to the loss recognised on transfer of a property from property, plant and equipment to held for sale in Britvic GB following closure in 2014 as part of strategic cost initiatives announced in May 2013.

b) Costs relating to the purchase of Empresa Brasileira de Bebidas e Alimentos SA (Ebba). Primarily these costs relate to advisors fees (see note 33).

c) Strategic restructuring - cost initiatives relate to the continuation of cost initiatives announced in May 2013, following the closure of two factories in Britvic GB and subsequent reorganisation as well as integration of GB and Ireland back office operations.

d) Strategic restructuring - business capability programme relates to a restructuring of supply chain to enhance commercial capabilities in Britvic GB.

e) Fair value movements relate to the fair value movement of derivative financial instruments where either hedge accounting cannot be applied to future transactions or where there is ineffectiveness in the hedge relationship.

f) In 2014, following the decision to refinance the group's committed bank facility, unamortised financing fees of £1.0m were written off to finance costs in the consolidated income statement (see note 9).

Details of the tax implications of exceptional and other items are given in note 10a.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Operating profit/(loss)

This is stated after charging:	**2015**	2014
	£m	£m
Cost of inventories recognised as an expense	**581.4**	617.5
Including: write-down of inventories to net realisable value	**2.4**	1.1
Research and development expenditure written off	**3.5**	2.6
Net foreign currency exchange differences	**1.0**	1.6
Depreciation of property, plant and equipment	**29.9**	31.5
Amortisation of intangible assets	**11.1**	10.4
Operating lease payments – minimum lease payments	**13.5**	11.7

7. Auditor's remuneration

	2015	2014
	£m	£m
Audit of the group financial statements	**0.1**	0.2
Audit of subsidiaries	**0.5**	0.4
Total audit	**0.6**	0.6
Audit related assurance services	**0.1**	-
Other non-audit services not covered above	**0.2**	1.4
Total non-audit services	**0.3**	1.4
Total fees	**0.9**	2.0

8. Staff costs

	2015	2014
	£m	£m
Wages and salaries	**127.0**	127.9
Social security costs	**19.6**	19.8
Net pension charge	**12.8**	11.1
Expense of share based compensation (note 29)	**10.6**	9.1
	170.0	167.9

	2015	2014
	£m	£m
Directors' emoluments	**2.4**	2.5
Aggregate gains made by directors on exercise of options	**-**	1.5

	2015	2014
	No.	No.
Number of directors accruing benefits under defined benefit schemes	**-**	-

The average monthly number of employees during the period was made up as follows:

	2015	2014
	No.	No.
Distribution	**290**	300
Production	**1,386**	1,389
Sales and marketing	**911**	911
Administration	**530**	559
	3,117	3,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Finance costs

	2015	2014
	£m	£m
Finance income		
Bank deposits	**0.3**	0.2
Fair value movement on interest rate swap (see note 26)	**1.5**	1.0
Ineffectiveness in respect of cash flow hedges	**2.1**	-
Total finance income	**3.9**	1.2
Finance costs		
Bank loans, overdrafts and loan notes	**(22.2)**	(25.3)
Unwinding of discount in provisions	**(0.1)**	(0.1)
Write off of unamortised financing fees (see note 5)	**-**	(1.0)
Ineffectiveness in respect of fair value hedges	**(0.6)**	-
Total finance costs	**(22.9)**	(26.4)
Net finance costs	**(19.0)**	(25.2)

10. Taxation

a) *Tax on profit on continuing operations*

			2015
	Before exceptional & other items	**Exceptional & other items**	**Total**
	£m	**£m**	**£m**
Income statement			
Current income tax			
Current income tax (charge)/credit	**(34.4)**	**1.2**	**(33.2)**
Amounts over/(under) provided in previous years	**0.9**	**(0.2)**	**0.7**
Total current income tax (charge)/credit	**(33.5)**	**1.0**	**(32.5)**
Deferred income tax			
Origination and reversal of temporary differences	**(0.6)**	**(0.3)**	**(0.9)**
Amounts (under)/over provided in previous years	**(0.4)**	**-**	**(0.4)**
Total deferred tax charge	**(1.0)**	**(0.3)**	**(1.3)**
Total tax (charge)/credit in the income statement	**(34.5)**	**0.7**	**(33.8)**
Statement of comprehensive income			
Current tax on additional pension contributions			**3.1**
Deferred tax on defined benefit plans			**(3.7)**
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve			**2.5**
Total tax credit in the statement of comprehensive income			**1.9**
Statement of changes in equity			
Current tax on share options exercised			**0.6**
Deferred tax on share options granted to employees			**(1.0)**
Total tax charge in the statement of changes in equity			**(0.4)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Taxation (continued)

a) Tax on profit on continuing operations (continued)

			2014
	Before exceptional & other items	Exceptional & other items	Total
	£m	£m	£m
Income statement			
Current income tax			
Current income tax (charge)/credit	(36.2)	3.0	(33.2)
Amounts (under)/over provided in previous years	(2.0)	0.7	(1.3)
Total current income tax (charge)/credit	(38.2)	3.7	(34.5)
Deferred income tax			
Origination and reversal of temporary differences	4.3	(0.4)	3.9
Amounts over/(under) provided in previous years	0.9	(0.7)	0.2
Total deferred tax credit/(charge)	5.2	(1.1)	4.1
Total tax (charge)/credit in the income statement	(33.0)	2.6	(30.4)
Statement of comprehensive income			
Current tax on additional pension contributions			4.5
Deferred tax on defined benefit plans			(2.0)
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve			0.1
Tax on exchange differences accounted for in the translation reserve			0.7
Deferred tax on other temporary differences			0.1
Total tax credit in the statement of comprehensive income			3.4
Statement of changes in equity			
Current tax on share options exercised			0.8
Deferred tax on share options granted to employees			0.6
Total tax credit in the statement of changes in equity			1.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Taxation (continued)

b) Reconciliation of the total tax charge

The tax expense in the consolidated income statement is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.5% (2014: 22.0%). The differences are reconciled below:

			2015
	Before exceptional & other items	**Exceptional & other items**	**Total**
	£m	**£m**	**£m**
Profit/(loss) before tax	**147.0**	**(9.4)**	**137.6**
Profit/(loss) multiplied by the UK average rate of corporation tax of 20.5%	**(30.1)**	**1.9**	**(28.2)**
Permanent differences	**0.5**	**(0.7)**	**(0.2)**
Impact of change in tax rates on deferred tax liability	**(0.2)**	**(0.1)**	**(0.3)**
Tax over/(under) provided in previous years	**0.5**	**(0.2)**	**0.3**
Overseas tax rate differences	**(4.8)**	**0.4**	**(4.4)**
Losses not recognised	**(0.4)**	**(0.6)**	**(1.0)**
	(34.5)	**0.7**	**(33.8)**
Effective income tax rate	**23.5%**		**24.6%**

			2014
	Before exceptional & other items	Exceptional & other items	Total
	£m	£m	£m
Profit / (loss) before tax	132.9	(12.8)	120.1
Profit / (loss) multiplied by the UK average rate of corporation tax of 22.0%	(29.2)	2.8	(26.4)
Permanent differences	0.4	0.1	0.5
Impact of change in tax rates on deferred tax liability	(0.2)	0.1	(0.1)
Tax underprovided in previous years	(0.9)	(0.1)	(1.0)
Overseas tax rate differences	(3.1)	(0.3)	(3.4)
	(33.0)	2.6	(30.4)
Effective income tax rate	24.8%		25.3%

c) Unrecognised tax items

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised total £9.3m (2014: £7.5m). No deferred tax has been provided in respect of these differences, since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the future.

The group expects that future remittances of earnings from its overseas subsidiaries will be covered by the UK dividend exemption and so the un-remitted earnings of these subsidiaries are not disclosed above.

No deferred tax asset has been recognised in respect of unused tax losses of £8.8m (2014: £4.3m). Included in this amount are tax losses of £3.6m (2014: £2.8m) that will expire in 7-8 years. Other losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Taxation (continued)

d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2015	2014
	£m	£m
Deferred tax liability		
Accelerated capital allowances	**(5.8)**	(5.4)
Acquisition fair value adjustments*	**(33.9)**	(15.4)
Other temporary differences	**(1.5)**	-
Post employment benefits	**(20.3)**	(16.1)
Deferred tax liability	**(61.5)**	(36.9)
Deferred tax asset		
Employee incentive plan	**5.8**	5.7
Unutilised losses incurred in overseas jurisdictions	**4.2**	6.6
Other temporary differences	**5.1**	1.3
Deferred tax asset	**15.1**	13.6
Net deferred tax liability	**(46.4)**	(23.3)

* Following a review, further non-current deferred tax liabilities of £20.3m were identified that should have been recognised in relation to acquired indefinite life brand intangibles upon acquisition of Britvic France which has resulted in an increase in goodwill.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2015	2014
	£m	£m
Net deferred tax assets	**-**	-
Net deferred tax liabilities	**(46.4)**	(23.3)
	(46.4)	(23.3)

The deferred tax included in the consolidated income statement is as follows:

	2015	2014
	£m	£m
Employee incentive plan	**0.9**	1.4
Accelerated capital allowances	**(0.4)**	1.5
Post employment benefits	**(0.4)**	(0.6)
Acquisition fair value adjustments	**0.9**	1.0
(Utilised)/unutilised losses incurred in overseas jurisdictions	**(1.6)**	1.3
Other temporary differences	**(0.7)**	(0.5)
Deferred tax (charge)/credit	**(1.3)**	4.1

In 2015, there is a £0.3m charge relating to exceptional items (2014: £1.1m charge) included within the overall £1.3m deferred tax charge (2014: overall £4.1m credit) in the consolidated income statement.

e) Impact of rate change

Finance Act 2015 enacted reductions in the UK corporation tax rate from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The effect of the new rate is to reduce the deferred tax provision by a net £1.9m, comprising a credit of £1.7m to the income statement and a credit of £0.2m to the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit/(loss) for the period attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the ordinary equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted earnings per share computations:

	2015	2014
	£m	£m
Basic earnings per share		
Profit for the period attributable to equity shareholders	**103.8**	89.7
Weighted average number of ordinary shares in issue for basic earnings per share	**248.6**	245.8
Basic earnings per share	**41.8p**	36.5p
Diluted earnings per share		
Profit for the period attributable to equity shareholders	**103.8**	89.7
Effect of dilutive potential ordinary shares – share schemes	**3.1**	1.7
Weighted average number of ordinary shares in issue for diluted earnings per share	**251.7**	247.5
Diluted earnings per share	**41.2p**	36.2p

The group has granted share options to employees which have the potential to dilute basic EPS in the future which have not been included in the calculation of diluted EPS as they are antidilutive for the periods presented (see note 29).

The group presents as exceptional and other items on the face of the consolidated income statement, those significant items of income and expense which, because of the size, nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess trends in financial performance more readily.

To this end, basic and diluted earnings per share are also presented on this basis with the amortisation of acquisition related intangible assets also added back using the weighted average number of ordinary shares for both basic and diluted amounts as per the table below.

		2015	2014
	Note	**£m**	£m
Adjusted basic earnings per share			
Profit for the period attributable to equity shareholders		**103.8**	89.7
Add: Net impact of exceptional and other items		**8.7**	10.2
Add: Intangible assets amortisation (acquisition related)	14	**2.6**	2.9
		115.1	102.8
Weighted average number of ordinary shares in issue for basic earnings per share		**248.6**	245.8
Adjusted basic earnings per share		**46.3p**	41.8p
Adjusted diluted earnings per share			
Profit for the period attributable to equity shareholders before exceptional items and other items and acquisition related intangible assets amortisation		**115.1**	102.8
Weighted average number of ordinary shares in issue for diluted earnings per share		**251.7**	247.5
Adjusted diluted earnings per share		**45.7p**	41.5p

The weighted average number of ordinary shares in issue for basic and diluted earnings per share includes 2.1 million shares in relation to the non pre-emptive share placement in July 2015 which was used for the acquisition of Ebba subsequent to the period end. The impact of this placement is a reduction in the adjusted basic and diluted earnings per share of 0.4p in the current period.

12. Dividends paid and proposed

	2015 £m	2014 £m
Declared and paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2014: 14.8p per share (2013: 13.0p per share)	**36.4**	31.8
Interim dividend for 2015: 6.7p per share (2014: 6.1p per share)	**16.5**	15.0
Dividends paid	**52.9**	46.8
Proposed		
Final dividend for 2015: 16.3p per share (2014: 14.8p per share)	**42.6**	36.3

13. Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Total £m
At 29 September 2013, net of accumulated depreciation and impairment	61.5	29.0	86.4	38.8	215.7
Exchange differences	(2.1)	(0.7)	(2.6)	(0.1)	(5.5)
Additions	15.5	0.9	18.8	12.9	48.1
Disposals at cost	-	-	(2.9)	(15.2)	(18.1)
Depreciation eliminated on disposals	-	-	2.0	14.5	16.5
Depreciation charge for the year	(2.5)	(0.9)	(17.6)	(10.5)	(31.5)
Assets transferred to held for sale (note 20)	-	(3.6)	-	-	(3.6)
Reclassification	-	-	0.7	(0.7)	-
(Impairment)*/impairment reversal	-	(0.7)	0.1	-	(0.6)
At 28 September 2014 net of accumulated depreciation and impairment	72.4	24.0	84.9	39.7	221.0
Exchange differences	(1.8)	(0.4)	(2.0)	-	(4.2)
Additions	9.9	1.7	40.8	8.9	61.3
Disposals at cost	(0.2)	-	(2.8)	(15.1)	(18.1)
Depreciation eliminated on disposals	0.2	-	2.7	14.1	17.0
Depreciation charge for the year	(2.8)	(1.0)	(16.2)	(9.9)	(29.9)
Assets transferred to held for sale (note 20)	-	(2.8)	-	-	(2.8)
Reclassification	-	-	(0.3)	0.3	-
Impairment	-	-	(0.1)	-	(0.1)
At 27 September 2015 net of accumulated depreciation and impairment	**77.7**	**21.5**	**107.0**	**38.0**	**244.2**
At 27 September 2015					
Cost (gross carrying amount)	**101.9**	**32.2**	**310.0**	**149.7**	**593.8**
Accumulated depreciation and impairment	**(24.2)**	**(10.7)**	**(203.0)**	**(111.7)**	**(349.6)**
Net carrying amount	**77.7**	**21.5**	**107.0**	**38.0**	**244.2**
At 28 September 2014					
Cost (gross carrying amount)	95.4	35.9	279.7	157.5	568.5
Accumulated depreciation and impairment	(23.0)	(11.9)	(194.8)	(117.8)	(347.5)
Net carrying amount	72.4	24.0	84.9	39.7	221.0

* The impairment in 2015 relates to assets impaired in France. The impairment in 2014 relates to a loss on transfer of a property held in the GB stills segment to non-current assets held for sale (see note 20), and has been included within exceptional and other items (see note 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Property, plant and equipment (continued)

Assets under construction

The net book value of property plant and equipment includes the following balances in respect of assets under construction where no depreciation is charged until these assets are ready to be used; freehold land and buildings £1.1m (2014: £0.9m), plant and machinery £28.0m (2014: £8.0m), and fixtures, fittings, tools and equipment £9.9m (2014: £12.6m).

Finance leases

The net book value of freehold land and buildings includes £0.1m (2014: £0.1m) in respect of assets held under finance leases. The assets are pledged as security for the finance lease liabilities.

Investment property

The net book value of freehold land and buildings includes £2.6m (2014: £nil) in respect of assets classified as investment property. The investment property was purchased during the current period at fair value and comprises £2.5m in relation to the freehold land and buildings and £0.1m of associated purchase costs. The property rental income earned by the group from its investment property, all of which is leased out under operating leases, amounted to £0.1m (2014: £nil).

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Total £m
Cost as at 29 September 2013, net of accumulated amortisation	97.5	20.6	34.8	25.0	139.1	317.0
Exchange differences	(6.5)	(1.5)	(2.2)	(0.1)	(5.2)	(15.5)
Additions	-	-	-	8.8	-	8.8
Disposals at cost	-	-	-	(0.4)	-	(0.4)
Amortisation eliminated on disposals	-	-	-	0.2	-	0.2
Amortisation charge for the period	-	(0.7)*	(2.2)*	(7.5)	-	(10.4)
At 28 September 2014	91.0	18.4	30.4	26.0	133.9	299.7
Exchange differences	(5.1)	(1.0)	(1.6)	-	(4.1)	(11.8)
Additions	-	-	-	8.2	-	8.2
Disposals at cost	-	-	-	(6.6)	-	(6.6)
Amortisation eliminated on disposals	-	-	-	6.4	-	6.4
Amortisation charge for the period	-	(0.6)*	(2.0)*	(8.5)	-	(11.1)
Other movement**	-	-	-	-	20.3	20.3
At 27 September 2015	**85.9**	**16.8**	**26.8**	**25.5**	**150.1**	**305.1**
At 27 September 2015						
Cost (gross carrying amount)	**111.3**	**21.8**	**43.9**	**73.6**	**210.0**	**460.6**
Accumulated amortisation and impairment	**(25.4)**	**(5.0)**	**(17.1)**	**(48.1)**	**(59.9)**	**(155.5)**
Net carrying amount	**85.9**	**16.8**	**26.8**	**25.5**	**150.1**	**305.1**
At 28 September 2014						
Cost (gross carrying amount)	117.9	23.1	46.5	72.8	196.6	456.9
Accumulated amortisation and impairment	(26.9)	(4.7)	(16.1)	(46.8)	(62.7)	(157.2)
Net carrying amount	91.0	18.4	30.4	26.0	133.9	299.7

* Acquisition related amortisation (see note 11).

** Following a review, further non-current deferred tax liabilities were identified that should have been recognised in relation to acquired indefinite life brand intangibles upon acquisition of Britvic France which has resulted in an increase in goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Intangible assets (continued)

Trademarks

Britvic Ireland and Britvic France

Trademarks represent those trade names acquired which the group plans to maintain. All trademarks have been allocated an indefinite life by management. A list of the trademarks held in respect of the Britvic Ireland and Britvic France segments is shown in note 15.

It is expected, and in line with existing well-established trademarks within the group, that the trademarks with indefinite lives in respect of Britvic France and Britvic Ireland will be held and supported for an indefinite period of time and are expected to generate economic benefits. The group is committed to supporting its trademarks and invests in significant consumer marketing promotional spend.

Franchise rights

Franchise rights represent the franchise agreements acquired as part of the Britvic Ireland business combination which provide the long term right to bottle and distribute certain soft drinks. These agreements were allocated a 35 year useful economic life. As at 27 September 2015 these intangible assets have a remaining useful life of 27 years. The franchise agreement itself has a contract life less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the contract is highly probable.

Customer lists

Britvic France
Customer lists recognised on the acquisition of Britvic France relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 20 years. At 27 September 2015 these intangible assets have a remaining useful life of 15 years.

Britvic Ireland
Customer lists represent those customer relationships acquired which are valued in respect of the grocery and wholesale businesses. These customer lists have been allocated useful economic lives of between 10 and 20 years. At 27 September 2015 these intangible assets have a remaining useful life of between 2 and 12 years.

Software costs

Software is capitalised at cost. These intangible assets have been assessed as having finite lives and are amortised using the straight-line method over a period of 3 to 7 years. As at 27 September 2015 these intangible assets have a remaining useful life of up to 7 years.

Goodwill

Goodwill is subject to an impairment review at each reporting date in accordance with IAS 36 ‘Impairment of Assets’. Further detail is provided in note 15.

Intangible assets recognised on the acquisition of Britvic Ireland and Britvic France are valued in euros and translated to sterling at the reporting date.

15. Impairment testing of intangible assets

Carrying amount of goodwill and trademarks with indefinite lives

The carrying amount of goodwill acquired through business combinations, and trademarks with indefinite lives recognised as part of fair value exercises on acquisitions, are attributable to the following cash-generating units:

	2015	2014
	£m	£m
Goodwill CGUs		
Britvic GB		
Orchid	**6.0**	6.0
Tango	**8.9**	8.9
Robinsons	**38.6**	38.6
Britvic Soft Drinks business (BSD)	**7.8**	7.8
Britvic Ireland	**14.7**	15.5
Britvic France	**74.1**	57.1
	150.1	133.9

	2015	2014
	£m	£m
Trademarks with indefinite lives		
Britvic Ireland CGUs		
Britvic	**5.5**	5.9
Cidona	**4.9**	5.2
Mi Wadi	**7.6**	8.0
Ballygowan	**2.1**	2.2
Club	**12.5**	13.2
	32.6	34.5
Britvic France CGUs		
Teisseire	**42.1**	44.7
Moulin de Valdonne	**3.5**	3.7
Pressade	**4.0**	4.2
Fruité	**3.7**	3.9
	53.3	56.5
Total Trademarks	**85.9**	91.0

The Britvic Ireland and Britvic France goodwill and trademarks with indefinite lives are valued in euros and translated into sterling at the reporting date. The movements in the carrying amount of goodwill from the prior year relate to translation movements.

With the exception of Britvic Ireland and Britvic France goodwill, all other goodwill amounts were recognised on acquisitions made within Britvic GB.

Trademarks with indefinite lives were recognised as part of the fair value exercises relating to the 2007 acquisition of Britvic Ireland and the 2010 acquisition of Britvic France. They were allocated by senior management to the individual cash-generating units for impairment testing as shown in the table above.

Method of impairment testing

Goodwill and intangible assets with indefinite lives

Impairment reviews of goodwill and intangible assets are undertaken by senior management annually. Value in use calculations are performed for each cash-generating unit using cash flow projections and are based on the latest annual financial budgets prepared by senior management and approved by the board of directors. Senior management expectations are formed in line with performance to date and experience, as well as available external market data.

The group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing. The same discount rate is relevant to all CGUs in each country as the group only operates in the soft drinks manufacturing and distribution market sector. The applicable pre-tax discount rate for cash flow projections is:

	At 27 September 2015	At 28 September 2014
Britvic GB	**10.9%**	9.6%
Britvic Ireland	**9.3%**	9.7%
Britvic France	**12.8%**	10.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Impairment testing of intangible assets (continued)

Method of impairment testing (continued)

Key assumptions used in value in use calculations

Cash flows beyond a one year period are extrapolated based on growth and discount rates as described below.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Volume growth rates – reflect senior management expectations of volume growth based on growth achieved to date, current strategy and expected market trends.

Discount rates – reflect senior management's estimate of the pre-tax cost of capital adjusted where necessary to reflect the different risks of different countries in which the group operates. The estimated pre-tax cost of capital is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals.

Marginal contribution – being revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Marginal contribution is based on financial budgets approved by the Britvic plc board. Key assumptions are made within these budgets about pricing, discounts and costs based on historical data, current strategy and expected market trends.

Advertising and promotional spend – financial budgets approved by senior management are used to determine the value assigned to advertising and promotional spend. This is based on the planned spend for year one and strategic intent thereafter.

Raw materials price, production and distribution costs, selling costs and other overhead inflation – the basis used to determine the value assigned to inflation is the forecast increase in consumer price indices in the relevant market. This has been used in all value in use calculations performed.

Intangible assets with finite lives

No indicators of impairment were identified on intangible assets with finite lives and no impairment was recognised against these assets.

Results and conclusions

No impairments have been identified during the 52 week period ended 27 September 2015. In 2014 no impairments were identified.

Other than for the Britvic trademark within Britvic Ireland where the recoverable amount is equal to its carrying value, the directors do not consider that a reasonably possible change in the assumptions used to calculate the value in use of remaining goodwill and intangible assets would result in any impairment. The key assumption to which the calculation of value in use for the Britvic trademark within Britvic Ireland is most sensitive is the discount rate where an increase in the discount rate from 9.3% to 10.3% would result in an impairment charge of £0.5m.

16. Other receivables (non-current)

	2015	2014
	£m	£m
Operating lease premiums	**2.4**	2.4
Other	**-**	0.6
Total other receivables (non-current)	**2.4**	3.0

Operating lease premiums relates to the un-amortised element of lease premiums paid on inception of operating leases.

17. Inventories

	2015	2014
	£m	£m
Raw materials	**24.6**	27.5
Finished goods	**54.0**	49.1
Consumable stores	**7.2**	6.7
Returnable packaging	**0.9**	1.4
Total inventories at lower of cost and net realisable value	**86.7**	84.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Trade and other receivables (current)

	2015	2014
	£m	£m
Trade receivables	**269.2**	250.0
Other receivables	**9.4**	9.0
Prepayments	**15.3**	17.9
	293.9	276.9

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the group operates. As at 27 September 2015, trade receivables at nominal value of £1.8m (2014: £1.2m) were impaired and fully provided against. Movements in the provision for impairment of receivables were as follows:

	Total
	£m
At 29 September 2013	1.6
Charge for period	2.5
Utilised	(0.5)
Unused amounts reversed	(2.4)
At 28 September 2014	**1.2**
Charge for period	2.5
Utilised	(0.2)
Unused amounts reversed	(1.7)
At 27 September 2015	**1.8**

The group takes the following factors into account when considering whether a provision for impairment should be made for trade receivables:

- Payment performance history; and
- External information available regarding credit ratings.

The ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30 – 60 days	60 – 90 days	90 – 120 days	> 120 days
	£m	£m	£m	£m	£m	£m	£m
2015	**269.2**	**224.9**	**23.8**	**5.8**	**5.3**	**1.2**	**8.2**
2014	250.0	222.7	13.1	3.1	1.3	0.4	9.4

The credit quality of trade receivables that are neither past due nor impaired is considered good. Refer to note 25 for details of the group's credit risk policy. The group monitors the credit quality of trade receivables by reference to credit ratings available externally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Cash and cash equivalents

	2015	2014
	£m	£m
Cash at bank and in hand	**14.3**	25.3
Deposits	**225.3**	118.7
Cash and cash equivalents	**239.6**	144.0
Bank overdrafts	**-**	(0.7)
Cash and cash equivalents in the statement of cash flows	**239.6**	143.3

During the year, short-term deposits are made for varying periods depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is equal to the book value.

At 27 September 2015 the group had available £400.0m (2014: £400.0m) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met. Following the refinancing of this Agreement during the year these facilities now have a maturity date of November 2020.

Where available, the group operates cash pooling arrangements whereby the net cash position across a number of accounts is recognised for interest purposes.

20. Non-current assets held for sale

	Total
	£m
At 29 September 2013	-
Net transfer from property, plant and equipment	3.6
At 28 September 2014	**3.6**
Disposal	(2.8)
Net transfer from property, plant and equipment	2.8
Impairment in value during the period	(0.1)
At 27 September 2015	**3.5**

The disposal relates to a property previously held for sale in Britvic Ireland. The sale of the property completed on 2 October 2014 and resulted in a gain on disposal of £0.8m.

21. Issued share capital

The issued share capital is wholly comprised of ordinary shares carrying one voting right each. The nominal value of each ordinary share is £0.20. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

Issued, called up and fully paid ordinary shares	**No. of shares**	**Value £**
At 29 September 2013	245,091,028	49,018,205
Shares issued relating to incentive schemes for employees	2,138,087	427,618
At 28 September 2014	247,229,115	49,445,823
Shares issued relating to incentive schemes for employees	1,549,282	309,856
Shares issued under a non pre-emptive placing	12,361,455	2,472,291
At 27 September 2015	**261,139,852**	**52,227,970**

Consideration received from the non pre-emptive placing was £87.8m which was used for the acquisition of Ebba subsequent to the period end. In addition fees relating to the raising of equity of £1.1m have been offset in share premium.

Of the issued and fully paid ordinary shares, 1,678,637 shares (2014: 409,725 shares) are own shares held by an employee benefit trust. This equates to £335,727 (2014: £81,945) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 29.

An explanation of the group's capital management process and objectives is set out in note 25.

22. Interest bearing loans and borrowings

	2015	2014
	£m	£m
Current		
Finance leases	**(0.1)**	(0.1)
Bank loans	**(0.1)**	(0.8)
Private placement notes	**(3.4)**	(21.8)
Less: unamortised issue costs	**0.7**	0.3
Total current	**(2.9)**	(22.4)

	2015	2014
	£m	£m
Non-current		
Finance leases	**(0.1)**	(0.2)
Bank loans	**(0.4)**	(0.6)
Private placement notes	**(574.0)**	(540.1)
Less: unamortised issue costs	**2.1**	1.0
Total non-current	**(572.4)**	(539.9)
Total interest bearing loans and borrowings	**(575.3)**	(562.3)

Total interest bearing loans and borrowings comprise the following:

	2015	2014
	£m	£m
Finance leases	**(0.2)**	(0.3)
2007 Notes	**(192.8)**	(180.9)
2009 Notes	**(151.3)**	(160.5)
2010 Notes	**(119.8)**	(111.7)
2014 Notes	**(110.1)**	(105.2)
Accrued interest	**(3.4)**	(3.6)
Bank loans	**(0.5)**	(1.4)
Capitalised issue costs	**2.8**	1.3
	(575.3)	(562.3)

Analysis of changes in interest-bearing loans and borrowings

	2015	2014
	£m	£m
At the beginning of the period	**(562.3)**	(549.9)
Net bank loans repaid/(drawndown)	**0.9**	(0.4)
Partial repayment of 2007 Notes	-	76.8
Partial repayment of 2009 Notes	**18.0**	-
Issue of 2014 Notes	-	(105.8)
Issue costs	**2.2**	0.4
Repayment of finance leases	**0.1**	0.2
Amortisation of issue costs and write off of financing fees	**(0.7)**	(1.9)
Net translation (loss)/gain and fair value adjustment	**(33.7)**	18.0
Accrued interest	**0.2**	0.3
At the end of the period	**(575.3)**	(562.3)
Derivatives hedging balance sheet debt *	**71.8**	38.1
Debt translated at contracted rate	**(503.5)**	(524.2)

* Represents the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes. This amount has been disclosed separately to demonstrate the impact of foreign exchange movements which are included in interest bearing loans and borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Interest bearing loans and borrowings (continued)

Bank loans

The bank loans classified as non-current are repayable by December 2018 (2014: December 2018).

Loans outstanding at 27 September 2015 attract interest at an average rate of 4.52% for euro denominated loans (2014: 4.21% for euro denominated loans and 11.00% for Indian Rupee denominated loans). There were no sterling denominated bank loans outstanding at 27 September 2015 (2014: £nil).

Private placement notes

The group holds loan notes with coupons and maturities as shown in the following table:

Year issued	Maturity date	Amount	Interest terms
2007	February 2019	£13m	UK£ fixed at 5.94%
2007	February 2017 – February 2019	$273m	US$ fixed at 5.90% - 6.00%
2009	December 2016 – December 2019	$220m	US$ fixed at 4.77% - 5.24%
2010	December 2017	£7.5m	UK£ fixed at 3.74%
2010	December 2017 – December 2022	$163m	US$ fixed at 3.45% - 4.14%
2014	February 2021 – February 2024	£35m	UK£ fixed at 3.40% - 3.92%
2014	February 2024 – February 2026	$114m	US$ fixed at 4.09% - 4.24%

The group entered into a number of cross-currency swap agreements in relation to the loan notes to manage any foreign exchange risk on interest rates or on the repayment of the principal borrowed. These swaps expire in line with the loan notes and are discussed in note 26.

See note 25 for an analysis of the interest rate profile and the maturity of the borrowings and related interest rate swaps.

Partial repayment of 2009 Notes

On 17 December 2014, in line with the maturity profile of the 2009 Notes, Britvic plc repaid US$30m (equivalent to £18.0m) in the United States private placement market (USPP).

23. Pensions

The group's principal pension scheme for GB employees, the Britvic Pension Plan ('BPP') has both a defined benefit and contribution section. The defined benefit section was closed to new members from 1 August 2002 and closed to future accrual for active members from 1 April 2011, with new members moving to the defined contribution section for future service benefits.

Contributions are paid into the defined benefit section of the BPP as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2013. No additional employer contributions have been requested as the funding level has improved since the 2010 actuarial valuation.

The BPP is a limited partner of Britvic Scottish Limited Partnership ('Britvic SLP'), which in turn is a limited partner in both Britvic Property Partnership ('Britvic PP') and Britvic Brands LLP ('Britvic Brands'). Britvic SLP, Britvic PP and Britvic Brands are all consolidated by the group. The investment held by BPP does not represent a plan asset for accounting purposes and is therefore not included in the fair value of the plan assets.

In 2010/11 properties were transferred to Britvic PP at a value of £28.6m and in 2011/12 certain group brands to the value of £72.4m were transferred to Britvic Brands, all of which are leased back to Britvic Soft Drinks Limited. The group retains operational flexibility over the properties and brands including the ability to substitute the properties and brands held by Britvic PP and Britvic Brands respectively.

The BPP is entitled to a share of the profits in Britvic SLP until 2026. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at this time, up to a maximum of £105m.

In addition to the expected partnership income of at least £5m per annum, the group will make payments to the BPP of £15m per annum by 31 December each year, from 2014 to 2017. Additional contributions of £15m per annum by 31 December in the years 2018 and 2019 will be made should the formal actuarial valuation in 2016 reveal that these contributions are necessary to return the BPP to full funding on a self-sufficiency basis by 31 March 2020. During this year £20.4m of additional contributions were paid to the BPP, of which £15.4m was paid by the group and £5.0m relates to income received from the pension funding partnership ('PFP') structure.

All members of the defined benefit section of the BPP may benefit from the Enhanced Early Retirement Facility ('EERF'), which is a non-contractual benefit that allows members to retire within five years of reaching the normal pension age without a reduction in their pension, and to benefit from smaller reductions in their pension if they retire more than five years before reaching normal pension age. The company has given notice to all Plan members that the EERF will be withdrawn from 5 April 2016.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2015 was £11.4m (2014: £10.8m).

Britvic's business in GB also has a secured unfunded unregistered retirement benefit scheme called The Britvic Executive Top Up Scheme ('BETUS') which provides benefits for members who have historically exceeded the Earnings Cap, or the Lifetime Allowance whilst members of the defined benefit section of the BPP. BETUS closed to future accrual on 10 April 2011 which coincided with the closure of the defined benefit section of the BPP.

The Britvic Northern Ireland Pension Plan ('BNIPP') is a defined benefit pension plan which was closed to new members on 28 February 2006, and since this date new employees have been eligible to join a Stakeholder plan with Legal & General. The latest formal actuarial valuation for contribution purposes was carried out as at 31 December 2011. The 31 December 2014 valuation is currently underway and is expected to be completed by 31 March 2016.

The Britvic Ireland Pension Plan ('BIPP') is a defined benefit pension plan. Following legislative changes made in 2012 no deficit recovery contributions are currently required. The 1 January 2015 triennial valuation is underway and will be completed by 1 April 2016. The Trustee has been undertaking investment de-risking to protect the on-going funding position achieved as a result of the 2012 changes.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the consolidated income statement for 2015 was £0.6m (2014: £0.8m).

Britvic France operates two defined benefit schemes: in the first, employees receive long-service cash payments at various stages throughout their careers. From the second, employees receive a lump sum at retirement. Payment amounts are dependent upon salary and service with the company. The schemes are unfunded therefore these benefits are paid directly as they fall due.

All group pension schemes are administered by trustees who are independent of the group's finances, except for the Britvic France schemes which are operated directly by the company.

The assets and liabilities of the pension schemes were valued on an IAS 19 (Revised) basis at 27 September 2015 by Towers Watson (BPP and the French schemes), Invesco (BIPP) and Buck (BNIPP).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Pensions (continued)

Risks

For defined contribution sections and plans, the group's liability is limited to the requirement to pay contributions on behalf of each employee. In these arrangements the associated risks are borne by the members.

For defined benefit sections and plans, the group bears the risks of operation. The main risk that the group runs in respect of the defined benefit schemes is that additional contributions are required to pay for the benefits if investment returns are not sufficient. The contributions required for the schemes are in general determined at each triennial actuarial funding valuation. The key factors that will affect the need for additional contributions include levels of long-term inflation and interest rates and the assessment of how long members are expected to live, along with the level of investment return achieved. The level of investment return achieved is subject to a range of risks typical of the asset classes held, in particular market risk on equities, credit risk on corporate bonds and exposure to the property market. The discount rates used to calculate the liabilities are set by reference to yields on high quality corporate bonds. There is therefore a mismatch between the assets held and the way that the liabilities are calculated, meaning that the net balance sheet position disclosed under IAS 19 could fluctuate.

For the BPP, the trustee holds the power to determine the contribution rates that the group should pay, although the group fully uses the opportunity to make representation to the trustee on this point.

The trustee of the BPP agreed to implement a revised investment strategy following the completion of the 31 March 2013 valuation. The revised investment strategy will consist of a diverse range of fixed interest and index-linked securities, which will provide a partial hedge against inflation and interest rate risk. The removal of equities from the investment portfolio will also reduce investment risk.

The BPP is exposed to specific non-financial risks in respect of the non-contractual EERF benefit available to all members of its defined benefit section. If more members than expected choose to exercise this option, it will serve to increase the pension liability. An allowance for some members to exercise this option has already been made within the liabilities and the facility will be withdrawn from 5 April 2016, at which point this risk will be removed.

The funding partnership mitigates the risk that additional cash contributions will be required after 31 March 2026, as the partnership will pay up to £105m to remove any funding deficit at 31 March 2026.

Principal assumptions

Financial assumptions

				2015
	ROI	**NI**	**France**	**GB**
	%	**%**	**%**	**%**
Discount rate	**2.60**	**3.60**	**2.00**	**3.80**
Rate of compensation increase	**2.00**	**3.60**	**2.00-3.00***	**n/a**
Pension increases	**-**	**2.10-2.30**	**-**	**1.85-2.95**
Inflation assumption	**1.40**	**2.30**	**2.00**	**3.15**

				2014
	ROI	NI	France	GB
	%	%	%	%
Discount rate	3.00	3.90	1.86	4.00
Rate of compensation increase	2.75	3.60	1.00-4.00*	n/a
Pension increases	-	2.10-2.30	-	1.90-2.95
Inflation assumption	1.75	2.30	-	3.20

* Rate dependent on employee and business unit.

23. Pensions (continued)

Demographic assumptions

The most significant non-financial assumption is the assumed rate of longevity. This is based on standard actuarial tables, which for the BPP are known as SAPS Series 1. An allowance for future improvements in longevity has also been included. The following life expectancy assumptions have been used:

	2015 ROI Years	**2015 NI Years**	**2015 GB Years**	2014 ROI Years	2014 NI Years	2014 GB Years
Current pensioners (at age 65) – males	**20.9**	**22.2**	**21.4**	20.9	22.2	21.3
Current pensioners (at age 65) – females	**23.4**	**25.0**	**24.4**	23.4	24.9	24.3
Future pensioners currently aged 45 (at age 65) – males	**23.3**	**24.0**	**23.2**	23.3	24.0	23.1
Future pensioners currently aged 45 (at age 65) – females	**25.5**	**26.6**	**26.3**	25.5	26.4	26.2

The mortality assumptions used to calculate the GB pension obligation were revised in 2014 following a mortality analysis carried out as part of the actuarial valuation of the BPP at 31 March 2013.

For the French arrangements mortality follows the INSEE 2012 tables. As benefits are paid on retirement, the mortality assumption is of much less significance for these arrangements than for the GB and Irish arrangements.

Sensitivities

Changes in assumptions used for determining retirement benefit costs and obligations may have a material impact on the consolidated income statement and balance sheet. The main assumptions are the discount rate, the rate of inflation and the assumed mortality rate. The following table provides an estimate of the potential impact of each of these variables on the principal pension plans.

Assumption	**Change in assumption**	**Impact on ROI liabilities**	**Impact on NI liabilities**	**Impact on France liabilities**	**Impact on GB liabilities**
Discount rate	Increase by 0.5%	Decrease by £8.1m	Decrease by £2.5m	Decrease by £0.2m	Decrease by £55.8m
	Decrease by 0.5%	Increase by £9.4m	Increase by £2.8m	Increase by £0.2m	Increase by £64.3m
Inflation rate	Increase by 0.25%*	Increase by £2.1m	Increase by £1.3m	Increase by £0.1m	Increase by £20.7m
	Decrease by 0.25%*	Decrease by £2.1m	Decrease by £1.3m	Decrease by £0.1m	Decrease by £24.2m
Longevity rates	Increase by 1 year	Increase by £1.3m	Increase by £0.7m	n/a	Increase by £21.0m

* The sensitivity to inflation assumption includes corresponding changes to future salary (applicable only to France) and future pension increase assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Pensions (continued)

Net benefit income/(expense)

					2015
	ROI	**NI**	**France**	**GB**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Current service cost	**(0.9)**	**(0.1)**	**(0.2)**	**-**	**(1.2)**
Net interest on net defined benefit asset/(liability)	**(0.1)**	**0.1**	**(0.1)**	**0.5**	**0.4**
Curtailment gain	**0.1**	**-**	**-**	**-**	**0.1**
Net income/(expense)	**(0.9)**	**-**	**(0.3)**	**0.5**	**(0.7)**

					2014
	ROI	NI	France	GB	Total
	£m	£m	£m	£m	£m
Current service cost	(0.8)	(0.1)	(0.1)	-	(1.0)
Net interest on net defined benefit asset/(liability)	(0.1)	-	(0.1)	-	(0.2)
Curtailment gain	0.4	-	-	-	0.4
Settlement gain	-	-	-	1.3	1.3
Net income/(expense)	(0.5)	(0.1)	(0.2)	1.3	0.5

Other than stated below, the net income detailed above is recognised in arriving at net profit from continuing operations before tax and finance costs/income, and is included within cost of sales, selling and distribution costs and administration expenses.

Taken to the statement of comprehensive income

					2015
	ROI	**NI**	**France**	**GB**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Actual return on scheme assets	**4.4**	**1.5**	**-**	**42.2**	**48.1**
Less: Amounts included in net interest expense	**(1.7)**	**(1.2)**	**-**	**(24.1)**	**(27.0)**
Return on plan assets (excluding amounts included in net interest expense)	**2.7**	**0.3**	**-**	**18.1**	**21.1**
Gains/(losses) due to demographic assumptions	**(1.2)**	**0.9**	**(0.4)**	**-**	**(0.7)**
Losses due to financial assumptions	**(1.0)**	**(1.7)**	**-**	**(16.0)**	**(18.7)**
Experience gains	**(0.4)**	**1.6**	**0.3**	**-**	**1.5**
Remeasurement losses taken to the statement of comprehensive income	**0.1**	**1.1**	**(0.1)**	**2.1**	**3.2**

					2014
	ROI	NI	France	GB	Total
	£m	£m	£m	£m	£m
Actual return on scheme assets	8.5	2.8	-	48.0	59.3
Less: Amounts included in net interest expense	(2.2)	(1.2)	-	(25.1)	(28.5)
Return on plan assets (excluding amounts included in net interest expense)	6.3	1.6	-	22.9	30.8
Gains/(losses) due to demographic assumptions	4.3	(0.2)	-	16.8	20.9
Losses due to financial assumptions	(12.5)	(3.3)	(0.4)	(48.4)	(64.6)
Experience gains	0.4	0.2	-	-	0.6
Remeasurement losses taken to the statement of comprehensive income	(1.5)	(1.7)	(0.4)	(8.7)	(12.3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Pensions (continued)

Net (liability)/asset

	ROI	**NI**	**France**	**GB**	**2015 Total**
	£m	**£m**	**£m**	**£m**	**£m**
Present value of benefit obligation	**(61.2)**	**(30.1)**	**(2.8)**	**(619.4)**	**(713.5)**
Fair value of plan assets	**58.9**	**32.6**	**-**	**639.3**	**730.8**
Net (liability)/asset	**(2.3)**	**2.5**	**(2.8)**	**19.9**	**17.3**

	ROI	NI	France	GB	2014 Total
	£m	£m	£m	£m	£m
Present value of benefit obligation	(60.5)	(30.5)	(2.7)	(598.7)	(692.4)
Fair value of plan assets	58.0	30.4	-	595.6	684.0
Net liability	(2.5)	(0.1)	(2.7)	(3.1)	(8.4)

Movements in present value of benefit obligation

	ROI	**NI**	**France**	**GB**	**2015 Total**
	£m	**£m**	**£m**	**£m**	**£m**
At 28 September 2014	**(60.5)**	**(30.5)**	**(2.7)**	**(598.7)**	**(692.4)**
Exchange differences	**3.5**	**-**	**0.1**	**-**	**3.6**
Curtailment gain	**0.1**	**-**	**-**	**-**	**0.1**
Current service cost	**(0.9)**	**(0.1)**	**(0.2)**	**-**	**(1.2)**
Member contributions	**(0.2)**	**-**	**-**	**-**	**(0.2)**
Interest cost on benefit obligation	**(1.7)**	**(1.2)**	**-**	**(23.6)**	**(26.5)**
Benefits paid	**1.1**	**0.9**	**0.1**	**18.9**	**21.0**
Remeasurement gains/(losses)	**(2.6)**	**0.8**	**(0.1)**	**(16.0)**	**(17.9)**
At 27 September 2015	**(61.2)**	**(30.1)**	**(2.8)**	**(619.4)**	**(713.5)**
Weighted average duration of the liabilities	**21 years**	**20 years**	**15 years**	**22 years**	

	ROI	NI	France	GB	2014 Total
	£m	£m	£m	£m	£m
At 29 September 2013	(54.8)	(26.6)	(2.2)	(562.4)	(646.0)
Exchange differences	3.7	-	-	-	3.7
Curtailment gain	0.4	-	-	-	0.4
Settlement gain	-	-	-	1.3	1.3
Current service cost	(0.8)	(0.1)	(0.1)	-	(1.0)
Member contributions	(0.2)	-	-	-	(0.2)
Interest cost on benefit obligation	(2.2)	(1.2)	(0.1)	(25.1)	(28.6)
Benefits paid	1.2	0.7	0.1	19.1	21.1
Remeasurement gains/(losses)	(7.8)	(3.3)	(0.4)	(31.6)	(43.1)
At 28 September 2014	(60.5)	(30.5)	(2.7)	(598.7)	(692.4)
Weighted average duration of the liabilities	23 years	20 years	14 years	22 years	

23. Pensions (continued)

Movements in fair value of plan assets

	ROI	NI	France	GB	2015 Total
	£m	**£m**	**£m**	**£m**	**£m**
At 28 September 2014	**58.0**	**30.4**	**-**	**595.6**	**684.0**
Exchange differences	**(3.4)**	**-**	**-**	**-**	**(3.4)**
Interest income on plan assets	**1.7**	**1.2**	**-**	**24.1**	**27.0**
Return on scheme assets excluding interest income	**2.7**	**0.3**	**-**	**18.1**	**21.1**
Employer contributions	**0.8**	**1.6**	**-**	**20.4**	**22.8**
Member contributions	**0.2**	**-**	**-**	**-**	**0.2**
Benefits paid	**(1.1)**	**(0.9)**	**-**	**(18.9)**	**(20.9)**
At 27 September 2015	**58.9**	**32.6**	**-**	**639.3**	**730.8**

	ROI	NI	France	GB	2014 Total
	£m	£m	£m	£m	£m
At 29 September 2013	53.2	26.7	0.1	546.7	626.7
Exchange differences	(3.4)	-	-	-	(3.4)
Interest income on plan assets	2.1	1.2	-	25.1	28.4
Return on scheme assets excluding interest income	6.3	1.6	-	22.9	30.8
Employer contributions	0.8	1.6	-	20.0	22.4
Member contributions	0.2	-	-	-	0.2
Benefits paid	(1.2)	(0.7)	(0.1)	(19.1)	(21.1)
At 28 September 2014	58.0	30.4	-	595.6	684.0

Categories of scheme assets as a percentage of the fair value of total scheme assets

	ROI	NI	France	GB	2015 Total	2015 Total
	£m	**£m**	**£m**	**£m**	**£m**	**%**
UK equities	**1.9**	**7.7**	**-**	**51.1**	**60.7**	**8**
Overseas equities	**23.2**	**7.8**	**-**	**20.4**	**51.4**	**7**
Properties	**-**	**-**	**-**	**4.4**	**4.4**	**1**
Corporate bonds	**-**	**5.0**	**-**	**283.4**	**288.4**	**40**
Fixed interest gilts	**30.1**	**5.1**	**-**	**-**	**35.2**	**5**
Index linked gilts	**-**	**6.5**	**-**	**273.5**	**280.0**	**38**
Cash and other assets	**3.7**	**0.5**	**-**	**6.5**	**10.7**	**1**
Total	**58.9**	**32.6**	**-**	**639.3**	**730.8**	**100**

	ROI	NI	France	GB	2014 Total	2014 Total
	£m	£m	£m	£m	£m	%
UK equities	0.9	7.4	-	98.8	107.1	16
Overseas equities	23.9	7.6	-	47.5	79.0	11
Properties	-	-	-	5.5	5.5	1
Corporate bonds	-	4.6	-	196.2	200.8	29
Fixed interest gilts	29.3	4.6	-	-	33.9	5
Index linked gilts	-	6.1	-	245.7	251.8	37
Cash and other assets	3.9	0.1	-	1.9	5.9	1
Total	58.0	30.4	-	595.6	684.0	100

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices.

Normal contributions of £0.8m are expected to be paid into the defined benefit pension schemes during the 2016 financial year.

Additional contributions of £21.5m are expected to be paid into the defined benefit pension schemes during the 2016 financial year, of which £16.5m is expected to be paid by the group and £5.0m by the partnership.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Trade and other payables (current)

	2015	2014
	£m	£m
Trade payables	**261.9**	248.4
Other payables	**23.6**	4.5
Accruals and deferred income	**80.7**	81.5
Other taxes and social security	**51.2**	45.3
	417.4	379.7

Trade payables are non-interest bearing and are normally settled on 60 - 90 day terms.

25. Financial risk management objectives and policies

Overview

The group's principal financial instruments comprise derivatives, borrowings and overdrafts, and cash and cash equivalents. These financial instruments are used to manage interest rate and currency exposures, funding and liquidity requirements and share price exposure arising under the group's employee incentive schemes. Other financial instruments which arise directly from the group's operations include trade receivables and payables (see notes 18 and 24 respectively).

It is, and has always been, the group's policy that no derivative is entered into for trading or speculative purposes.

The main risks arising from the group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Additionally, the group is exposed to commodity price risk and share price risk. The board of directors review and agree policies for managing these risks as summarised below.

Interest rate risk

The group's policy is to manage its interest cost by maintaining a mix of fixed and variable rate debt. The group's policy is to have an average over the next three years of between 25% and 80% of its borrowings at fixed rates of interest. To manage this, the group enters into interest rate swaps, cross currency swaps and forward rate agreements to hedge underlying debt obligations. At 27 September 2015 after taking into account the effect of these instruments, approximately 77% of the group's borrowings are at a fixed rate of interest (2014: 75%).

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the group's profit before tax (through the impact on floating rate borrowings) and equity (through the change in fair values of applicable derivative instruments).

	Increase/ (decrease) in basis points	Effect on profit/(loss) before tax £m	Effect on equity £m
2015			
Sterling	**200**	**0.6**	**25.7**
	(200)	**(0.6)**	**(28.8)**
Euro	**200**	**(1.4)**	**3.9**
	(200)	**1.4**	**(4.4)**
2014			
Sterling	200	0.1	25.0
	(200)	(0.1)	(29.1)
Euro	200	(0.2)	5.6
	(200)	0.1	(6.5)

Foreign currency risk

Foreign currency risk is primarily in respect of exposure to fluctuations to the sterling-euro, sterling-US dollar and euro-US dollar rates of exchange. The group has operations in euro-denominated countries and finances these partly through the use of foreign currency borrowings and cross currency swaps which hedge the translation risk of net investments in foreign operations. Additionally cash generation from euro-denominated operations can be utilised to meet euro payment obligations in sterling denominated companies, providing a natural hedge.

The group also has transactional exposures arising from purchases of prime materials, capital expenditure and interest costs in currencies other than the functional currency of the individual group entities. Non functional currency purchases and interest costs are mainly in the currencies of US dollars and euros. As at 27 September 2015 the group has hedged 62% (2014: 72%) of forecast net exposures 12 months in advance using forward foreign exchange contracts.

Where funding is raised in a currency other than the currency ultimately required by the group, cross currency interest rate swaps are used to convert the cash flows to the required currency. These swaps have the same duration and other critical terms as the underlying borrowing.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar and euro exchange rates, with all other variables held constant, of the group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the group's equity (due to changes in fair value of forward exchange contracts).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

	Increase/ (decrease) in currency rate %	Effect on profit before tax £m	Effect on equity £m
2015			
Sterling/euro	**10**	**(1.9)**	**4.5**
	(10)	**1.9**	**(4.5)**
Sterling/US dollar	**10**	**(0.4)**	**1.1**
	(10)	**0.4**	**(1.1)**
Euro/US dollar	**10**	**(0.4)**	**1.4**
	(10)	**0.4**	**(1.4)**
2014			
Sterling/euro	10	(2.1)	4.0
	(10)	2.1	(4.0)
Sterling/US dollar	10	(0.4)	1.0
	(10)	0.4	(1.0)
Euro/US dollar	10	(0.5)	1.9
	(10)	0.5	(1.9)

Credit risk

The group trades only with recognised creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. The maximum exposure is the carrying amount disclosed in note 18. For transactions that do not occur in the country of the relevant operating unit, the group does not offer credit terms without the approval of the Head of Finance Shared Services. There are no significant concentrations of credit risk within the group.

The group maintains a policy on counterparty credit exposures with banks and financial institutions arising from the use of derivatives and financial instruments. This policy restricts the investment of surplus funds and entering into derivatives to counterparties with a minimum credit rating maintained by either Moody's, Standard & Poors or Fitch. The level of exposure with counterparties at various ratings levels is also restricted under this policy. The level of exposure and the credit worthiness of the group's banking counterparties is reviewed regularly to ensure compliance with this policy.

Commodity price risk

The main commodity price risk arises in the purchases of prime materials, being polyethylene terephthalate (PET), sugar, steel and frozen concentrated orange juice. Where it is considered commercially advantageous, the group enters into fixed price contracts with suppliers to hedge against unfavourable commodity price changes.

Share schemes equity price risk

The group operates several employee incentive share schemes. It has an exposure to the share price for the schemes in which shares are purchased in the market to satisfy the requirements of the plan. To hedge this risk the group has entered into equity derivatives against future scheme maturities.

The following table demonstrates the sensitivity to a reasonably possible change in the Britvic plc share price, with all other variables held constant, of the group's profit before tax (due to changes in the fair value of the equity derivatives).

	Increase/ (decrease) in share price %	Effect on profit before tax £m
2015	**10**	**1.0**
	(10)	**(1.0)**
2014	10	0.9
	(10)	(0.9)

25. Financial risk management objectives and policies (continued)

Liquidity risk

The group monitors its risk of a shortage of funds using rolling cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations. The objective of the group's liquidity policy is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts and long term private placement issuance.

As part of securing the group's medium term funding platform a £400m bank facility has been successfully refinanced during the year. The bank facility has a maturity of November 2020 and is unsecured. As at 27 September 2015, the group had drawn down £nil (2014: £nil) under this facility. In addition to this facility the group had £0.5m of outstanding external borrowings all of which were secured (2014: £1.4m of which £0.8m were secured).

The table below summarises the maturity profile of the group's financial liabilities at 27 September 2015 based on contractual undiscounted payments and receipts including interest:

2015	**Less than 1 year £m**	**1 to 5 years £m**	**> 5 years £m**	**Total £m**
Bank loans	**0.2**	**0.4**	**-**	**0.6**
Private placement notes	**27.6**	**444.3**	**206.0**	**677.9**
Derivatives hedging private placement notes - payments	**16.2**	**315.2**	**156.7**	**488.1**
Derivatives hedging private placement notes - receipts	**(25.3)**	**(361.5)**	**(163.0)**	**(549.8)**
	18.5	**398.0**	**199.7**	**616.2**
Interest rate swap - payments	**0.6**	**-**	**-**	**0.6**
Interest rate swap - receipts	**-**	**-**	**-**	**-**
	0.6	**-**	**-**	**0.6**
Trade and other payables (excluding other taxes and social security)	**366.2**	**-**	**-**	**366.2**
Finance leases	**0.1**	**0.2**	**-**	**0.3**
Other financial liabilities	**13.5**	**1.0**	**-**	**14.5**
	399.1	**399.6**	**199.7**	**998.4**

2014	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Bank loans	0.8	0.6	-	1.4
Private placement notes	44.8	360.0	277.7	682.5
Derivatives hedging private placement notes - payments	34.9	272.1	226.8	533.8
Derivatives hedging private placement notes - receipts	(42.0)	(301.7)	(241.4)	(585.1)
	37.7	330.4	263.1	631.2
Interest rate swap - payments	1.3	0.4	-	1.7
Interest rate swap - receipts	(0.2)	-	-	(0.2)
	1.1	0.4	-	1.5
Trade and other payables (excluding other taxes and social security)	334.4	-	-	334.4
Finance leases	0.1	0.2	-	0.3
Other financial liabilities	1.6	-	-	1.6
	375.7	331.6	263.1	970.4

In respect of the private placement notes, the periods when the cash flows are expected to occur (as shown by the tables above) and when they are expected to affect the consolidated income statement are the same.

Details with regard to derivative contracts are included in note 26.

25. Financial risk management objectives and policies (continued)

Fair values of financial assets and financial liabilities

Hierarchy

The group uses the following valuation hierarchy to determine the carrying value of financial instruments that are measured at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Unless otherwise stated, the valuation basis used to calculate fair value is level 2.

	Fair value		**Carrying value**	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Financial assets				
Cash and cash equivalents	**239.6**	144.0	**239.6**	144.0
Loans and receivables	**268.4**	250.0	**268.4**	250.0
Derivative financial instruments in hedging relationships	**101.3**	66.5	**101.3**	66.5
Derivative financial instruments through profit or loss	**-**	2.6	**-**	2.6
	609.3	463.1	**609.3**	463.1
Financial liabilities				
Fixed rate borrowings	**(596.8)**	(584.5)	**(575.3)**	(561.9)
Derivative financial instruments in hedging relationships	**(11.2)**	(9.5)	**(11.2)**	(9.5)
Derivative financial instruments through profit or loss	**(3.9)**	(1.9)	**(3.9)**	(1.9)
Other financial liabilities	**(264.1)**	(252.0)	**(264.1)**	(252.0)
	(876.0)	(847.9)	**(854.5)**	(825.3)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit or loss or available for sale. Non-derivative financial liabilities are carried at amortised cost.

All derivatives are valued using discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Forward currency contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Cross currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on quoted forward exchange rates and the applicable yield curves derived from quoted interest rates. Equity derivatives are measured using share prices and yield curves derived from quoted interest rates matching maturities of the contracts. The fair value of derivatives also includes the non-performance risk of both Britvic and its derivatives trading counterparties.

As in the prior year, the carrying value of financial assets and liabilities are considered to be reasonable approximations of their fair values, except for fixed rate borrowings.

The fair value of the group's fixed rate interest-bearing borrowings and loans are determined by using discounted cash flow methods using discount rates that reflect the group's borrowing rate as at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Financial risk management objectives and policies (continued)

Capital management

The group defines 'capital' as being net debt plus equity. The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the group to grow, whilst operating with sufficient headroom within its bank covenants.

The following table summarises the capital of the group:

	2015	2014
	£m	£m
Financial assets		
Cash and cash equivalents	**(239.6)**	(144.0)
Derivatives hedging balance sheet debt	**(71.8)**	(38.1)
Financial liabilities		
Financial liabilities held at amortised cost	**575.3**	563.0
Adjusted net debt	**263.9**	380.9
Equity	**211.8**	83.1
Capital	**475.7**	464.0

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the group to grow, whilst operating with sufficient headroom within its bank covenants.

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or in order to facilitate acquisitions. To maintain or adjust the capital structure, the group has a number of options available to it including modifying dividend payments to shareholders, returning capital to shareholders or issuing new shares. In this way, the group balances returns to shareholders between long term growth and current returns whilst maintaining capital discipline in relation to investing activities and taking any necessary action on costs to respond to the current environment.

The group monitors capital on the basis of the adjusted net debt/EBITDA ratio. Adjusted net debt is calculated as being the net of cash and cash equivalents, interest bearing loans and borrowings and the element of the fair value of interest rate currency swaps hedging the balance sheet value of the US private placement notes. Adjusted net debt is shown in note 30. The adjusted net debt/EBITDA ratio enables the group to plan its capital requirements in the medium term. The group uses this measure to provide useful information to financial institutions and investors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Derivatives and hedge relationships

As at the 27 September 2015 the group had entered into the following derivative contracts.

	2015	2014
	£m	£m
Consolidated balance sheet		
Non-current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps[1]	**44.8**	34.4
Fair value of the USD GBP cross currency floating interest rate swaps [3]	**21.5**	15.1
Fair value of the GBP euro cross currency floating interest rate swaps [2]	**24.1**	15.1
	90.4	64.6
Current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps[1]	**3.4**	-
Fair value of the USD GBP cross currency floating interest rate swaps [3]	**4.6**	0.7
Fair value of the GBP euro cross currency floating interest rate swaps [2]	**1.1**	-
Fair value of forward currency contracts [1]	**1.8**	1.2
Fair value of share swaps	**-**	2.6
	10.9	4.5
Current liabilities: derivative financial instruments		
Fair value of forward currency contracts [1]	**(10.9)**	(1.5)
Fair value of forward currency contracts	**(1.3)**	-
Fair value of foreign exchange swaps	**(1.3)**	(0.1)
Fair value of interest rate swaps	**(0.3)**	-
	(13.8)	(1.6)
Non-current liabilities: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps[1]	**(0.3)**	(7.0)
Fair value of the GBP euro cross currency fixed interest rate swaps [2]	**-**	(0.2)
Fair value of the USD GBP cross currency floating interest rate swaps [3]	**-**	(0.9)
Fair value of equity forwards	**(1.0)**	-
Fair value of interest rate swaps	**-**	(1.8)
	(1.3)	(9.9)

[1] Instruments designated as part of a cash flow hedge relationship.

[2] Instruments designated as part of a net investment hedge relationship.

[3] Instruments designated as part of a fair value hedge relationship.

26. Derivatives and hedge relationships (continued)

Derivatives not designated as part of hedge relationships

Interest rate swaps
The 2009 USPP cross currency swaps converted an amount of US dollar borrowings into a floating rate euro liability. To mitigate exposure to changes in euro interest rates on this liability, €75.0m of interest rate swaps were transacted. These 5-year fixed rate swaps had an effective start date of December 2010.

Equity derivatives – share swaps and equity forwards
The group operates several employee incentive share schemes. It has an exposure to the share price for the schemes in which shares are purchased in the market to satisfy the requirements of the plan. To hedge this risk the group entered into a number of total return share swaps against schemes that matured in 2014. During the current year the group entered into equity forwards against schemes that mature in 2016 and 2017.

FX swaps
As part of operational cash management €110.8m of euro/sterling FX swaps were in existence at 27 September 2015 (2014: €127.4m).

Forward currency contracts – Ebba
As part of operational cash management for expected future payments BR$50.0m of BR$/sterling FX forwards were in existence at 27 September 2015 (2014: BR$nil).

Derivatives designated as part of hedge relationships

As at the 27 September 2015 these hedging relationships are categorised as follows:

Cash flow hedges

Forward currency contracts
The forward currency contracts hedge the expected future purchases in the period to September 2016 and have been assessed as part of effective cash flow hedge relationships as at 27 September 2015. All cash flows under forward currency contracts fall due within one year.

Forward currency contracts – Ebba
As part of the transaction to purchase Ebba on 30 September 2015, the group purchased forward currency contracts to hedge the FX movement on the purchase of the company in Brazilian Real.

Cross currency interest rate swaps

USD GBP cross currency interest rate swaps

The group has a number of cross currency interest rate swaps relating to the 2007, 2010 and 2014 USPP Notes. These cross currency interest rate swaps have the effect of fixing both the value of the USD borrowings into sterling and the rate of interest payable. The cross currency interest rate swaps are designated as part of a cash flow hedge relationship with the Notes.

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP Notes. The maturity profile of the USPP Notes can be seen in note 22.

During the year the cash flow hedge has been tested for effectiveness and as a result a £2.1m gain (2014: £nil) has been recognised in the income statement in respect of ineffectiveness.

26. Derivatives and hedge relationships (continued)

Cash flow hedge net unrealised gains/(losses) and related deferred tax assets/(liabilities):

2015	**Net unrealised gain/(loss) within equity £m**	**Related deferred tax asset/(liability) £m**
Forward currency contracts	**(9.2)**	**1.7**
2007 cross currency swaps	**3.9**	**(0.8)**
2010 cross currency swaps	**(2.7)**	**0.5**
2014 cross currency swaps	**(2.1)**	**0.4**

2014	Net unrealised gain/(loss) within equity £m	Related deferred tax asset/(liability) £m
Forward currency contracts	(0.3)	(0.1)
2007 cross currency swaps	5.1	(1.0)
2010 cross currency swaps	(1.4)	0.3
2014 cross currency swaps	(1.4)	0.3

Fair value hedges

Cross currency interest rate swaps

The group has a number of cross currency interest rate swaps in respect of the 2009 and 2010 USPP Notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the '2009 and 2010 USD GBP cross currency interest rate swaps'). The cross currency interest rate swaps are designated as part of a fair value hedge relationship with the Notes.

The fair value movements on the 2009 and 2010 USD GBP cross currency interest rate instruments are recorded in the consolidated income statement, with a corresponding adjustment to the carrying value of the Notes where the hedge is deemed effective.

The increase in fair value of the cross currency interest rate swaps, excluding maturities, of £11.9m (2014: £4.5m decrease) has been recognised in finance costs and offset with a similar loss on the borrowings of £12.5m (2014: £4.5m gain). The net loss of £0.6m (2014: £nil) represents the ineffective portion on the hedges of the debt.

Net investment hedges

2009 and 2010 GBP EUR cross currency interest rate swaps

These instruments swap sterling liabilities arising from the 2009 and 2010 USD GBP cross currency interest rate swaps into euro liabilities and have been designated as part of effective hedges of the net investments in Britvic France and Britvic Ireland.

The GBP EUR cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the group's exposure to foreign exchange risk on these euro investments. Movements in the fair value of the GBP EUR cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investments in Britvic France and Britvic Ireland.

No ineffectiveness has been recognised in the consolidated income statement (2014: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Derivatives and hedge relationships (continued)

Impact of derivatives and hedge relationships on the consolidated statement of comprehensive income

	2015 £m	2014 £m
Consolidated statement of comprehensive income		
Amounts recycled to the income statement in respect of cash flow hedges		
Forward currency contracts*	**(0.7)**	(3.2)
2007 cross currency interest rate swaps**	**(11.8)**	12.5
2010 cross currency interest rate swaps**	**(4.7)**	0.5
2014 cross currency interest rate swaps**	**(4.9)**	0.7
	(22.1)	10.5
Ineffectiveness recognised in the income statement in respect of cash flow hedges		
2010 cross currency interest rate swaps**	**1.5**	-
2014 cross currency interest rate swaps**	**0.6**	-
	2.1	-
Gains/(losses) in the period in respect of cash flow hedges		
Forward currency contracts	**(8.2)**	4.1
2007 cross currency interest rate swaps	**10.7**	(14.0)
2010 cross currency interest rate swaps	**3.4**	-
2014 cross currency interest rate swaps	**4.2**	(2.0)
	10.1	(11.9)
Exchange differences on translation of foreign operations		
Movement on 2009 GBP euro cross currency interest rate swaps	**6.3**	9.7
Movement on 2010 GBP euro cross currency interest rate swaps	**3.9**	1.4
Exchange movements on translation of foreign operations	**(11.7)**	(15.0)
	(1.5)	(3.9)

* Offsetting amounts recorded in cost of sales.
** Offsetting amounts recorded in finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Other liabilities

	2015	2014
	£m	£m
Current	**-**	0.4
Non-current	**1.5**	1.5
Firm commitment	**1.5**	1.9

Other liabilities comprise of a firm commitment that arose on the receipt of the 2009 and 2010 Notes.

28. Provisions

	Restructuring	**Other**	**Total**
	£m	**£m**	**£m**
At 29 September 2013	8.4	2.1	10.5
Provisions made during the year	6.7	-	6.7
Provisions utilised during the year	(10.8)	(0.2)	(11.0)
Unused amounts reversed	(0.5)	-	(0.5)
Unwinding of discount	-	0.1	0.1
Exchange differences	-	(0.1)	(0.1)
At 28 September 2014	3.8	1.9	5.7
Provisions made during the year	0.6	-	0.6
Provisions utilised during the year	(1.9)	(0.3)	(2.2)
Unused amounts reversed	(1.4)	(0.1)	(1.5)
Unwinding of discount	-	0.1	0.1
Exchange differences	-	(0.2)	(0.2)
At 27 September 2015	**1.1**	**1.4**	**2.5**
Current	**1.1**	**0.2**	**1.3**
Non-current	**-**	**1.2**	**1.2**
Total	**1.1**	**1.4**	**2.5**

Restructuring provisions
Restructuring provisions at 27 September 2015 and 28 September 2014, primarily relate to contract termination costs, consultation fees and employee termination benefits, recognised by the group following the implementation of cost initiatives announced in May 2013.

Other provisions
Other provisions at 27 September 2015 and 28 September 2014, primarily relate to onerous lease provisions that have arisen due to the exit of certain group premises, and the period over which these will be settled ranges from 1 to 8 years.

29. Share-based payments

Britvic operates a broad base of employee plans as well as executive plans. In GB Britvic operates SIP plans for all employees, whereas outside of GB Britvic operates both share-settled and cash-settled plans. Executives participate in ESOP and PSP plans and senior leadership team participates in PSP plans.

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 27 September 2015, including national insurance of £2.4m (2014: £1.8m) is £10.6m (2014: £9.1m). This expense arises from transactions which are expected to be equity-settled share-based payment transactions.

29. Share-based payments (continued)

The Britvic Share Incentive Plan ('SIP')

The SIP is an all-employee HMRC approved share plan open to employees based in GB. Employees are entitled to receive the annual free share award, where granted by the group, provided they are employed by the company on the last day of each financial year and on the award date. Employees can't sell these shares for three years from their date of award. There are no cash settlement alternatives. Employees also have the opportunity to invest up to £138 every 4 weeks (£1,800 per year) through the partnership share scheme. This is deducted from their gross salary. Matching shares are offered on the basis of one free matching share for each ordinary share purchased with a participant's savings, up to a maximum of £50 (2014: £50) per four week pay period.

Awards made during the period are shown in the table below. The fair value of these awards is equivalent to the intrinsic value of the shares.

	2015 No. of shares	**2015** Weighted average fair value	2014 No. of shares	2014 Weighted average fair value
Annual free shares award	**316,288**	**655.1p**	290,882	692.1p
Matching shares award – 1 free share for every ordinary share purchased	**108,421**	**700.1p**	115,377	689.0p

The Britvic Executive Share Option Plan ('ESOP')

The ESOP allows for options to buy ordinary shares to be granted to executives. The option price is the average market price of Britvic plc's shares on the three business days before the date of grant. Options become exercisable on the satisfaction of the performance condition and remain exercisable until ten years after the date of grant.

Options granted in 2015
The performance condition requires the increase in EPS of 6% - 12% pa compound over a three year performance period for the options to vest. If the EPS growth is 6%, 20% of the options will vest, with full vesting at 12% EPS growth. Straight-line apportionment will be applied between these two levels to determine the number of options that vest and no options will vest if the EPS growth is below the lower threshold.

Options granted in 2014 and 2013
The performance condition requires the growth in EPS of 3% - 7% pa compound over a three year performance period in excess of the average growth in RPI over the same period for the options to vest. If EPS growth is 3% per annum in excess of RPI growth, 25% of the options will vest, with full vesting at 7% EPS growth. Straight-line apportionment will be applied between these two levels to determine the number of options that vest, and no options will vest if the EPS growth is below the lower threshold.

In some circumstances, at the discretion of the company, an option holder who exercises his/her option may receive a cash payment rather than the ordinary shares under option. The cash payment would be equal to the amount by which the market value of the ordinary shares under option exceeds the option price. However, it is expected that this plan will be equity-settled and as a consequence has been accounted for as such.

The following table illustrates the movements in the number of share options during the period:

	Number of share options	**Weighted average exercise price (pence)**
Outstanding at 29 September 2013	7,235,772	347.1
Granted	858,126	664.5
Exercised	(1,249,325)	281.9
Forfeited	(195,906)	400.2
Lapsed	(1,306,732)	464.6
Outstanding at 28 September 2014	5,341,935	383.9
Granted	1,007,632	671.0
Exercised	(1,232,994)	303.2
Forfeited	(31,844)	639.1
Lapsed	(466,483)	331.6
Outstanding at 27 September 2015	**4,618,246**	**471.5**
Exercisable at 27 September 2015	**1,506,121**	**268.9**

29. Share-based payments (continued)

The Britvic Executive Share Option Plan ('ESOP') (continued)

The weighted average share price for share options exercised during the period was 711.8p (2014: 656.2p).

The share options outstanding as at 27 September 2015 had a weighted average remaining contractual life of 6.9 years (2014: 6.9 years) and the range of exercise prices was 221.0p – 671.0p (2014: 221.0p – 664.5p).

The weighted average fair value of options granted during the period was 101.3p (2014: 127.6p).

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking account of the terms and conditions upon which the options were granted.

The Britvic Performance Share Plan ('PSP')

The PSP allows for awards of ordinary shares or nil cost options to be made to selected employees with vesting subject to the satisfaction of performance conditions, where different performance conditions apply to different groups of employees. Awards up to and including 2008, and 2013 and later were made in respect of ordinary shares. Awards granted between 2009 and 2011 were nil cost options. Nil cost options remain exercisable until 7 or 10 years after the date of grant for employees based in Ireland and UK respectively, whereas awards of ordinary shares are exercised when vested.

Awards granted in 2015
The performance condition applied to awards granted to members of the senior leadership team is divided 75% and 25% between EPS and the total shareholder return (TSR) performance conditions respectively. EPS is the only condition applied to awards granted to senior management team. The EPS condition is the same as described in the ESOP section for options granted in 2015.

The TSR condition measures the company's TSR relative to a comparator group (consisting of 18 companies) over a three year performance period. The awards will not vest unless the company's position in the comparator group is at least median. At median 20% will vest, rising on a straight-line basis to 100% vesting at upper quartile.

Awards granted in 2014
The performance condition applied to awards granted to members of the senior leadership team is divided equally between return on invested capital (ROIC) and TSR performance conditions. EPS is the only condition applied to awards granted to senior management team. The EPS condition is the same as described in the ESOP section for options granted in 2014.

The ROIC performance condition requires the company's three-year average ROIC to be at least 23.8% for the award to vest in full. If ROIC is 23.4% over the performance period, 25% of the award will vest. Straight-line apportionment will be applied between these two levels to determine the percentage of awards that vest and no awards will vest if ROIC is below the lower threshold.

In some circumstances, at the discretion of the company, vested awards may be satisfied by a cash payment rather than a transfer of ordinary shares. However, it is expected that this plan will be equity-settled and as a consequence has been accounted for as such.

The following tables illustrate the movements in the number of PSP shares and nil cost options during the period.

Number of shares and nil cost options subject to specific conditions	TSR condition	EPS condition	ROIC condition
Outstanding at 29 September 2013	1,073,682	2,148,089	1,073,679
Granted	191,610	516,014	191,610
Forfeited	(49,450)	(148,530)	(49,450)
Lapsed	(299,594)	(479,426)	(299,594)
Outstanding at 28 September 2014	916,248	2,036,147	916,245
Granted	174,142	861,161	10,365
Exercised	(292,376)	(337,124)	(22,455)
Forfeited	(7,086)	(55,990)	(4,376)
Lapsed	-	(263,209)	(398,169)
Outstanding at 27 September 2015	**790,928**	**2,240,985**	**501,610**

Weighted average remaining contracted life in years for nil cost options outstanding at:

27 September 2015	6.2	5.7	-
28 September 2014	8.0	7.8	8.0

Weighted average fair value of nil cost options granted during the period:

2015	361.3p	648.0p	-
2014	355.9p	624.2p	624.2p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Share-based payments (continued)

Key assumptions used to determine the fair value of ESOP and PSP

The fair value of options and awards granted is estimated as at the date of grant, taking account of the terms and conditions upon which shares options were granted. The fair value of the award subject to the TSR condition is determined using a Monte Carlo simulation. The fair value of all other awards is calculated using the share price at the date of grant, adjusted for dividends not received during the vesting period.

The following table lists the inputs to the model used in respect of the PSP awards and ESOP options granted during the financial year:

	2015	2014
Dividend yield (%)	**3.84**	4.15
Expected volatility (%)	**26.5**	29.8
Risk-free interest rate (%)	**0.7 – 1.2**	0.8
Expected life of option (years)	**3 - 5**	3 - 5
Share price at date of grant (pence)	**648.0**	664.0
Exercise price (pence)	**671.0**	664.5

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

30. Notes to the consolidated cash flow statement

Analysis of net debt

	2014	Cash flows	Exchange differences	Other movement	**2015**
	£m	£m	£m	£m	**£m**
Cash and cash equivalents	144.0	96.0	(0.4)	-	**239.6**
Bank overdrafts	(0.7)	0.6	0.1	-	**-**
Debt due within one year	(22.4)	19.0	0.3	0.2	**(2.9)**
Debt due after more than one year	(539.9)	-	(34.0)	1.5	**(572.4)**
	(419.0)	115.6	(34.0)	1.7	**(335.7)**
Derivatives hedging the balance sheet debt *	38.1	-	33.7	-	**71.8**
Adjusted net debt	(380.9)	115.6	(0.3)	1.7	**(263.9)**

	2013	Cash flows	Exchange differences	Other movement	2014
	£m	£m	£m	£m	£m
Cash and cash equivalents	94.0	50.4	(0.4)	-	144.0
Bank overdrafts	(2.5)	1.6	0.2	-	(0.7)
Debt due within one year	(91.6)	76.6	11.4	(18.8)	(22.4)
Debt due after more than one year	(458.3)	(105.8)	6.6	17.6	(539.9)
	(458.4)	22.8	17.8	(1.2)	(419.0)
Derivatives hedging the balance sheet debt *	56.1	-	(18.0)	-	38.1
Adjusted net debt	(402.3)	22.8	(0.2)	(1.2)	(380.9)

* Represents the element of the fair value of interest rate currency swaps hedging the balance sheet value of the Notes. This amount has been disclosed separately to demonstrate the impact of foreign exchange movements which are included in debt due after more than one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Commitments and contingencies

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases are as follows:

			2015
	Land and buildings	**Other**	**Total**
	£m	**£m**	**£m**
Within one year	**2.4**	**8.2**	**10.6**
After one year but not more than five years	**11.0**	**6.9**	**17.9**
After more than five years	**29.5**	**0.1**	**29.6**
	42.9	**15.2**	**58.1**

			2014
	Land and buildings	Other	Total
	£m	£m	£m
Within one year	2.3	8.6	10.9
After one year but not more than five years	10.0	14.6	24.6
After more than five years	39.0	-	39.0
	51.3	23.2	74.5

Finance lease commitments

Future minimum lease payments under finance leases are as follows:

	2015	2014
	£m	£m
Within one year	**0.1**	0.1
After one year but not more than five years	**0.2**	0.2
	0.3	0.3

Due to the timing of the expiry of the finance lease commitments, there is no material difference between the total future minimum lease payments and their fair value.

Capital commitments
At 27 September 2015, the group has commitments of £8.9m (2014: £3.6m) relating to the acquisition of new plant and machinery.

Contingent liabilities
The group had no material contingent liabilities at 27 September 2015 (2014: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Related party disclosures

Key management personnel are deemed to be the executive and non-executive directors of the company and members of the Executive Committee. The compensation payable to key management in the period is detailed below.

	2015	2014
	£m	£m
Short-term employee benefits	**6.1**	6.7
Post-employment benefits	**0.1**	0.2
Share-based payments	**2.0**	1.5
	8.2	8.4

See note 8 for details of directors' emoluments.

There were no other related party transactions requiring disclosure in these financial statements.

33. Acquisition of subsidiary

Subsequent to the period end, on 30 September 2015, the group acquired 100% of the issued share capital of the company detailed below. The acquisition is in line with the strategic direction of the group, specifically to pursue international expansion by capitalising on global opportunities in the kids, family and adult categories, where Britvic has the leading brands in its core markets.

Name	Status	Principal activity
Empresa Brasileira de Bebidas e Alimentos SA (Ebba)	Trading	Manufacture and sale of soft drinks

The consideration for the acquisition comprises an initial cash consideration of BR$193.8m (£32.4m) and a deferred consideration of BR$193.8m (£32.4m) due on 30 September 2017. In addition there was a repayment of Ebba debt of BR$192.5m (£32.1m) subsequent to acquisition.

Due to the recent nature of the acquisition, control of Ebba only passed to Britvic after the year end and therefore the exercise to determine the initial fair value/acquisition accounting has not yet been completed.

In addition to the cost of investment outlined above, acquisition costs of £6.5m have been incurred in the current period. These have been included within exceptional and other items (see note 5).