# **annual** report 2011


BRITVIC plc

# Britvic at a glance

**Britvic is one of the leading branded soft drinks businesses in Europe.**

The company leverages its own leading brand portfolio including Robinsons, Tango, drench, $J_2O$ and Fruit Shoot as well as PepsiCo brands such as Pepsi, 7UP and Mountain Dew Energy which Britvic produces and sells in GB and Ireland under exclusive PepsiCo agreements.

Britvic is the largest supplier of branded still soft drinks in Great Britain (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 also growing its reach into other territories through export, licensing and franchising.

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.

**Its market capitalisation at 2 October 2011 was £760m.**

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# our **performance** at a glance

### group revenue

| | |
|---|---|
| 2010 | £1,121.1m |
| **2011** | **£1,290.4m** |

+14.6%

### group ebita

| | |
|---|---|
| 2010 | £131.8m |
| **2011** | **£138.1m** |

+4.3%

### group ebita margin

| | |
|---|---|
| 2010 | 11.8% |
| **2011** | **10.7%** |

(110)bps

### underlying roic

| | |
|---|---|
| 2010 | 22.4% |
| **2011** | **21.9%** |

(50)bps

### adjusted earnings per share

| | |
|---|---|
| 2010 | 36.5p |
| **2011** | **33.7p** |

(8.2)%

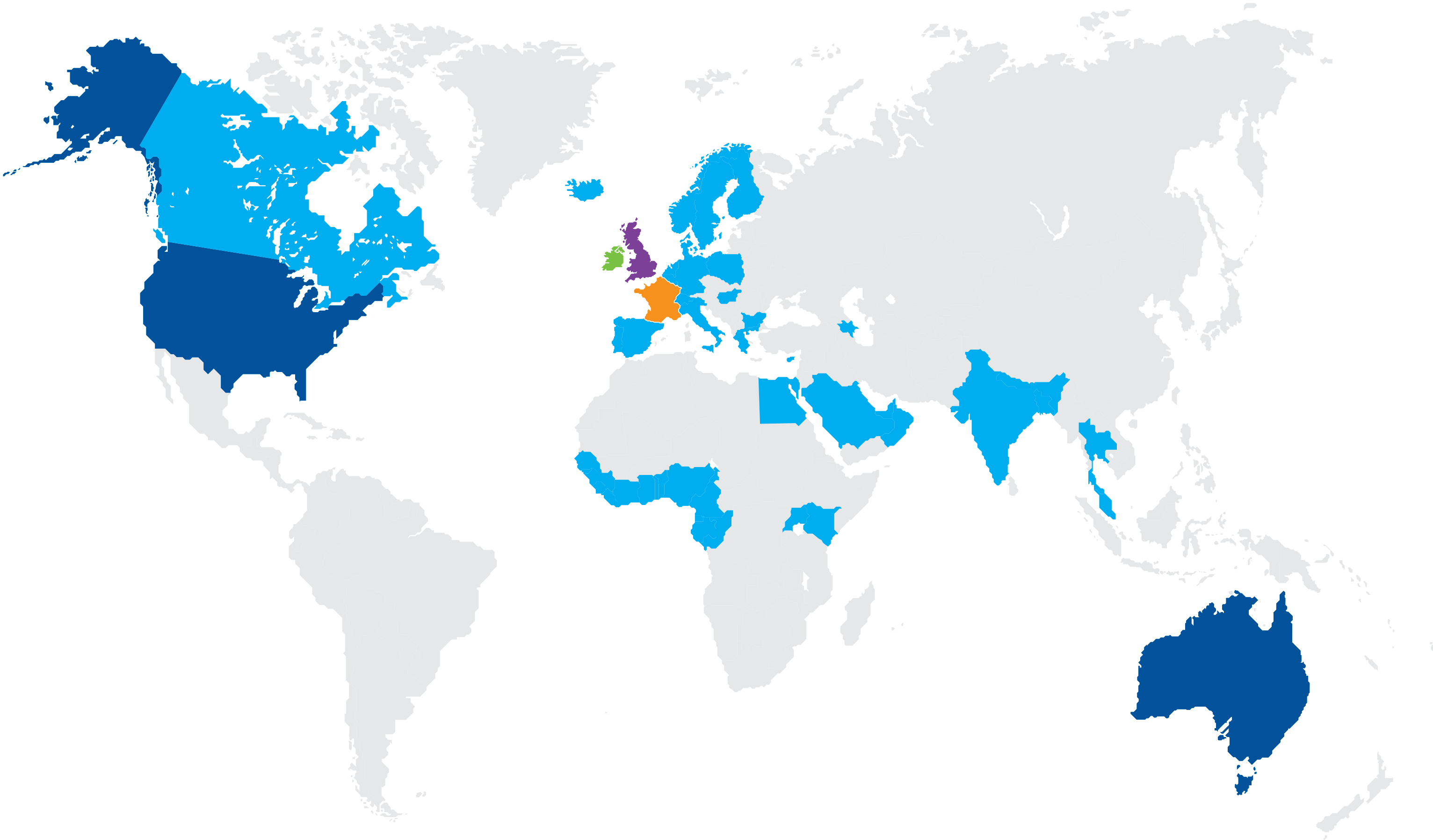
### dividend per share

| | |
|---|---|
| 2010 | 16.7p |
| **2011** | **17.7p** |

+6.0%

All numbers and comparisons are quoted on a 52 week basis, constant currency and before exceptional and other items unless otherwise stated, with the exception of EPS and DPS, which are 53 week numbers.

# someone, **somewhere...**



- Britvic GB
- Britvic Ireland
- Britvic France
- Distribution via Britvic International
- Britvic-owned brand agreements


# ...is enjoying a **Britvic brand**

# our **people**

## Employees

Our people are critical to Britvic's success and we are fully committed to making Britvic a great place to work. Our emphasis is increasingly on developing our own talent, combined with proactive external recruitment when we need to introduce new skills or create positions that support our growth plans. To maximise the potential of our employees we continue to strengthen our focus on performance management and provide multiple learning and development programmes in GB and Ireland that cover leadership, management skills and functional excellence. We are early in the integration process of Britvic France, but we retain the same high level of commitment to keeping our new colleagues well informed and engaged about Britvic's future vision and current group performance as this is fundamental to our joint success.

We are extremely proud of the high employee engagement scores we achieve within Britvic and we conduct an annual survey where we regularly out-perform other external benchmark companies. Overall employee engagement across GB and Ireland for 2011 is 73, based on an extremely high response rate from our employees.

## Employee wellbeing

Throughout the past year, we have focused in GB on making improvements to work-life balance, improving our safety record and supporting a healthier workforce. We have continued to invest in tools and systems that give our employees the tools they need to do their roles and provided technology that supports more mobile ways of working. This enables us to improve communication and engagement and gives employees the opportunity and control to work flexibly in terms of both location and hours. Additionally, to further our commitment to providing a safe working environment, we established an on-line training campaign targeting driver safety.

To support the health of employees and their families we also provide a benefits package which includes the provision of private healthcare and an employee assistance programme. Other wellbeing benefits include discounted gym membership and a cycle to work scheme, which was requested by employees and has seen a good level of success so far. Our employee wellbeing programme has been successfully launched in 2011, with a focus on healthy eating, exercise and general health education.


09:48 Kitchen, Glasgow


**11:25** City Quay, Dublin



# strategy for growth

**Britvic has a strategy for growth through both organic growth in its operating territories and international expansion.**

## GB

Will continue to deliver growth by four key building blocks

- Market volume growth on average of 2-3% each year
- Innovation adding 1-2% revenue to the top line in a full average year
- Driving on-the-go distribution
- Average Realised Price (ARP) improvement of at least 1% in an average year

## Ireland

Has been restructured to take advantage of the growth opportunities when market conditions improve by

- Leveraging the new customer engagement model
- Innovation adding 1-2% revenue to the top line in a full average year
- Driving on-the-go distribution
- Revenue management improving ARP

## France

Will deliver growth through

- Delivery of the acquisition-case €17m synergies
- Innovation adding 1-2% revenue to the top line in a full average year
- Launching into new sub-categories
- Leveraging group brands and capability

## International expansion

By focusing on three key drivers

- Core operations growth in our mature export and 3rd party distributor business
- European expansion by acquisition of assets be it PepsiCo bottlers or primarily stills drink businesses
- Non-European expansion by securing distribution and franchising agreements with local partners to extend the reach of Britvic-owned brands in scale markets


FCB
FCBARCELONA
Fruit
Shoot


FCB
FCBARCELONA


**10:28** Molière, France

# chairman's statement

**2011 was a challenging year for Britvic following, as it did, several years of strong profit growth. Indeed our operating profit has increased by over eighty per cent in the six years since we floated and became a public company.**

The financial year has seen both volume and revenue growth in our GB, International and French operating territories, with overall group revenue growth combined with cost control leading to group EBITA up 4.3% to £138.1 million.

In total our group revenue was up 14.6% year on year to just under £1.3 billion. Underlying revenue was up 0.8%, excluding the results from Britvic France which we acquired in May 2010. This performance was achieved against the background of unprecedented increases in raw material costs, an unhelpful summer across Western Europe and the weaker consumer environment.

GB revenue was up 2.7% in 2011 and over the past two years has grown by 11.3%. A strong carbonates performance saw revenue growth of 7.3%, resulting in Britvic growing its market value share against a backdrop of increased competitor activity. Our strategy of growing distribution in the on-the-go channels and continued innovation, whilst improving our supply chain and business efficiency, is one reason for our continued success in this market.

In Ireland, trading conditions have continued to be very difficult, although we did deliver a number of operational successes. We restructured the go-to-market model which has reduced costs and positively changed the way that we interact with our customers. For the first time since the acquisition in 2007, we launched new brands in Juicy drench and Mountain Dew, both of which have been successful; additionally, we executed a price increase. However the very tough macro trading conditions have resulted in a 9.6% revenue decline.

Sixteen months on since the acquisition, and in its first full financial year, Britvic France has delivered a very encouraging high single digit revenue growth. Our key syrup brands of Teisseire and Moulin de Valdonne have both taken market share and we have successfully introduced Fruit Shoot into the market under the Teisseire brand.

Our fourth operating division, Britvic International, continued to grow. With revenue up 12.8%, both the core business and the more recent international franchise agreements have performed well. The new developments in our franchising activities, particularly in the USA, are important steps in leveraging the strong group-owned brands to drive future revenue and earnings growth.

Given the backdrop of rising raw material costs we took action to cancel or defer discretionary spend. As a result profit after tax was up 0.9% but adjusted earnings per share was down, due to the increased number of shares resulting from the equity-raising last year for the acquisition of Britvic France.

Despite the raw material headwinds and the difficult trading conditions we have delivered a solid set of results. With the board confident in the future cash generation prospects of the business we propose a final dividend of 12.6 pence per share, leading to a full year increase of 6.0% on last year's dividend. This will be payable on 10 February 2012 to shareholders on the register on 9 December 2011.

2012 looks likely to be another difficult year in each of our operating territories. Consumer confidence will continue to be fragile as disposable incomes fall and unemployment continues to rise. Our plans are to take continued action on costs and improve execution. We can do nothing to change the general environment, but we can and will continue to improve the things we can control.

Our pricing growth ambition remains unchanged as we look to mitigate the impact of continued rises in raw materials. Innovation remains a key part of our plans and 2012 will see new innovation in all of our operating territories as well as a focus on continuing the momentum of last year's new launches. The international franchise and distribution opportunities continue to go from strength to strength and offer significant growth prospects in the medium-term.

Regardless of the uncertainty in our markets, I believe that our great brands, strong market positions, experienced people and good record on innovation and cost management will stand us in good stead for the coming year. The business is now more geographically spread and the recent acquisition in France is going well. The board would like to thank both the management team and all of the employees of Britvic for their commitment to the business and their hard work at this difficult time.

**Gerald Corbett**
Non-Executive Chairman



**14:30** Heaton Park, Manchester


17:45 The King's Road, London

# chief executive's review

**In spite of the challenging economic backdrop, Britvic has increased group revenues by 14.6% and 0.8% excluding France. Group EBITA of £138.1m was 4.3% higher than last year.**

The 2011 financial year was a challenging period for the soft drinks markets. We saw accelerated cost inflation in February, which resulted in the company increasing its raw material guidance from 5-6% to 9-11%. The timing of our GB pricing and business plan negotiations was aligned with the VAT increase in January and consequently we were unable to offset the increased costs in February. The summer weather disappointed and impacted soft drinks sales in each of our markets. Furthermore the growing economic challenges have altered the spending power and behaviour of consumers.

Nonetheless our GB, France and International business units have all delivered positive volume and revenue growth. Britvic has benefited from the diverse nature of its portfolio of great brands and in GB saw strong growth in carbonates which more than offset declines in stills.

Our GB business delivered pricing growth, with average realised price (ARP) up 1.9%, reflecting our price discipline in the market. We have also grown volumes by 0.8% in the full year.

GB carbonates performance was strong with revenue up 7.3% as we increased our ARP by 4.2% and also increased volumes by 3.0%. Our value share of the GB carbonates market, as measured by Nielsen, has increased by 20 basis points, the result of our successful innovation, including products such as Mountain Dew Energy, execution of the on-the-go strategy and holding our value share in the competitive cola market place.

GB stills was impacted by consumers choosing more affordable products given the economic challenges that they face. The poor summer impacted the number of outdoor occasions, such as barbecues and picnics at which drinks including $J_2O$ and Fruit Shoot could be enjoyed. Our stills performance was also impacted by the transition from single to double concentrate on the Robinsons brand. We have great market leading stills brands, all well positioned to take advantage when the macro-economic situation improves.

The economic challenges in Ireland, combined with a poor summer, continued to impact the Irish soft drinks market which declined in volume and value, constraining Britvic Ireland's delivery at both revenue and profit level. In the second half we saw clear benefits from the significant restructuring we have delivered in the Irish business and we continue to review the business. We remain fully committed to the Irish business and firmly believe the strength of our portfolio will deliver growth when market recovery begins.

We have seen a strong year of performance in Britvic France, delivering high single digit revenue growth against a strong comparative in the previous year which benefited from stronger sales in the syrups category during the hot summer. During 2011 we have seen the launch of Teisseire Fruit Shoot and we are very encouraged by its progress to date.

Britvic International saw double digit revenue growth as we refocused our resources behind the growing franchise opportunities and away from the slower growing Nordic region. We have seen exciting results in our existing US and Australian Fruit Shoot agreements and we have announced further material developments for the Fruit Shoot brand in the US.

## The soft drinks market

Nielsen data reveals 2011 GB take-home volume growth slowing down to 0.8% versus its medium term average of 2-3%. The soft drinks category was impacted by poor weather across the summer, lower spending and changing consumer shopping decisions based on affordability, which impacted the stills categories more than carbonates. Despite this, the soft drinks market remained resilient with volume growing, whilst price went up. The GB take-home soft drinks market value increased by 5.8%, bolstered by the increased VAT rate from 17.5% to 20.0% alongside manufacturers' price increases to offset increasing raw material costs. All soft drinks categories delivered value growth this year with the exception of dairy and juice drinks.

Carbonates continued to grow ahead of stills in both volume and value. Carbonates volume growth was 3.6% while value grew by an impressive 8.9%. Within carbonates, cola which represents 50% of the category by volume, grew volume by 3.4% and value by 6.9%. The strongest performance was from the glucose and stimulant category where volume grew by an impressive 15.1% and value by 15.9%, albeit it represents around 10% of the overall carbonates category volume but more than double in value.

Stills volume declined by 1.8% and value grew by 3.1%. Plain water, which is the largest category, showed volume growth of 1.0%, but the next three scale categories all showed volume decline; pure juice down 5.1%, squash down 6.0% (impacted by the move to double concentrate on the number one squash brand Robinsons) and juice drinks down 2.7%. These four categories together make up over 80% of the volume of the category and around 75% of the value.

Once again it was branded soft drinks that drove GB market growth in 2011 and apart from June and July, soft drinks have consistently been the best performing major impulse category.

The GB pub and club soft drinks market, as expected, continued to decline during 2011, with volume down 2.2% but value up 1.3% (MAT to August). Managed pub operators grew volume in soft drinks by 2.2% whilst the independent, leased and tenanted pubs declined. In the latest quarter to August, with the impact of the poor summer, the GB pub and club soft drinks market decline accelerated with volume down 10.3% and value down 6.3%.

In France market volume grew by 2.6% and value grew by 4.3%. Britvic France currently materially operates only in the syrup and pure juice categories, which were up by 2.0% and 4.9% in value respectively. The fruit drinks category, which we have just entered with Teisseire Fruit Shoot, grew value by 9.5%.

Unsurprisingly given the difficult macro economic background Irish consumers continue to seek value and rein in overall spending. The soft drinks market has continued to decline with take-home market volume down by 2.2% although the value performance was slightly better but down 1.6%. The pub and club channel has been severely impacted with volume down 8.7% and value down 9.5%.

## Britvic's strategy execution

Management has continued its focus on developing the business in five main areas:

### 1. Supporting and growing our core GB brands

Brand creation and development are at the heart of what we do at Britvic. Britvic GB's six core brands are Pepsi, 7UP, Robinsons, Tango, Fruit Shoot and $J_2O$. They are the key profit drivers of our GB business and therefore the brands to which we allocate greatest resource. We continue to invest in our strong portfolio of brands through both innovation and marketing, to ensure that they are preferred by consumers. Examples of our successful core GB brand performances are shown below:

Pepsi held its value share in the growing cola category this year, building on share gains in previous years; a strong performance given the previously documented competitive environment. Pepsi Max has taken more share than any sub brand within the cola category in volume and value[1]. Our successful marketing programmes continue to focus on the Pepsi Max brand. This year we successfully executed the ultimate test of friendship – 'are you the worlds best mate?' across a quarter of a billion packs. Every hour consumers had the chance to win either cash for themselves, or the ultimate live music VIP experience for them and their friends.

We continue to build on Pepsi's long heritage with music with the exclusive three year partnership between Pepsi and the world's largest live music promoter, Live Nation. In 2011 Pepsi consumers enjoyed the chance to have unrivalled access to the UK's biggest music festivals.

[1] Source: Nielsen MAT value to October 2011

Our on-the-go strategy continues to build momentum as we leverage the strength of Britvic's broad carbonates and stills portfolio, combined with strong consumer engagement programmes such as 'Reward Your Thirst'. These programmes have proved to be especially successful with both our impulse and foodservice customers and entries into the on-pack promotion have been 40% higher than the next best campaign we have run.

Robinsons maintained its position as the number one squash brand. Once again we used the Wimbledon tennis association with a major on-pack promotion giving families street tennis kits to experience the fun and excitement of Wimbledon in the back garden or the local park.

The Fruit Shoot brand remains the number one children's drink brand[1], with a choice of variants and pack sizes to meet all occasions. This year we launched Fruit Shoot Hydro, designed to appeal to older children. With a cooler image, a bigger 350ml bottle and a new formulation, Hydro broadens the appeal of Fruit Shoot beyond the younger age demographic. The launch was supported by TV advertising, a consumer engagement programme called 'champions of the playground' and great visibility in-store.

$J_2O$ was back on TV this year with the 'Smile Tastebuds!' campaign. Within the take-home market, $J_2O$ continues to grow volume share and hold value share but in the current environment the premium juice drinks category has been under pressure. The heart of the brand is in the pub and club channel, where despite the brand's premium price position and the consumer looking for value, $J_2O$ remains the clear number one juice drinks brand.

**2. Innovation and product launches**
2011 saw the introduction of new brands, brand extensions and new pack formats designed to deliver revenue and margin accretion.

The North American brand Mountain Dew was introduced in 2010 with a new energy formulation, initially available in 500ml for the on-the-go occasion. Early success led us to launch new pack formats in 2011 such as multi-pack PET and a 440ml can, to allow the brand to be available in new channels and meet consumer demand. Mountain Dew Energy has received numerous accolades this year such as Product Launch of the Year at the prestigious Retail Industry Awards.

In 2010 across the low and no sugar carbonates brands we introduced a bigger 600ml bottle offering better value across Pepsi Max, Diet Pepsi, Tango and 7UP Free. The momentum has continued into 2011 and has successfully contributed in driving our carbonates ARP and revenue growth. In September this year we launched a major carbonates pack initative with the launch of multipack cans in a 250ml format, available in grocery stores. Pepsi, Diet Pepsi and Pepsi Max are available now and 7UP Free and Tango will be available next spring.

Robinsons squash large packs went through a substantial development by moving from single to double concentrate. This was supported by the 'a lot from a drop' campaign on TV and digital media across the summer. Our consistent objective is to focus on driving value and developing added value format innovation that differentiates our premium positioning. The Robinsons brand continues to command a clear number one position in the squash market and for the third consecutive year it was voted a 'superbrand of the year' by the British public based on quality, reliability and distinction.

We took the recently launched brand of Lipton Ice Tea into new channels with the introduction of a 250ml glass bottle for the food service channel, supplementing the 500ml on-the-go PET bottle and 1.5 litre PET bottle for at-home consumption. In take-home Lipton Ice Tea has grown its market volume by 26.8% versus a year ago and has a category share of 64.5%.[1]

On the back of Mountain Dew Energy's success in the glucose category, we have this year launched SoBe Pure Rush which plays to the stimulant section of the energy category. It is available in an on-the-go 250ml can with two great tasting flavours and contains no artificial colours, flavours or preservatives. This has driven SoBe Pure Rush to be an early success in the forecourts and high street channels.

To maximise the SoBe brand equity to the full, we repositioned the PepsiCo brand V Water to become part of the SoBe family. The packaging has been redesigned to improve visibility. New flavours have been introduced and reformulated to broaden its consumer appeal with its focus on low-calorie content. SoBe V Water has been the fastest growing functional water this year and has taken substantial share.

Finally in 2011 we pushed the boundaries of soft drinks innovation with Turbo Tango, the worlds first use of a nitro-fuelled bottle, which provided real fun and enjoyment for consumers across the summer.

[1] Source: Nielsen MAT value to October 2011

**3. Britvic International**
Britvic International is embarking on a three-pronged growth strategy across its core export and travel business, European expansion through acquisition, licensing and franchising.

In Australia Fruit Shoot was launched with a concentrate model in November 2010. Under the agreement Bickford's manufacture, market and sell the brand, with Britvic supplying key juice and flavour ingredients. Specific formulations and packaging solutions have been designed for the Australian market following extensive market research. In its first year we have seen Fruit Shoot achieve 17% market share[1], making it the number two children's drink. As a measure of its success and the confidence that both Britvic and Bickford's have in the brand we are discussing how we may expand the Fruit Shoot brand footprint in Australia.

In the US, Britvic began distributing Fruit Shoot in 2008 with Buffalo Rock, the fourth largest Pepsi bottler in the States with an operational footprint in Alabama. In 2009 Britvic signed a long term distribution agreement with Buffalo Rock to formalise the partnership and capitalise on the early success of the brand with US consumers. In our third year in Alabama our growth is an impressive 32%.

During 2011 Britvic commenced trials with other US Pepsi bottlers and has now concluded three further substantial and material agreements for Fruit Shoot in the US:

**Gross & Jarson**
We have signed an agreement with Gross & Jarson, the third largest Pepsi bottler in the US, to distribute Fruit Shoot in Kentucky. Gross and Jarson currently has the rights to distribute Pepsi as well as Lipton, SoBe, Dole and the Starbucks-branded iced coffee.

**Pepsi Bottling Ventures (PBV)**
We have signed a long-term agreement for both the distribution and manufacture of Fruit Shoot with PBV. The distribution agreement cements the agreement to distribute in both North and South Carolina. The agreement to manufacture in the US is an important next step in our US development. During the second half of 2012 Britvic will supply a proprietary compound (concentrate) from our facilities in Dublin. As well as producing for the PBV territory it will also allow Britvic to supply other US Fruit Shoot bottlers, allowing us to move away from shipping finished goods from the UK.

**Pepsi Beverages Company (PBC)**
We have reached agreement with Pepsi Beverages Company (PBC) to distribute Fruit Shoot in its Florida and Georgia territories. PBC is the wholly-owned manufacturing, sales and distribution operating unit of PepsiCo and accounts for approximately 75% of PepsiCo's North America volume.

We have also invested in our manufacturing capability in Ireland to be able to supply concentrate from a newly created company in Ireland called Britvic Worldwide Brands (BWB).

In the context of larger opportunities that we believe exist within franchising representing better utilisation of our resources, we took the decision to withdraw the Robinsons range from the Nordics region during the period.

These new Fruit Shoot agreements, coupled with the ongoing growth of our existing agreements, represent a major step forward in the development of our international growth strategy. They build on the success Fruit Shoot has achieved in the UK where, since inception over 10 years ago, it has become a top-selling children's brand.[1]

**4. Britvic Ireland**
The economic challenges facing the Irish consumer are well documented and continue to have a negative impact on the performance of Britvic Ireland. Both volume and revenue have come under pressure as the soft drinks market has declined further. Despite these challenges the business has stayed focused. Firstly we implemented a successful price increase for the first time since acquisition. Secondly we carried out the previously announced restructuring, materially changing our go-to-market model and enhancing our execution efficiency. Lastly the business launched innovation successfully. Mountain Dew Energy and Juicy drench were two new brands launched into the Irish market with both delivering ahead of expectations. MiWadi successfully transitioned to double concentrate and with our single serve pack innovation on Pepsi we have moved our on-the-go share in cola to its highest ever level.

**5. Britvic France**
Sixteen months on from the acquisition of Britvic France, we are pleased with the first full year of high single digit revenue growth. The strong syrup brands of Teisseire and Moulin de Valdonne have both taken share gains this year as a result of strong through the line execution and innovation launched this year. Our large private label juice business has also performed well.

Teisseire Fruit Shoot was launched successfully and supported by media and sampling resulting in good distribution levels and surpassing our expectations in the first few months since launch. The way in which the business has taken Teisseire Fruit Shoot to market, combined with the growing group capability, has demonstrated we can develop our business with new product introductions.

**Paul Moody**
Chief Executive

[1] Nielsen grocery September 2011


**09:23** Cours Saleya, Nice


**21:27** Bridge Street, Cardiff

business review

# financial review

**The following discussion is based on Britvic's results for the 52 weeks ended 2 October 2011, with all numbers and comparisons quoted on a 52 week basis, before exceptional and other items and on a constant exchange rate basis.**

Volumes and ARP are adjusted for the impact of double concentrate on Robinsons and MiWadi to provide meaningful comparisons. France is included for the full 12 month this year versus only four months in the prior year.

## Key performance indicators

The principal key performance indicators that management use to assess the performance of the group are as follows:

- Volume growth – increase in number of litres sold by the group relative to prior period.
- Average Realised Price (ARP) – average revenue per litre sold.
- Revenue growth – increase in sales achieved by the group relative to prior period.
- Brand contribution margin – revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product, divided by revenue. Such costs include brand specific advertising and promotion costs, raw materials, and marginal production and distribution costs. Management uses the brand contribution margin to analyse Britvic's financial performance, because it provides a measure of contribution at brand level.
- Operating profit margin – as previously reported, from 2011, the group focuses on EBITA (earnings before interest, tax and acquisition related amortisation) before exceptional and other items as the key operating profit measure. Margin is calculated by dividing this number by revenue. Each business unit's performance is reported down to the brand contribution level.
- Underlying free cash flow – is defined as net cash flow excluding movements in borrowings, dividend payments, exceptional and other items.
- Underlying return on invested capital (ROIC) – 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. The measure excludes the reduction in the asset base following the impairments of intangible assets in Ireland in 2010 to reflect capital initially invested and subsequent returns. To aid comparability year on year the results and asset base of Britvic France have been excluded as 2010 would include only four months returns versus 12 months in 2011.

## Overview

Britvic sold 2.1bn litres of soft drinks in 2011 and grew revenues to almost £1.3bn, 14.6% ahead of the previous year. Underlying revenues excluding France increased by 0.8% to over £1.0bn and ARP was up by 1.9%. France had a strong full year with revenues growing in the high single digit.

Operating profit (EBITA) before exceptional and other items for the period was up 4.3% to £138.1m. Adjusted EPS declined by 8.2% versus last year's 53 week comparison with the weighted average number of shares increase of 6.9% as a result of the equity raised to fund the acquisition of Britvic France in May 2010.

## GB stills

| | **52 weeks ended 2 Oct 2011 £m** | 52 weeks ended 26 Sep 2010 £m | % change actual exchange rate |
|---|---|---|---|
| Volume (million litres) | **493.5** | 514.4 | (4.1) |
| ARP per litre | **71.2p** | 70.5p | 1.0 |
| Revenue | **351.2** | 362.7 | (3.2) |
| Brand contribution | **150.1** | 169.0 | (11.2) |
| Brand contribution margin | **42.7%** | 46.6% | (390)bps |

GB stills full year revenue declined by 3.2% to £351.2m with volumes down by 4.1% and ARP up by 1.0%. During the course of the year we experienced volume and revenue loss as a result of:

i) The move from single to double concentrate on the Robinsons brand which saw some transitional volume loss as a result of our execution in some retailers, and from our decision ahead of the switch to reduce promotional activity on the scale one litre single concentrate pack.

ii) The poor summer weather and in particular the month of June where the total soft drinks market as measured by Nielsen contracted by 8.2%. This is a key period for the Robinsons brand given its strong association with the Wimbledon tennis event, but also for the other stills brands which typically benefit from outdoor social events associated with hot summer weather.

iii) The decline of the stills category as a result of the weaker economy on consumers both in take-home and in the pub and club channel where the latest quarter market data to August shows soft drinks were down by 10.3% in volume. Britvic continues to outperform in the pub and club channel, but with carbonates taking share from stills.

The impact of the higher raw material inflation on stills, compared to carbonates, combined with negative channel mix saw brand contribution margin reduce by 390bps.

We have a powerful portfolio of brands in the stills segment such as Robinsons, the number one squash brand; $J_20$, the leading adult soft drink; and Fruit Shoot, the number one children's brand. This means we are well positioned with our portfolio to benefit when economic conditions improve.

## GB carbonates

| | **52 weeks ended 2 Oct 2011 £m** | 52 weeks ended 26 Sep 2010 £m | % change actual exchange rate |
|---|---|---|---|
| Volume (million litres) | **1,130.5** | 1,097.4 | 3.0 |
| ARP per litre | **44.5p** | 42.7p | 4.2 |
| Revenue | **502.6** | 468.4 | 7.3 |
| Brand contribution | **189.1** | 183.5 | 3.1 |
| Brand contribution margin | **37.6%** | 39.2% | (160)bps |

We delivered full year volume growth of 3.0% against a very strong comparative of 10.2% in the previous year. This year's performance is especially pleasing given the strong ARP growth of 4.2%, reflecting our price discipline against the backdrop of a competitive market place. Revenue grew by 7.3% taking the GB carbonates segment to over £0.5bn revenue for the first time.

Brand contribution of £189.1m represented growth of 3.1% on the previous year. Brand contribution margin declined by 160bps as a result of the increased raw materials cost, although we have offset some of the impact through the success of our innovation such as Mountain Dew Energy and continued growth in our on-the-go strategy.

Mountain Dew Energy is now the fastest growing brand in the glucose category, Pepsi Max continues to lead growth in the cola segment and our overall share of the on-the-go market has grown. We have grown our take home value share of the carbonates segment by 20bps and held our value share in cola.

## International

| | 52 weeks ended 2 Oct 2011 £m | 52 weeks ended 26 Sep 2010 £m | % change actual exchange rate |
|---|---|---|---|
| Volume (million litres) | **37.8** | 35.0 | 8.0 |
| ARP per litre | **77.0p** | 73.7p | 4.5 |
| Revenue | **29.1** | 25.8 | 12.8 |
| Brand contribution | **10.9** | 9.0 | 21.1 |
| Brand contribution margin | **37.5%** | 34.9% | 260bps |

2011 was another year of double-digit revenue growth for Britvic International with volumes and ARP all performing strongly. Its performance in the year enjoyed continued growth of Fruit Shoot in the Netherlands, positive growth in our scale travel business despite all the challenges that this sector faces and good growth in export. Additionally we launched Fruit Shoot in Belgium towards the end of our financial year. We made a strategic investment decision to withdraw Robinsons from the Nordics region which we entered in 2006, as we reallocated resources to the bigger opportunity in franchising. The impact of this decision in the full year was offset by the growth of existing franchise and distribution agreements for Fruit Shoot.

Fruit Shoot volume in Alabama, working with our partner Buffalo Rock, has grown by 32% in the latest year through rate of sales improvements. In Australia, our partner Bickford's has made Fruit Shoot the number two children's drink with a 17% market share[1]. More recently, PBV (Pepsi Bottling Ventures) has been distributing Fruit Shoot in the North and South Carolinas where they have now reached 2,200 outlets, up 30% since May 2011.

The new announcements of agreements with Gross & Jarson to distribute in Kentucky, long term distribution and importantly in-market production with PBV and the distribution agreement for Florida and Georgia with PBC (Pepsi Beverage Company) will accelerate the growth of our international plans over the medium term.

[1] Nielsen grocery September 2011

## Ireland

| | 52 weeks ended 30 Sep 2011 £m | 52 weeks ended 30 Sep 2010 £m | % change actual exchange rate | % change constant exchange rate |
|---|---|---|---|---|
| Volume (million litres) | **210.8** | 229.1 | (8.0) | (8.0) |
| ARP per litre | **58.7p** | 58.4p | 0.5 | 0.0 |
| Revenue | **162.8** | 179.0 | (9.1) | (9.6) |
| Brand contribution | **57.8** | 64.1 | (9.8) | (9.8) |
| Brand contribution margin | **35.5%** | 35.8% | (30)bps | (10bps) |

Note: Volumes and ARP include own-brand soft drinks sales and do not include third party drink sales included within total revenue and brand contribution.

Britvic Ireland continues to face very challenging macro economic conditions and this, combined with disappointing weather, has led to the total soft drinks market continuing to decline. As measured by Nielsen, the take-home market performed better than pub and clubs but nevertheless is in decline. Soft drinks volume in the pub and club channel has declined in the latest market data by 8.7%.

Britvic Ireland revenues in the period were down by 9.6% on a constant exchange rate basis with volumes down by 8.0%. ARP was flat, despite successful delivery of the price increase and margin accretive innovation launched this year, due to negative channel mix. Mountain Dew and Juicy drench were both launched this year and have delivered ahead of our expectations. MiWadi, Ireland's number one squash brand, transitioned from single to double concentrate successfully and has exceeded our expectations.

We have also successfully driven our share of the cola on-the-go market with single serve innovation launched on Pepsi this year. The restructuring and new go-to-market model has been embedded well and in part has been a vehicle of success for our innovation launches.

Despite these successes the market challenges have meant that Britvic Ireland's performance has declined year on year.

## France

| | 52 weeks ended 30 Sep 2011 £m | 28 May 2010 to 30 Sep 2010 £m |
|---|---|---|
| Volume (million litres) | **286.0** | 104.5 |
| ARP per litre | **85.6p** | 81.5p |
| Revenue | **244.7** | 85.2 |
| Brand contribution | **62.0** | 24.1 |
| Brand contribution margin | **25.3%** | 28.3% |

This year is the first full financial year incorporation of results from Britvic France versus last year's four months inclusion from when we acquired the business on 28 May 2010.

Britvic France had a strong year with full year revenue showing high single digit growth. This year's brand contribution margin of 25.3% is in line with expectation and reflects the higher input cost inflation that the business unit incurred compared to the GB and Irish businesses, primarily due to its greater exposure to ingredients such as sugar and juice. Furthermore last year's margin was unusually high due to the growth of syrups, which benefited from the very hot summer in 2010. Both Teisseire and Moulin de Valdonne have gained market share year on year.

Teisseire Fruit Shoot was successfully launched this year and is performing ahead of our expectations in both the distribution and the rate of sale we have achieved to date. The launch was supported by a comprehensive through the line marketing plan.

## Fixed costs

| | 52 weeks ended 2 Oct 2011 £m | 52 weeks ended 26 Sep 2010 £m | % change actual exchange rate |
|---|---|---|---|
| Non-brand A&P | **8.0** | 10.4 | 23.1 |
| Fixed supply chain | **111.1** | 94.9 | (17.1) |
| Selling costs | **121.7** | 116.2 | (4.7) |
| Overheads and other | **94.1** | 98.6 | 4.6 |
| Total | **334.9** | 320.1 | (4.6) |
| Total A&P investment | **62.8** | 56.7 | (10.8) |
| A&P as a % of net revenue* *(*excludes 3rd party revenue)* | **5.0%** | 5.3% | (30)bps |

Fixed costs increased by 4.6% in the period wholly down to first time inclusion of France. Without France the underlying fixed costs were lower than last year.

We have continued to invest in below-the-line costs to support the medium term growth in the top line and margin. This year we have continued to invest in customer management resource and point-of-purchase spend to drive our execution excellence. Additionally, as previously communicated, we continued to invest to build group capability in areas such as franchising.

Management took strong action to cancel or defer discretionary expenditure where it was appropriate to mitigate an element of the raw material cost increase. Within overheads and other there is a reduction in the cost of performance incentives as a result of the lower performance outturn versus scheme targets.

The group A&P as a percentage of sales has fallen by 30bps, however in absolute spend we increased expenditure by 10.8%. The first time full year inclusion of Britvic France, which has a material proportion of private label revenues has resulted in the lower percentage. The GB A&P as a percentage of sales was unchanged versus last year.

## Exceptional and other items

In the period Britvic has accounted for net £25.2m of pre-tax (£19.5m post tax) exceptional and other costs, with cash exceptional items comprising £18.2m.

These include:

- A curtailment gain of £17.7m arising due to the closure to future accrual of the GB defined benefit pension scheme. Offsetting the gain is a one off transitional payment of 10% of final salary to pension members of £2.9m and consultancy costs of £1.6m. Therefore the net gain is £13.2m.
- Total restructuring costs of £25.0m, relating to:
  – Britvic Ireland restructuring costs, principally redundancy costs.
  – Redundancy and restructuring costs relating to the separation of functional support structures between group and the GB business unit.
  – Outsourcing of the group data centre involving dual running and temporary infrastructure costs.
  – Costs of outsourcing our GB full service vending operation. This includes exit and redundancy costs and a write down of the asset values held on the balance sheet.
- Costs associated with the relocation of the Britvic head office of £1.3m.
- Following the successful refinancing of the group's committed bank facility in March 2011, the write off of £1.5m of unamortised 2009 refinancing fees. This is included within exceptional and other finance costs.
- Within exceptional and other items we include the fair value movement of financial instruments where hedge accounting cannot be applied. This is principally made up of a number of share swaps to satisfy employee incentive share schemes and an interest-rate swap. The value of the non cash net movement is a loss of £10.6m (£2.9m at interim 2011). The fair value movement of the interest rate swap is included within exceptional and other finance costs.

The full year exceptional and other costs are higher than the interim due to the new exceptional items of the relocation of the Britvic head office, separation of functional support structures between group and the GB business unit and the increased non cash movement on financial instruments, specifically the share hedge.

## Interest

The net finance charge before exceptional and other items for the 52 week period for the group was £29.9m compared with £25.0m in the same period in the prior year. The higher interest charge is reflective of the financing of the debt element of the group's acquisition of Britvic France for a full year and higher commitment fees reflecting the increased headroom generated by the private placement proceeds raised in December 2010 and the completion of a larger £400m bank facility in March 2011.

## Taxation

The 52 week tax charge of £27.2m before exceptional and other items represents an effective tax rate of 25.9%, a decrease on last year 52 week actual of 0.7% primarily due to the lower current tax rate in the UK and reduced future tax rate for deferred tax purposes.

## Earnings per share

Basic EPS (after exceptional and other items) as defined by IFRS for the period is 24.3p compared with the actual (21.4)p for the 53 week period last year.

Adjusted earnings per share for the period, before exceptional and other items and adding back acquisition related amortisation, was 33.7p, down 8.2% versus 36.7p for 2010 on a 53 week constant currency basis.

## Dividends

The board is recommending a final dividend for 2011 of 12.6p per share. Together with the interim dividend of 5.1p per share paid on 8 July 2011, this gives a total dividend for the year of 17.7p per share, an increase of 6.0% on the dividend paid last year. Subject to approval at the AGM, the total cash outflow of the dividend for the financial year is estimated to be £41.9m and the final dividend will be paid on 10 February 2012 to shareholders on record as at 9 December 2011.

## Cash flow and net debt

Underlying free cash flow, defined above, was £59.3m in 2011 and £67.8m in 2010. 2010 was a 53 week trading year compared to 52 week for 2011.

The difference in year on year cash flow is due to an increased interest cost with the first full year inclusion of debt used to part finance the acquisition of Britvic France, fees associated to the US private placement and the new bank facility arranged during the year. Additionally capital expenditure has increased in the period.

At 2 October 2011, the group's non-adjusted net debt was £530.2m compared to £515.9m at 3 October 2010. The adjusted net debt (taking into account the foreign exchange movements on the derivatives hedging our US private placement debt) at 2 October 2011 is £452.0m.

## Capital employed

Non-current assets remained broadly flat in the period, £680.3m compared to £680.1m in the prior period.

Depreciation increased in the period by £2.7m to £35.6m. Current assets also increased from £366.6m to £384.4m driven principally by an increase in trade and other receivables. Current liabilities have increased from £366.8m to £390.0m driven principally by an increase in trade and other payables. Note some prior year asset numbers have been restated following the finalisation of the fair value allocation of Britvic France.

Underlying ROIC has decreased to 21.9% from 22.4% and excludes the impact of Britvic France as the business was acquired part way through the year in 2010. The measure will be rebased on lapping a full year of returns in 2012.

## Treasury management

The financial risks faced by the group are identified and managed by a central treasury department. The activities of the treasury department are carried out in accordance with board approved policies and are subject to regular Audit and Treasury Committee reviews. The department does not operate as a profit centre.

Key financial risks faced by the group that are managed by treasury include exposures to movements in interest rates and foreign exchange. The treasury department is responsible for the management of 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 in line with policies set by the treasury department and approved by the board of directors. No derivative is entered into for trading or speculative purposes. The group has a number of derivatives which are economically effective, however do not meet the requirements of IAS39 for hedge accounting and movements in the fair value of these derivatives are therefore recorded in the profit and loss account.

At 2nd October 2011, the group's non-adjusted net debt of £530.2m (excluding derivative hedges) consisted of £2.2m drawn under the group's committed bank facilities, £574.4m of private placement notes and £1.2m of finance leases. This was netted off with around £43.0m of surplus cash and £4.6m of issue costs of loans.

## Pensions

The group principal pension scheme for GB employees, the Britvic Pension Plan (BPP), has both a defined benefit and a defined contribution section. The defined benefit section of the BPP was closed to new members on 1 August 2002 and, following consultation with GB employees, was closed to future accrual for active members with effect from 10 April 2011, with members moving into the defined contribution section for future service benefits.

Contributions are paid into the plan in accordance with the recommendations of an independent actuary and as outlined in the schedule of contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. Following the conclusion of the previous triennial valuation, the final annual payment of £10m contributions in respect of the funding shortfall, outlined in the recovery plan, was made by 31 December 2010. As a result of the latest formal valuation, a proposal was set out under which a monetary contribution or contributions will be made to enable the Trustee of the BPP to acquire an interest in a limited partnership. This partnership interest is intended to provide the Trustee with an income of at least £5m per annum in each year over a 15 year period together with a final payment of up to a maximum of £105m to the extent required under funding conditions to be agreed to the satisfaction of the Trustee and the company, at the end of the 15 year period.

A first tranche of this proposal was completed prior to the period end. Britvic Scottish Limited Partnership (Britvic SLP) and Britvic Property Partnership (Britvic PP) were established by the group and properties with a market value of £28.6m were then transferred to Britvic PP and leased back to Britvic Soft Drinks Limited. Britvic SLP holds an investment in Britvic PP.

The BPP is a partner in Britvic SLP and is entitled to a share of the profits of the partnership over the next 15 years. 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 that time, up to a maximum value of £25m. At that point the group may be required to transfer this amount in cash to the BPP.

Both Britvic SLP and Britvic PP are consolidated by the group. The investment held by the BPP in Britvic SLP does not represent a plan asset for accounting purposes and is therefore not included in the fair value of plan assets. The share of profits of Britvic SLP received by the BPP will be accounted for by the group as contributions when paid. The properties transferred to Britvic PP continue to be included within the group's property, plant and equipment on the balance sheet and the group retains operational flexibility over the transferred properties, including the ability to substitute the properties held by Britvic PP.

In addition to the expected partnership income of at least £5m per annum, the group will make payments to the BPP of £5m by 31 December 2011, £7.5m by 31 December 2012 and £15m per annum by 31 December of each year from 2013 to 2017. In the event that further tranches of the proposal do not proceed, the BPP will instead receive total contributions of £10m by 31 December 2011, £12.5m by 31 December 2012 and £20m per annum by 31 December of each year from 2013 to 2022 inclusive.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the income statement for 2011 was £5.8m (2010: £3.6m).

In Northern Ireland, the Britvic Northern Ireland Pension Plan (BNIPP) 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. Employees of C&C group transferred out of BNIPP on 30 June 2008 with the bulk transfer of assets for the C&C employees taking place in December 2009. The latest formal actuarial valuation for contribution purposes was carried out as at 31 December 2008 and as a result shortfall correction additional contributions of £90,000 per month until 31 December 2010, and £125,000 per month from 1 January 2011 to 31 December 2019 are being paid in accordance with the recovery plan dated December 2009.

In the Republic of Ireland, employees continued to participate in a number of C&C Group pension schemes following the acquisition until transferring into two newly formed pension plans called the Britvic Ireland Defined Contribution Pension Plan and the Britvic Ireland Defined Benefit Pension Plan (BIPP) on 1 September 2008. Since 1 March 2006 new employees have been offered membership of the defined contribution plan in the first instance, with the ability to transfer into the defined benefit plan for future service benefits after a period of five years. The first formal actuarial valuation was carried out at 31 December 2009 and is still being finalised.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the income statement for 2011 was £0.6m (2010: £0.4m).

**14:59** Back garden, Bath

# corporate responsibility

## Corporate Responsibility (CR) remains an important part of the way that we do business at Britvic.

The past year has been focused on embedding our new strategic vision: 'to be a progressive, sustainable, responsible company'. The table opposite shows a snapshot of our performance against the targets that we set ourselves last year. While these targets were specific to the GB business unit, we are now focused on embedding CR across the Britvic group.

A comprehensive overview of our CR achievements 2010-2011 will be published in our 2011 Corporate Responsibility Report which will be available in January 2012 from the company or on our website: www.britvic.com.

### Progressive

We are committed to harnessing the power of our brands to help address relevant social and environmental issues.

Health remains high on the national agenda and in the UK, we pledged our support to the government's Responsibility Deal which was launched in March, signing up to a number of collective pledges. As a result of this, we launched an employee health and wellbeing programme 'wellness@ work' this year, reviewed our catering provision to encourage healthier choices, and ran a series of physical activity challenges for our employees.

We also continued to support the government's Change4Life programme, in particular its Great Swapathon and Really Big Summer Adventure, and continued to promote healthy and active lifestyles through our own marketing programmes, including Robinson's Street Tennis and Fruit Shoot Champion of the Playground. In line with our targets, we also launched two new low sugar products – Mountain Dew Sugar Free and Fruit Shoot Hydro for children.

We recognise that packaging waste is a social and environmental issue and while we were unable to deliver the pilot recycling scheme we had planned, we are actively exploring other options.

### Sustainable

In order to ensure a sustainable future for our business we need to invest and innovate to minimise our impacts. This year we put in place a new sustainability committee to look at longer term targets and programmes. In 2011 we continued to make good progress and achieved reductions in our GB water use of 4% absolute and in $CO_2$ emissions of 2.5%, although we narrowly missed our liquid effluent waste ratio target. Two more of our GB factories achieved zero waste to landfill and we also contributed to WRAP's targets around 'reduce, reuse and recycle'.

### Responsible

As a responsible employer we are committed to having a positive impact on both our employees and our communities. In the past year we have grown our employee volunteering participation by 5% and will continue to support this important activity. Our 'enterprise training days' for teachers are now running across Britvic Learning Zones at three of our factory sites – Beckton, Leeds and Norwich - and we were awarded a prestigious IEBE (Institute for Education Business Excellence) award for the scheme. Additionally, by promoting payroll giving as an effective tax free way to support charities and communities, we increased our donations in this way and were awarded the National Payroll Giving Silver Mark award.

| |
|---|
| Introduce at least two new low sugar products as part of a balanced portfolio |
| Promote healthier behaviours by launching at least two marketing initiatives encouraging active lifestyles |
| Work with the Department of Health to participate in a large scale Change4Life initiative |
| Support the delivery of the PepsiCo health and wellbeing manifesto pledges relating to Britvic's PepsiCo portfolio |
| Contribute to WRAP's Courtauld II industry wide targets to reduce, reuse, recycle by end 2012 versus 2009 |
| Commit to two more factories sending zero to landfill |
| Continue to roll out our new more efficient chiller equipment |
| Continue to support our charitable partners on relevant health, social and environmental issues |
| Launch an employee health and wellbeing programme, improving work/life balance throughout the business |
| Encourage personal growth through continued support for employee volunteering by increasing the number of those who participate |
| Support disadvantaged children by increasing our fundraising for Barnardo's |
| Work with the AIM-Progress group to ethically audit our suppliers and create appropriate action plans |
| Contribute to an absolute target to reduce water use by 20% by 2020 compared to 2007, with water ratio reduction of 4% targeted versus 09/10 |
| Aim to reduce $CO_2$ emissions by 30% by 2020 compared to 1990 per tonne of product, with a 2.5% reduction targeted versus 09/10 |
| Deliver at least 18 teacher, school and NEETs programmes across our three Britvic Learning Zones |
| Reduce liquid (effluent) waste ratio by 2.5% versus 09/10 |
| Encourage on-the-go recycling by piloting a branded reverse vending machine project |

# **business** resources

The main resources the group uses to achieve its results are:

- An extensive portfolio of stills and carbonates brands, including Robinsons, Pepsi, 7UP, Tango, $J_2O$ and Fruit Shoot. The breadth and depth of Britvic's portfolio enables it to target consumer demand across a wide range of consumption occasions, in all the major soft drinks categories and across all relevant routes to market. Britvic Ireland owns a number of leading brands in the Republic of Ireland and Northern Ireland, including Club, Ballygowan and MiWadi as well as the rights to the Pepsi, 7UP and Mountain Dew brands. In France the portfolio includes the leading syrup brand Teisseire as well as Moulin de Valdonne, Pressade and Fruit Shoot.
- A successful long-standing relationship with PepsiCo that resulted in the exclusive bottling agreement (EBA) being renewed in Great Britain in 2003 for a further 15 years, with an extension to 2023 on admission to the London Stock Exchange. The EBA for Ireland lasts until 2015. This relationship gives Britvic the exclusive right to distribute the Pepsi and 7UP brands in Great Britain and Ireland, access to all new carbonated drinks developed by PepsiCo for distribution in Great Britain and Ireland and, to support the development of its carbonates offering, access to PepsiCo's consumer and customer insight, competitor intelligence, marketing best practice, brand and product development expertise and technological know-how. Britvic has added to its portfolio with Mountain Dew Energy in GB and Ireland and has also been appointed in recent years as the exclusive GB bottler of Gatorade, Lipton Ice Tea and SoBe.
- A strong customer base. For example, in the GB take-home market, Britvic's customers include the "Big 4" supermarkets (Tesco, J Sainsbury's, Asda and Wm Morrisons) together with a number of other important grocery retailers. The group has significant supply arrangements with a number of key players in the GB pubs and clubs sector and leisure and catering channels. Through Britvic International, the group has built on the success of the Robinsons and Fruit Shoot brands by introducing these products into markets outside GB.
- Britvic also has a well-invested and flexible group production capability and distribution network that enables its soft drinks to be made available to consumers across all of its operating territories.

# risks and uncertainties

## Risk management process

Britvic's risk management process has been adapted to support its growth strategy, focusing on growing the business through both acquisition and organic growth opportunities. Risk is an inherent part of doing business. The intention of the risk management process is not to avoid all risk, as success comes from managing risk through the assessment of the balance of risk versus reward set against Britvic's risk appetite. The system of internal controls and risk management used to identify and manage the principal risks the group faces is described in the Corporate Governance Report. In assessing risk both the financial and reputational impact are considered, as Britvic is a brand-led business. The principal risks and corresponding mitigation set out here represent the principal uncertainties that may impact on our ability to effectively deliver our strategy in the future.

## A) Risks relating to the group

**1. An over-reliance on any specific customer or brand.**

Risk – A major retailer, in the take-home or pubs and clubs channel, may decide to remove our products from its range and stock alternative products instead.

Mitigation – Britvic sells its products through a wide-range of channels and retailers. This broad mix of customers reduces our dependency on any one of these relationships. Likewise our portfolio and innovation launches further diversify our range thereby reducing the dependency on any one brand.

**2. A termination or variation of the bottling and distribution arrangements with PepsiCo or an adverse development in the PepsiCo relationship.**

Risk – At the end of the bottling agreements or earlier in specific circumstances PepsiCo may terminate our right to sell their brands.

Mitigation – Britvic reduces this risk in two ways. Firstly, the majority of its revenues are generated by its wholly-owned brands. Its brand marketing focus and innovation pipeline are balanced between its wholly-owned brands and the PepsiCo franchised brands. Secondly, Britvic places significant emphasis on developing its relationship with PepsiCo through both extending bottling agreements and maintaining an appropriate level of communication between the two businesses to deal with on-going operational issues.

**3. Increasing commodity prices.**

Risk – Prices for commodities used in the production of our products may fluctuate widely and have increased significantly over the last year mainly due to poor crops and scarcity. Therefore the risk is two-fold, one of not being able to source enough, and one of having to pay more than expected.


11:40 The Golden Mile, Blackpool

Mitigation – Britvic sources much of its planned requirements through forward contracts and hedging arrangements and is developing new sources of supply. Through this process it aims to minimise the impact of price fluctuations.

**4. Inability to protect the intellectual property rights associated with its current and future brands.**

Risk – Failure to maintain these rights could result in the value of our brands being eroded by copycat products.

Mitigation – Through our legal team we proactively look to protect these rights by registering the relevant trademarks and enforcing these in court when a resolution cannot be reached with other parties.

**5. Increase in the group's funding needs or obligations in respect of its pension scheme.**

Risk – The required revaluations of the pension schemes may highlight a worsening deficit position that requires the company to provide additional cash contributions to meet future needs.

Mitigation – The group pensions function works closely with the pension Trustees to ensure an appropriate portfolio is in place to fund pension requirements and spread risk as well as possible. New employees of the company are enrolled into a defined contribution scheme that limits future liabilities. The GB defined benefit scheme for existing members was closed to future accrual in April 2011.

**6. Inadequate IT disaster recovery plans.**

Risk – As Britvic has grown, both through acquisition and organically, so has its reliance on IT systems to function, a failure of which could halt production or the ability to deliver goods.

Mitigation – Britvic has out-sourced the management of its data centre to a professional provider with both robust disaster recovery and business continuity plans capable of meeting both its current and future needs.

**7. Failure to deliver the proposed synergies in France.**

Risk – Failure to deliver the cost and revenue synergies from the acquisition of Britvic France.

Mitigation – An integration plan has been adopted with dedicated resources to oversee the integration, reporting regularly to the board.

**8. Restrictions on business as a result of the increased Olympic legislation for the London 2012 games.**

Risk – Restricted ability to advertise Britvic products in designated Olympic zones.

Mitigation – The group has undertaken a comprehensive exercise to fully understand the restrictions in place and has developed plans to maximise the opportunities available, whilst complying with the legislative restrictions in place.

## B) Risks relating to the market

**1. A change in consumer preferences and spending on soft drinks.**

Risk – Consumers may decide to switch or spend less on soft drinks.

Mitigation – By offering a range of everyday value to premium products across a range of sub-categories, Britvic is not dependant on any single brand. The range has been developed to offer consumers choice in terms of flavour, cost and formulation.

**2. Potential impact of regulatory developments.**

Risk – Legislation may impact our ability to market or sell certain products or engage with specific consumers.

Mitigation – Britvic proactively engages with the relevant authorities through a number of organisations such as the British Soft Drinks Association (BSDA) and the Food and Drink Federation (FDF) in the UK, to ensure it can fully participate in the future development of legislation.

**3. Potential impact of taxation changes**

Risk – Potential legislation to introduce a tax on manufacturers of soft drinks.

Mitigation – Britvic will look to remain commercially competitive whilst offsetting as much of the cost as possible through increasing prices to customers.

## C) Risks relating to the ordinary shares

There are risks arising out of an investment in ordinary shares because of:

**1. Actions by the group's competitors.**

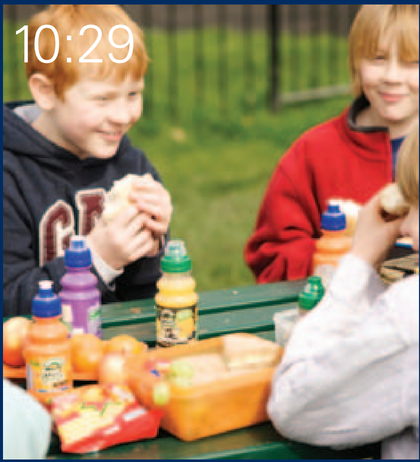
Risk – Competitors outperform Britvic in the market and so grow their business at the expense of Britvic.

Mitigation – Britvic benchmarks its operations and processes against recognised best practice and invests in its people resources, processes and assets to maximise performance.

**2. US holders potentially not being able to exercise pre-emptive rights.**

Risk – Under certain circumstances US shareholders may not be able to take part in equity rights issues.

Mitigation – Britvic Investor Relations actively markets the Britvic investment case across both European and North American markets in order to promote diversification of where shares are held, thereby reducing the concentration in any one country.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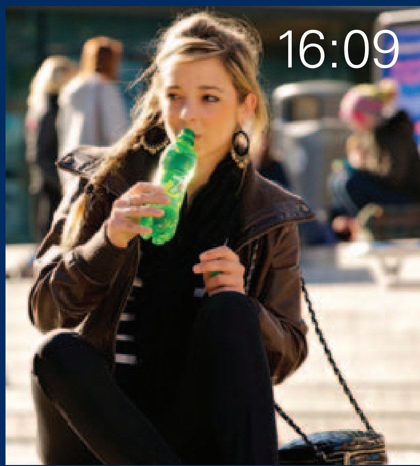
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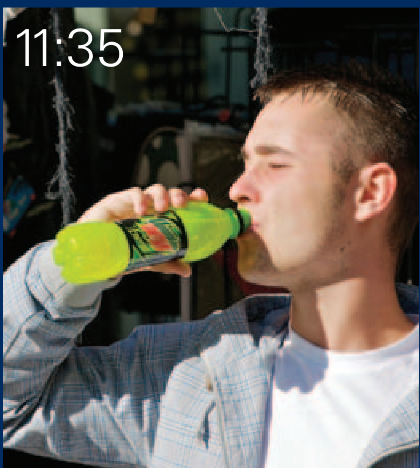
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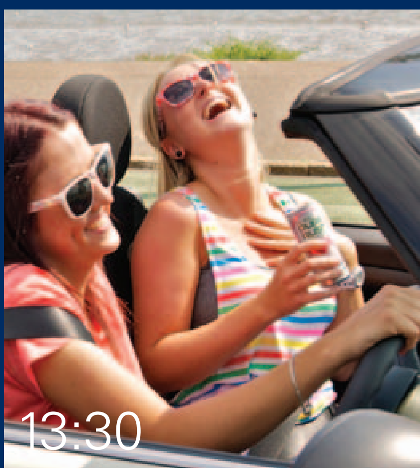
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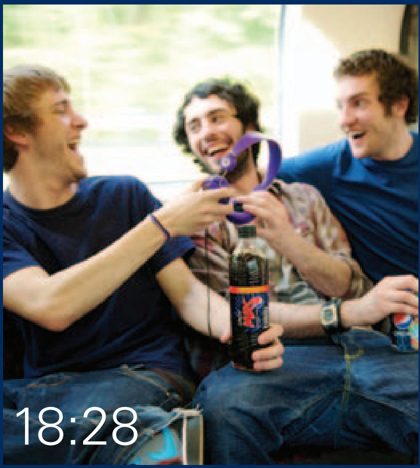
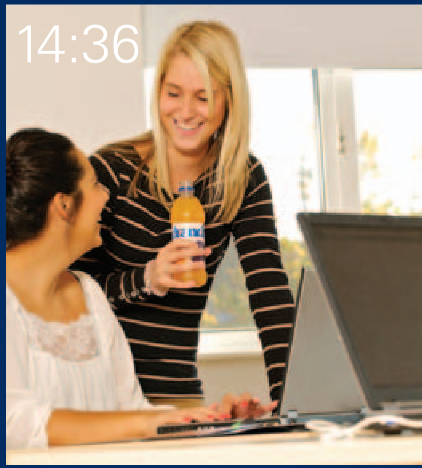
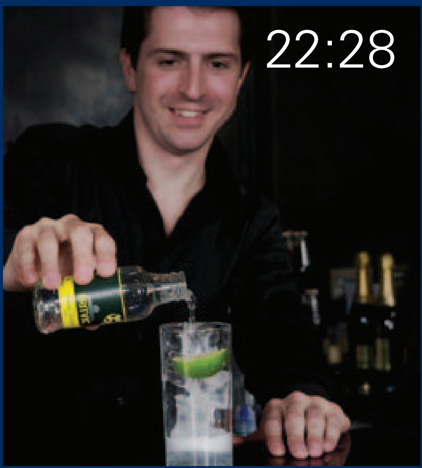


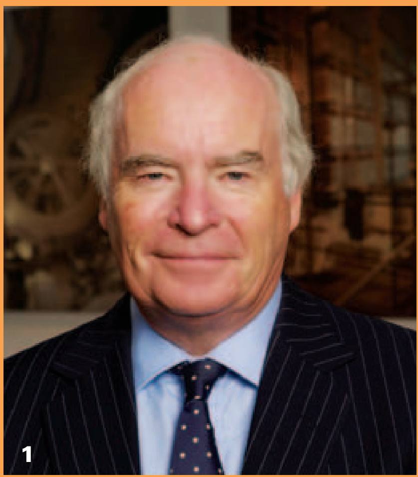








every **minute**
every **hour**, every **day...**

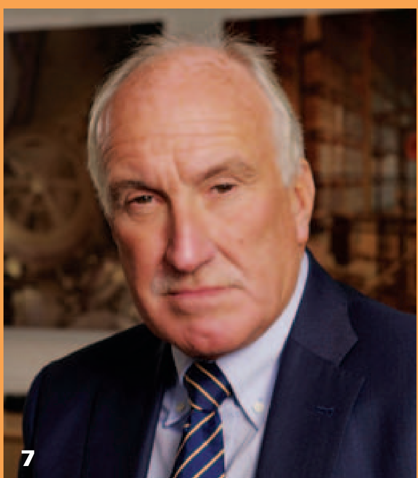
# board of **directors**











**1 Gerald Corbett**
Independent Non-Executive Chairman
Gerald Corbett has been Non-Executive Chairman of the company since 24 November 2005. He chairs the Nomination Committee and is a member of the Remuneration Committee. Gerald is also Chairman of Moneysupermarket.com and of the Royal National Institute of the Deaf. He is also a Non-Executive Director of the investment and stock broking business, Numis Securities and of Towry Holdings Limited.

Gerald was a Non-Executive Director of Greencore Group plc from 2004 until February 2010, the Chairman of SSL International plc from 2005 until October 2010 and of the Woolworths Group plc from 2001 to 2007, Chief Executive of Railtrack plc from 1997 to 2000, Group Finance Director of Grand Metropolitan plc from 1994 to 1997 and Group Finance Director of Redland plc between 1987 and 1994. He was a Non-Executive Director of the property group MEPC plc from 1995 to 1998 and Burmah Castrol plc from 1998 to 2000 and the High Sheriff of Hertfordshire between April 2010-11.

**2 Paul Moody**
Chief Executive
Paul Moody became Chief Executive upon the company's flotation in December 2005 and is responsible for the day-to-day running of the business.

Prior to that he had held a number of senior roles including Managing Director and Chief Operating Officer. He joined Britvic in 1996 as Director of Sales for grocery multiples (supermarkets) having previously worked for Golden Wonder and Pedigree Pet Foods. Paul is also currently a Non-Executive Director of Johnson Service Group PLC, Chairman of business4Life, and Immediate Past President and a Director of The British Soft Drinks Association Limited.

**3 John Gibney**
Group Finance Director
John Gibney was appointed Finance Director in 1999 and is responsible for finance, legal, estates, risk management and business transformation.

Prior to joining Britvic, he was Senior Corporate Finance & Planning Manager for Bass PLC, and prior to that role, Finance Director and subsequently Deputy Managing Director of Gala Clubs.

**4 Ben Gordon**
Independent Non-Executive Director
Ben Gordon was appointed a Non-Executive Director on 15 April 2008.

He is also a member of the Audit, Nomination and Remuneration Committees. He is the former Chief Executive of Mothercare plc and former Senior Vice President and Managing Director, Disney Store, Europe and Asia Pacific. Ben has also held senior management positions with WHSmith group in the UK and the USA and L'Oreal S.A. in France and the UK. He has an MBA from INSEAD.

**5 Joanne Averiss**
Non-Executive Director
Joanne Averiss was appointed a Non-Executive Director on 18 November 2005 and is the PepsiCo Nominee Director.

She has been a member of the PepsiCo legal department since 1990, holding a series of positions in the UK and the US and most recently acting as the Head of Legal (UK and Europe) for PepsiCo International's food and snack beverages division. Joanne is also a Trustee and Chair of the Mesen Educational Trust.

**6 Michael Shallow**
Independent Non-Executive Director
Michael Shallow was appointed a Non-Executive Director on 24 November 2005 and chairs the Audit Committee.

He is also a member of the Nomination and Remuneration Committees. In addition, he is a Non-Executive Director of Domino's Pizza UK & IRL plc and served as Non-Executive Director of Spice plc from 2006 until its acquisition by Cinven in December 2010. Michael was Finance Director of Greene King plc from 1991 to 2005 and, prior to that, he was an associate partner with Accenture.

**7 Bob Ivell**
Senior Independent Non-Executive Director
Bob Ivell was appointed a Non-Executive Director on 24 November 2005 and is the company's Senior Independent Director.

He chairs the Remuneration Committee and is a member of the Audit and Nomination Committees. He is also currently the Chairman of David Lloyd Leisure and Executive Chairman of Mitchells and Butlers plc.

During the 1980s, Bob was the Managing Director of Beefeater and was also on the board of Scottish & Newcastle plc as Chairman of the Retail Division between 1999 and 2004 and was Executive Chairman of Regent Inns PLC between 2004 and 2008.

# **directors'** report

**For the 52 weeks ended 2 October 2011**

The directors are pleased to present their report and the consolidated financial statements of the company and its subsidiaries for the 52 weeks ended 2 October 2011.

**Principal activities**
The group trades principally as a manufacturer and distributor of soft drinks.

**Business review**
A detailed review of the group's activities and of future plans is contained within the Chairman's Statement on page 10 and the Chief Executive's Review and Business Review on pages 13 to 31. The information contained in those sections fulfils the requirements of the Business Review, as required by Section 417 of the Companies Act 2006 and should be treated as forming part of this report.

**Results and dividends**
The group's profit for the 52 weeks ended 2 October 2011 before taxation attributable to the equity shareholders amounted to £79.9 million (2010: loss of £28.8 million) and the profit after taxation amounted to £58.4 million (2010: loss of £48.2 million).

An interim dividend of 5.1 pence (2010: 4.7 pence) per ordinary share was paid on 8 July 2011.

The directors are proposing a final dividend for the 52 weeks ended 2 October 2011 of 12.6 pence (2010: 12.0 pence) per ordinary share. This will be paid on 10 February 2012 to shareholders on the register at close of business on 9 December 2011, subject to shareholder approval.

**Directors**
The following were directors of the company during the 52 weeks ended 2 October 2011: Gerald Corbett, Paul Moody, Joanne Averiss, John Gibney, Ben Gordon, Bob Ivell and Michael Shallow.

Subject to company law and the company's articles of association (the 'articles'), the directors may exercise all of the powers of the company and may delegate their power and discretion to committees. The Executive Committee is responsible for the day-to-day management of the group.

The articles give the directors power to appoint and replace directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the board. The articles also require directors to retire and submit themselves for election to the first annual general meeting following appointment and to retire at the annual general meeting held in the third calendar year after election or last re-election, but to comply with provision B.7.1 of the UK Corporate Governance Code published by the FRC in June 2010 all of the directors will submit themselves for re-election at the forthcoming annual general meeting (AGM). Their biographical details are set out on page 35 of this report.

**Directors' interests**
The directors' interests in ordinary shares of the company are shown within the Directors' Remuneration Report on pages 45 to 53. No director has any other interest in any shares or loan stock of any group company.

Other than Joanne Averiss, who is a director of a number of PepsiCo's subsidiaries, no director was or is materially interested in any contract other than his service contract, subsisting during or existing at the end of the 52 weeks ended 2 October 2011, which was significant in relation to the group's business. Further details of Joanne Averiss' appointment are set out on page 40 in the Corporate Governance section of the Annual Report.

**Directors' liabilities**
As at the date of this report, indemnities are in force under which the company has agreed, to the extent permitted by law and the company's articles, to indemnify:

- The directors, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the company or any of its subsidiaries; and
- Directors of companies which are corporate trustees of the group's pension schemes against liability incurred in connection with those companies' activities as trustees of such schemes.

**Directors' remuneration**
The Remuneration Committee, on behalf of the board, has adopted a policy that aims to attract and retain the directors needed to run the group successfully. The directors' remuneration report is shown on pages 45 to 53.

**Annual general meeting**
Details of the company's forthcoming AGM are set out in a separate circular which has been sent to all shareholders with this report.

**Employee involvement**
The group uses a number of ways to engage employees on matters that impact them and the performance of the group. These include annual roadshows at key sites by members of the Executive Committee, regular team meetings, the publication of a bi-monthly internal newsletter, 'Britvic Life', together with the 'b.link+' intranet site providing easy access to the latest company information as well as company policies and vacancies. The company organises quarterly formal business performance updates for employees, which are cascaded by line managers. An Employee Involvement Forum was established in 2004 through which nominated representatives ensure that employees' views are taken into account regarding issues that are likely to affect them. In addition, where the group has entered into a recognition agreement with a trade union, it fulfils its obligations to consult and negotiate accordingly. The group approaches these relationships from a partnership perspective. A robust employee opinion survey process is also in place to ensure that employees are given a voice in the organisation and that the group can take action based on employee feedback. This covers a variety of topics including leadership and line management, employee wellbeing, career development, training, communications and corporate responsibility commitments.

All eligible employees are able to participate in the Britvic Share Incentive Plan which gives them the opportunity to purchase ordinary shares in the company using money deducted from their pre-tax salary, and to receive matching shares from the company, up to a maximum of £75 per four week pay period until 8 December 2011 and £50 per four week pay period from 9 December 2011.

**Equal opportunities**
The group is committed to providing equality of opportunity to all employees without discrimination and applies fair and equitable employment policies which ensure entry into and progression within the group. Appointments are determined solely by application of job criteria and competency.

**Disabled persons**
Disabled persons, whether registered or not, are accorded equal opportunities when applying for vacancies, with due regard to their aptitudes and abilities. In addition to complying with legislative requirements, procedures ensure that disabled employees are fairly treated in respect of training and career development. For those employees who become disabled during the course of their employment, the group is supportive, whether through retraining or redeployment, so as to provide an opportunity for them to remain with the group, wherever reasonably practicable.

In the opinion of the directors, all employee policies are deemed to be effective and in accordance with their intended aims.

**Supplier payment policy**
It is group policy to agree terms and conditions for its business transactions with all suppliers. Payment is made in accordance with these terms provided the supplier meets its obligations. The average number of days of payments outstanding for the group at 2 October 2011 was 48 (2010: 48).

**Political contributions**
During the 52 weeks ended 2 October 2011, the group and its subsidiaries made no political contributions (2010: Nil).

**Charitable donations**
During the 52 weeks ended 2 October 2011, the group and its subsidiaries donated £581,297 for charitable purposes (2010: £310,421). This included cash and product donations directly to charitable organisations and other investment in support of community programmes (employee volunteering).

**Major shareholders**
At 29 November 2011 the company has been notified, pursuant to DTR5 of the Financial Services Authority's Disclosure and Transparency Rules, of the following notifiable voting rights in its ordinary share capital:

| | Number of ordinary shares | Percentage of voting rights | Nature of holding |
|---|---|---|---|
| Black Rock Investment Management (UK) Limited[1] | 18,736,229 | 7.79% | Indirect |
| Route One Investment Company, LLP | 15,082,580 | 6.25% | Direct |
| PepsiCo, Inc. | 10,739,120 | 4.97% | Direct |
| Legal & General Group Plc | 8,633,246 | 3.99% | Direct |

[1] Holding includes 15,042,586 ordinary shares (representing 6.26% of the 7.79% of total voting rights shown in the above table) which would be held by Black Rock Investment Management (UK) Limited, if all financial instruments notifiable under DTR 5.3.1(1)(b) were triggered in full.

**Share capital**
As at 2 October 2011, the company's issued share capital comprised a single class of shares referred to as ordinary shares. 1,284,343 ordinary shares were allotted and issued to the Trustee of the Britvic Share Incentive Plan at par value during the 52 weeks ended 2 October 2011 to enable the Trustee to meet its obligations under the Britvic Share Incentive Plan. Full details of the ordinary share capital can be found in note 13 to the parent company financial statements which should be treated as forming part of this report.

On a show of hands at a general meeting of the company every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of AGM specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and published on the company's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the company other than:

- Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws).
- Pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the company require the approval of the company to deal in its ordinary shares.

Resolution 16, which will be proposed as a Special Resolution at the 2012 annual general meeting, will give the company authority to use its available cash resources to acquire up to 24,140,000 of its own shares in the market for either cancellation or to hold them as treasury shares. The directors will only use this power after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels, and the overall position of the company. The directors will only purchase such shares after taking into account the effects on earnings per share and the benefits for shareholders.

IFG Trust (Jersey) Limited, as trustee of the Britvic Employee Benefit Trust (the 'Trustee'), holds 0.005% of the issued share capital of the company, as at 29 November 2011, on trust for the benefit of the executive directors, senior executives and managers of the group. A dividend waiver is in place in respect of the Trustee's holding. The Trustee is not permitted to vote on any unvested shares held in the trust unless expressly directed to do so by the company.

Under the rules of the Plan eligible employees are entitled to acquire shares in the company. Plan shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustees'). Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustees no vote is registered. In addition, the Trustees do not vote on any unawarded shares held under the Plan as surplus assets. As at 29 November 2011, Trustees held 0.43% of the issued share capital of the company.

The company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and / or voting rights.

There are no agreements between the company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid. The company's banking arrangements are terminable upon a change of control of the company. Certain other indebtedness becomes repayable if a change of control leads to a downgrade in the credit rating of the company. The company's agreements with PepsiCo are terminable upon a change of control.

The company's articles may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing articles at the 2012 AGM.

**Financial risk management**
It is the group's objective to manage its financial risk so as to minimise the adverse fluctuations in the financial markets on the group's reported profitability and cash flows. The specific policies for managing each of the group's main financial risk areas are detailed in the Treasury Management section of the Business Review on page 25.

**Directors' statement as to disclosure of information to auditors**
So far as each director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the auditors are unaware. Each director has taken all steps that ought to be taken by a director to make himself aware of and to establish that the auditors are aware of any relevant audit information.

A copy of the financial statements is placed on the company's website. The maintenance and integrity of this website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Going concern**
In presenting the financial statements on a going concern basis, the directors have considered both the business activities and principal risks and uncertainties as set out in the Business Overview and Business Review on pages 1 to 31. In addition, the directors have considered the following factors: the group's ability to generate cash flows, the financial resources available to it, headroom under bank covenants, and exposure to credit risk. Based on the group's cash flow forecasts and projections, the board is satisfied that the group will be able to operate within the level of its facilities for the foreseeable future. For this reason the group continues to apply the going concern basis in preparing its financial statements.

**Auditors**
Ernst & Young LLP have indicated their willingness to accept reappointment as auditors of the company and a resolution proposing their reappointment is contained in the Notice of AGM and will be put to the shareholders at the AGM.

By order of the board

**Emma Thomas**
Company Secretary
29 November 2011

# **corporate governance** report

**UK corporate governance code compliance**

The company is committed to high standards of corporate governance and supports the principles laid down in the UK Corporate Governance Code published by the FRC in June 2010 (the 'Code'). This statement describes how the principles of the Code are applied and reports on the company's compliance with the Code's provisions.

The directors consider that the company has been in compliance with the provisions of the Code throughout the 52 weeks ended 2 October 2011.

**The board**

The board of directors ('the board') currently has seven members, comprising the Non-Executive Chairman, Chief Executive, Finance Director, three further independent Non-Executive Directors and the PepsiCo nominated Non-Executive Director. All of the directors bring strong judgement to the board's deliberations. The board is of sufficient size and diversity that the balance of skills and experience is considered to be appropriate for the requirements of the business. With the exception of the PepsiCo nominated Non-Executive Director, Joanne Averiss, the Non-Executive Directors are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision B.1.1 of the Code that could materially interfere with the exercise of independent and objective judgement. In addition to her fiduciary obligations to act in the best interests of the company, Joanne Averiss is required under her letter of appointment to discharge her duties in the interests of the company notwithstanding her connection with PepsiCo. The company considers that, on appointment, the Chairman was independent for the purposes of provision A.3.1 of the Code. The Non-Executive Directors were all appointed for an initial three-year term and, thereafter, subject to satisfactory performance, may serve one or two additional three-year terms, with a thorough review of their continued independence and suitability to continue as directors if they are to remain on the board for more than six years.

**The Chairman and Chief Executive**

The different roles of the Chairman and Chief Executive are acknowledged. A responsibility statement for each of those roles has been agreed with the Chairman and Chief Executive, respectively, and adopted by the board. The Chairman is primarily responsible for the workings of the board and ensuring that its strategic and supervisory role is achieved and for ensuring effective communication with shareholders. The board has delegated appropriate responsibilities to the Executive Committee (which comprises in addition to the Executive Directors, the Marketing Director, Customer Management Director, Supply Chain Director, Strategy Director, Human Resources Director, and the Managing Director of Britvic GB) who are responsible for the day-to-day running of the business, carrying out agreed strategy and implementing specific board decisions relating to the operation of the group.

**Senior Independent Non-Executive Director**

The Senior Independent Non-Executive Director, Bob Ivell, is available to shareholders if they have concerns which are not resolved through the normal channels of Chairman, Chief Executive or Finance Director; or for which such contact is inappropriate.

**The directors**

The biographical details of the board members are set out on page 35. The directors have all occupied, or occupy, senior positions in UK and/or non-UK listed companies and have substantial experience in business. The Non-Executive Directors do not participate in any of the group's pension schemes or in any of the group's bonus, share option or other incentive schemes. At all times there has been a majority of Non-Executive Independent Directors on the board, in compliance with Code provision B.1.2. The company's articles of association (the 'articles') provide that all directors will stand for re-election at least every three years but to comply with provision B.7.1 of the Code, all of the directors now submit themselves for re-election at each AGM of the company.

**Role of the board**

The board is collectively responsible for the proper management of the company. The board normally meets ten times each financial year and has a formal schedule of matters reserved to it for decision making, including responsibility for the overall management and performance of the group and the approval of its long-term objectives and commercial strategy, approval of annual and interim results, annual budgets, material acquisitions and disposals, material agreements and major capital commitments, approval of treasury policies, and assessment of its going concern position.

Board members are given appropriate documentation in advance of each board or committee meeting. This normally includes a detailed report on current trading and comprehensive briefing papers on matters where the board will be required to reach a decision. Senior executives below board level attend board meetings where appropriate to present business updates.

There is an established procedure for the preparation and review, at least annually, by the board of medium-term plans and the annual budget. The business reports monthly on its performance against its agreed budget. The board receives a monthly update on performance and reviews any significant variances at each of its meetings. All major investment decisions are subject to post-completion reviews. At least one of the board's regular meetings every year is devoted to reviewing and agreeing the company's long-term strategy.

The Company Secretary maintains a record of attendance at board meetings and committee meetings, further details of which are set out on page 42. During the year the Chairman met with the Non-Executive Directors without the Executive Directors present and the Non-Executive Directors met without the Chairman present, to evaluate his performance.

Directors' and officers' insurance cover is provided by the company in line with normal market practice, for the benefit of directors in respect of claims arising in the performance of their duties.

**Board performance evaluation**
The formal annual evaluation of the performance of the board, its committees and individual directors was undertaken during the year. This consisted of an internally run exercise led by the Chairman with the assistance of the Company Secretary. The appraisal questionnaire used in connection with the process was wide-ranging and based on questions outlined in the Code, covering both board and committee performance. The board considered that an internally run exercise was most appropriate in the current year but agreed annually to give consideration to whether an externally facilitated evaluation may be appropriate.

The appraisal output is used to identify strengths and development areas and confirmed that the board and its committees were operating effectively. Individual performance was also appraised, based on one-to-one interviews with the Chairman, or in the case of the Chairman, with the Senior Independent Director following consultation with each of the other directors.

**Independent professional advice**
The board has approved a procedure for directors to take independent professional advice at the company's expense if necessary. No such advice was sought by any director during the year. In addition, the directors have direct access to the advice and services of the Company Secretary, who is responsible for ensuring that board procedures are followed.

**Training and development**
The Company Secretary is responsible for preparing and co-ordinating an induction programme for newly appointed directors, including presentations from senior management on different aspects of the business, as well as guidance on their duties, responsibilities and liabilities as a director of a listed company. Business familiarisation involves directors visiting sites in the UK, Ireland and France. The Non-Executive Directors are encouraged to visit group manufacturing sites to enable them to gain a greater understanding of the group's activities and to meet senior managers throughout the business. Every director has access to appropriate training as required subsequent to his appointment and is encouraged to develop his understanding of the company.

**Conflicts of interest**
The company's articles were amended at the 2008 AGM, in line with the Companies Act 2006, to allow the board to authorise potential conflicts of interest that may arise and to impose limits or conditions, as appropriate. Any decision of the board to authorise a conflict of interest is only effective if it is agreed without the participation of the conflicted directors, and in making such a decision, as always, the directors must act in a way they consider in good faith will be most likely to promote the success of the company. The company has established a procedure whereby actual or potential conflicts of interest are regularly reviewed and for the appropriate authorisation to be sought prior to the appointment of any new director or if a new conflict arises. During the year under review this procedure was adhered to and operated effectively.

**Board committees**
There are a number of standing committees of the board to which various matters are delegated. Each has formal terms of reference that have been approved by the board which are available on the group's website (www.britvic.com). Details are set out below:

**The Nomination Committee**
The Nomination Committee comprises Ben Gordon, Bob Ivell, Michael Shallow and Gerald Corbett, who acts as its Chairman. The committee meets as necessary and is responsible for considering and recommending to the board persons who are appropriate for appointment as Executive and Non-Executive Directors. There is a formal, rigorous and transparent procedure for the appointment of new directors to the board under which the Nomination Committee interviews suitable candidates who are proposed either by existing board members or by an external search firm. Careful consideration is given to ensure proposed appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the board is maintained. When dealing with the appointment of a successor to the Chairman, the Senior Independent Director will chair the committee instead of the Chairman. When the committee has found a suitable candidate, the Chairman of the committee will make a proposal to the whole board, which has retained responsibility for all such appointments. During the year, the Nomination Committee met to consider matters relating to succession planning and to consider the continued independence of the Non-Executive Directors prior to their reappointment. The Chairman reports the outcome of its meetings to the board.

**The Remuneration Committee**
The Remuneration Committee comprises Gerald Corbett, Ben Gordon, Michael Shallow and Bob Ivell, who acts as its Chairman. It is responsible for: (i) making recommendations to the board on the group's policy on the remuneration of the company's Chief Executive, Chairman, the Executive Directors, the Company Secretary and other members of the Executive Committee; (ii) the determination, within agreed terms of reference, of the remuneration of the Chairman and of specific remuneration packages for each of the Executive Directors and other members of the Executive Committee, including pension rights, any compensation payments and benefits; and (iii) the determination of awards under the company's employee share plans to the Executive Directors, the Company Secretary and other members of the Executive Committee. It meets at least three times a year and during the year met four times. Full details of its activities and of directors' remuneration are set out in the Directors' Remuneration Report on pages 45 to 53. Those pages detail compliance with the legal requirements with regard to remuneration matters. The Chairman of the Committee reports the outcome of its meetings to the board.

**The Audit Committee**

The Audit Committee comprises Ben Gordon, Bob Ivell and Michael Shallow, who acts as its Chairman. The board is satisfied that Michael Shallow, who is a chartered accountant and was formerly Finance Director of Greene King plc, has recent and relevant financial experience as required by the Code.

The role of the Audit Committee is to monitor the financial reporting process, the integrity of the group's interim and annual financial statements prior to their submission to the board and the statutory audit of the annual and consolidated accounts. It is also responsible for reviewing the group's internal financial control and risk management systems, advising the board on the appointment of external auditors, overseeing the relationship with the external auditors, approving auditor remuneration, reviewing the group's whistle-blowing procedures, reviewing accounting policies, compliance and monitoring and reviewing the effectiveness of the group's internal audit function.

The committee met three times during the year, including immediately prior to the publication of the company's interim and preliminary results statements. On each occasion the Group Finance Director, the Head of Internal Audit and Risk and the company's external auditors attended by invitation. Other senior executives of the company are invited to attend by the committee as appropriate.

Significant areas of review during the year included the continued embedding of Britvic's real-time risk management solution across the group. The committee also reviewed the group's refreshed business continuity plans, which are managed on-line and were the subject of a number of workshops. The committee also received comprehensive reports from the Head of Internal Audit and Risk on the outputs and progress of the internal audit plan.

The Audit Committee regularly monitors the relationship with the auditors and assesses their performance, cost-effectiveness, objectivity and independence. It agrees the scope of the audit work and discusses the results of the full year audit and interim review each year. At each Audit Committee meeting the external auditors meet with the committee without management being present.

The Audit Committee is responsible for ensuring that an appropriate relationship is maintained between the group and its auditors. The group has a policy of controlling the provision of non-audit services by the external auditors in order to maintain their independence and ensure that their objectivity and independence are safeguarded. This control is exercised by ensuring non-audit projects, where fees are expected to exceed £50,000, are subject to the prior approval of the Chairman of the Audit Committee and the Group Finance Director. If non-audit project fees are expected to exceed £150,000 the prior approval of the Audit Committee is required. The committee has scrutinised the internal procedures of the company's auditors, Ernst & Young LLP, and satisfied itself that the independence and objectivity of the auditors are not affected by the non-audit work undertaken.

**Attendance at meetings**

The attendance of directors at board and committee meetings during the 52 weeks ended 2 October 2011 was as follows:

| | Board | Nomination Committee | Remuneration Committee | Audit Committee |
|---|---|---|---|---|
| Gerald Corbett | 10 | 1 | 4 | - |
| Paul Moody | 10 | - | - | - |
| Joanne Averiss | 10 | - | - | - |
| John Gibney | 10 | - | - | - |
| Bob Ivell | 9 | 1 | 4 | 3 |
| Michael Shallow | 10 | 1 | 4 | 3 |
| Ben Gordon | 9 | 1 | 4 | 3 |
| **Total number of meetings** | **10** | **1** | **4** | **3** |

**Shareholder relations**

The company is committed to maintaining good communications with shareholders. Senior executives, including the Chairman, Chief Executive and Group Finance Director, have dialogue with individual institutional shareholders in order to develop an understanding of their views which is discussed with the board. All directors are offered the opportunity to meet with major shareholders to listen to their views and, in addition to a monthly report prepared by the Group Finance Director, receive regular reports prepared by an independent capital markets advisory firm which provides comprehensive information relating to the company's major shareholders.

Presentations are made to analysts, investors and prospective investors covering the annual and interim results and the company seeks to maintain a dialogue with the various bodies which monitor the company's governance policies and procedures. The Business Review set out on pages 10 to 31 details the financial performance of the company as well as setting out the risks it faces and plans for the future. The Company Secretary generally deals with questions from individual shareholders. All shareholders will have the opportunity to ask questions at the company's AGM on 25 January 2012. At the AGM, the Chairman will give a statement on current trading conditions and the chairmen of the Nomination, Remuneration and Audit Committees will be available to answer questions. The Chairman will advise shareholders on proxy voting details. In addition, the group's website containing published information and press releases can be found at www.britvic.com

**Internal control**

The board has overall responsibility for the group's system of internal control and risk management and for reviewing its effectiveness. In discharging that responsibility, the board confirms that it has established the procedures necessary to apply the Code, including clear operating procedures, lines of responsibility and delegated authority. These procedures have been in place since the company listed and are regularly reviewed by the board.

Business performance is managed closely and the board and the Executive Committee have established processes, as part of the normal good management of the business, to monitor:

- Strategic plan achievement, through a regular review of progress towards strategic objectives;
- Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan and taking appropriate management action;
- Capital investment and asset management performance, with detailed appraisal, authorisation and post investment reviews; and
- Principal risks and risk management processes, which accords with the Turnbull guidance published by the FRC in October 2005 and is supported by reports from the Head of Internal Audit and Risk that the significant risks faced by the group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity. The board has delegated the management of risk to the Group Risk Committee, chaired by the Company Secretary, which reviews the group risk register on a quarterly basis, and reports to the Audit Committee at least twice a year.

Management, with the assistance of the finance function, is responsible for ensuring the appropriate maintenance of financial records and processes that ensure all financial information is relevant, reliable, in accordance with the applicable laws and regulations, and distributed both internally and externally in a timely manner. A review of the consolidation and financial statements is completed by management to ensure that the financial position and results of the group are appropriately recorded, circulated to members of the board and published where appropriate. All financial information published by the group is subject to the approval of the board, on the recommendation of the Audit Committee.

**Risk management process**

There is in place an ongoing process for identifying, evaluating and managing the significant risks faced by the group, which has operated throughout the year. This process involves a quarterly assessment of functional and business unit risk registers, which is reviewed and signed off by the Group Risk Committee. The group's risk management framework is designed to support this process and is the responsibility of the Group Risk Committee, chaired by the Company Secretary. The risk framework governs the management and control of both financial and non-financial risks. The adoption of this policy throughout the group enables a consistent approach to the management of risk at both regional and business unit level. The internal audit function holds regular workshops across the group to ensure a consistent deployment of the framework and test compliance with the policy.

In addition, during the year, the Audit Committee received:

- Reports from the Head of Internal Audit and Risk on the work carried out under the annual internal audit plan;
- Risk management reports, including the status of actions to mitigate major risks and the quantification of selected risks; and,
- Reports from the external auditors.

Through the monitoring processes set out above, the board has conducted a review of the effectiveness of the system of internal control during the year. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss. In that context, the review, in the opinion of the board, did not indicate that the system was ineffective or unsatisfactory and the board is not aware of any change to this status up to the date of approval of this report.

**Statement of directors' responsibilities in relation to the financial statements**
The directors have prepared the financial statements for the group in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, and for the company in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP').

In the case of UK GAAP financial statements, under English company law it is the directors' responsibility to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable;
- State whether applicable accounting standards have been followed; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

In the case of IFRS financial statements, IAS1 requires that the financial statements present fairly for each financial period the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. Directors are also required to:

- Properly select and apply accounting policies consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance; and
- State that the group has complied with IFRS.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act and Article 4 of the IAS Regulation. They are also responsible for the system of internal controls, for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure and transparency rules**
The directors confirm that, to the best of their knowledge:

(a) The financial statements, which are prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole; and

(b) The business review includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Neither the company nor the directors accept any liability to any person in relation to the annual report and financial statements except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

# directors' remuneration report

**For the 52 weeks ended 2 October 2011**

The following is a report by the Remuneration Committee (the 'committee'), which has been approved by the board of Britvic plc for submission to shareholders. This report has been prepared in accordance with the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. In addition, the committee has followed the principles of good governance set out in the UK Corporate Governance Code (the 'Code') and has complied with the requirements of the UKLA Listing Rules. It provides the company's statement of how it has applied the principles of good governance relating to directors' remuneration and is intended to communicate the company's policies and practices on executive remuneration.

In accordance with the Companies Act 2006, a resolution will be submitted to the AGM to approve the Directors' Remuneration Report.

**Membership of Remuneration Committee**
During the year, the committee consisted wholly of independent Non-Executive Directors:

Bob Ivell *(Chairman)*
Michael Shallow
Ben Gordon
Gerald Corbett

At the invitation of the Chairman of the Committee, the Chief Executive and Human Resources Director attend the meetings of the committee except when their own remuneration is under consideration. Details of the attendance by committee members at committee meetings are shown in the Corporate Governance Report on page 42.

**Composition and terms of reference**
The committee's composition and terms of reference are in line with the Code and are available on the company's website or on request from the Company Secretary. While the Chairman of the board is a member of the committee, he is not present when his own remuneration is under discussion.

The committee meets not less than three times a year and has responsibility for:

- Looking at executives' remuneration in terms of the pay policy of the company as a whole, pay and conditions elsewhere in the group, and the overall cost to the shareholders;
- Making recommendations to the board on the group's policy on the remuneration of the company's Chief Executive, Chairman, the Executive Directors and other members of the Executive Committee;
- Determining, within agreed terms of reference, and taking into account corporate performance on environmental, social and governance issues, the remuneration of the Chairman and specific remuneration packages for each of the Executive Directors and other members of the Executive Committee, including pension rights, any compensation payments and benefits;
- Determining the level and extent to which awards should be made to the Executive Directors and other members of the Executive Committee under the company's employee share plans. The committee also ensures compliance with the Code in this respect and takes into consideration the wider pay and employment conditions of the employees across the company.

**Advisors**
The committee has appointed an external consultant, Towers Watson, to provide advice on executive compensation issues and performance-related remuneration. The company is also advised by Towers Watson on other remuneration-related issues. The following individuals also provided material advice or services to the committee during the year:

Paul Moody *(Chief Executive);*
John Gibney *(Group Finance Director);*
Doug Frost *(Group Human Resources Director);* and
Julie Withnall *(Group Head of Reward)*

**Remuneration objectives**
The principal objective of the remuneration policy is to provide market competitive levels of remuneration for the company's senior executives, including incentive arrangements that will reward successful execution of the company's short- and long-term strategy. The committee believes that this requires:

- The provision of mid-market base salaries and incentive levels for the sector, with appropriate leverage to reward sustained exceptional performance and support the future growth plans of the company;
- A reward structure that places appropriate emphasis on short-term operating performance and sustained longer-term performance; and
- Competitive incentive arrangements that are underpinned by a balance of operational and long-term performance metrics to provide both a focus on business performance and alignment with returns to the company's shareholders.

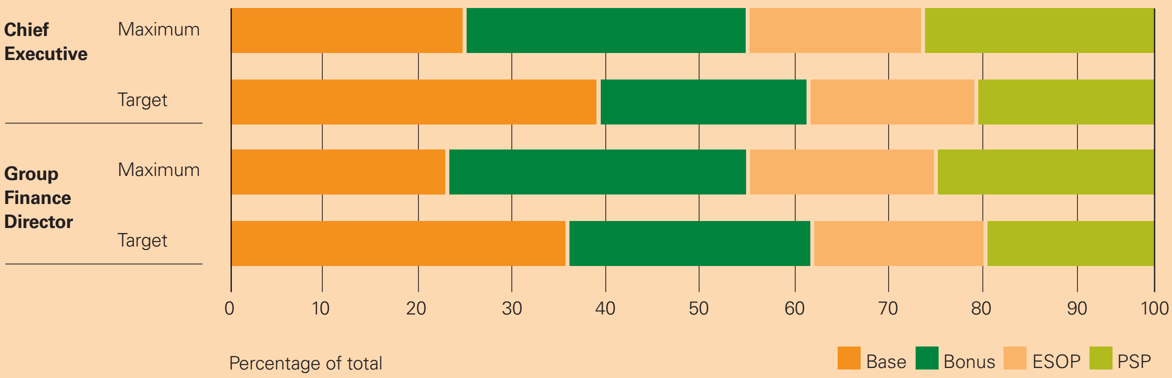
**Remuneration policy and components of remuneration**
The remuneration policy has been designed to provide market competitive remuneration relative to appropriate peer groups for base salary and incentive opportunity. The table below outlines the purpose for and performance measures attaching to each element of the package.

| | Purpose | Performance Measure |
|---|---|---|
| **Base salary** | • Positions the role and the individual fairly within a competitive market range derived from a peer group of similar-sized UK-listed companies. | • Individual contribution.<br>• Sustained value in the business. |
| **Short-term incentive plan** | • Provides focus on the delivery of the financial targets set out in the annual budget. | • Profit Before Tax (PBT) (50%).<br>• Net revenue (25%).<br>• Free cash flow (25%). |
| **Executive share option plan** | • Provides focus on longer-term share price growth.<br>• Reflects sustained delivery of earnings growth.<br>• Alignment to shareholder interests. | • EPS growth during the three year performance period. |
| **Performance share plan** | • Provides focus on sustained growth and long-term returns to shareholders. | • Relative TSR positioning against a peer group of similar sector companies (50%).<br>• Average Return on Invested Capital ('ROIC') during the three year performance period (50%). |

The committee believes that the remuneration of Executive Directors should be appropriately balanced between base salary and performance-related pay elements with the predominant proportion of potential reward being linked to performance.

The table below shows the current pay mix in place for Executive Directors under both target and maximum performance scenarios.

**Executive Director reward elements**



The committee regularly reviews the remuneration policy to ensure that it is sufficiently flexible to take account of future changes in the company's business operations and environment, provides alignment to shareholder interests and that it recognises key developments in remuneration practice. The committee believes the remuneration policy described above remains appropriate and that the incentive structure does not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour.

## Remuneration in practice

**Base salary**

Salaries are reviewed annually to take account of:

- The individual performance and contribution of each Executive Director;
- The annual salary review budget for the rest of the group;
- Business performance;
- Mid-market data for a peer group of UK-listed companies of similar revenue size and scope to the company; and
- Mid-market data for the few relevant companies in the UK food and beverage sector.

When determining directors' remuneration, the committee considers market data provided by Towers Watson in June 2011 and the overall GB salary review budget which was 2% in 2011/12 with increases of 2.5% for on target performance.

Taking into account the above factors, the committee has decided that salaries will increase as shown in the table below.

| | Base salary as at 31 January 2011 | Base salary as at 31 January 2012 | % increase |
|---|---|---|---|
| Chief Executive | £500,000 | £510,000 | 2% |
| Group Finance Director | £318,990 | £325,370 | 2% |

**Incentive plans**

In setting incentive levels, the committee considers mid-market data on short- and long-term incentive opportunity from a peer group of consumer goods and retail sector companies.

The committee seeks to ensure that variable pay is determined by relevant and stretching measures of performance that are consistent with the strategic objectives and risk profile of the company, in order to appropriately align directors' interests with those of shareholders and to engender appropriate risk-based behaviour.

**Short-term incentive plan**

In 2010/11, targets were approved by the committee at the beginning of the year and were aligned to internal targets and strategic business objectives.

| | Target | Maximum | Performance metrics |
|---|---|---|---|
| Chief Executive | 70% | 140% | Target bonus is payable for achievement of target PBT, net revenue growth and free cash flow performance. |
| Group Finance Director | 60% | 120% | Maximum bonus is payable for the achievement of exceptional performance targets. |

For 2010/11, a bonus of 0% of salary for the Chief Executive and 0% of salary for the Group Finance Director was earned for below threshold performance against our stretching internal targets.

The committee has decided to maintain the same target and maximum bonus opportunity for executive directors in 2011/12 as applied in 2010/11.

The committee has also decided that the key short-term operational drivers of the business for 2011/12 remain appropriate and therefore the same bonus structure as applied in 2010/11 should continue. Therefore bonuses will be paid for achievement of performance targets based on PBT, net revenue growth and free cash flow and will be set at appropriately stretching levels.

### Long-term incentives – executive share option plan

Annual grants of options are made to senior executives, at the discretion of the board, over shares in Britvic plc at the market price at date of grant. The level of option grant and the performance conditions are determined and reviewed by the committee annually. Options are normally exercisable between three and ten years from the date of grant to the extent that the performance conditions have been satisfied.

For 2011/12, the committee has decided to maintain the same focus on long-term EPS growth as applied in 2010/11 and believes the performance range remains sufficiently stretching in the context of the current business outlook and growth strategy of the company.

| | Face value[1] | Performance conditions in 2011/12 |
|---|---|---|
| Chief Executive | 300% | EPS growth over the three-year performance period |
| Group Finance Director | 250% | *Threshold vesting*<br>25% of the grant vests for EPS growth equivalent to RPI +3% per annum. No awards will vest below this level of performance.<br>*Maximum vesting*<br>100% of the grant vests for EPS growth equivalent to RPI +7% per annum.<br>Vesting is on a straight line between threshold and maximum. Options lapse to the extent that the performance condition is not achieved. |

1 Based on market price at grant

### Long-term incentives – performance share plan

Annual grants of performance shares are made at the discretion of the board to senior executives and managers. The awards normally vest at the end of the three-year performance period, to the extent that the performance conditions are achieved.

| | Face value[1] | Performance conditions in 2011/12 |
|---|---|---|
| Chief Executive | 100% | 50% of the award was subject to a performance condition of TSR relative to a peer group of 20 companies[2]. |
| Group Finance Director | 100% | *Threshold vesting*<br>25% of the TSR element of the award vests at median performance.<br>*Maximum vesting*<br>100% of the TSR element of the award vests at upper quartile.<br>Vesting is on a straight line between threshold and maximum.<br>50% of the award was subject to a ROIC performance condition.<br>*Threshold vesting*<br>25% of the ROIC element of the award vests at three-year average ROIC of 21.5%.<br>*Maximum vesting*<br>For the ROIC element of the award to vest in full, three-year average ROIC of 22.3% must be achieved or exceeded.<br>Vesting is on a straight line between threshold and maximum. |

1 Based on market price at grant

2 The comparator companies are: AG BARR, Associated British Foods, C&C Group, Dairy Crest, Diageo, Fuller Smith & Turner, Glanbia, Greencore, Greene King, Marston's, Nichols, Northern Foods, Origin Enterprises, Premier Foods, Reckitt Benckiser, SABMiller, Smith & Nephew, Tate and Lyle, Uniq, Wetherspoon.

### Other share plans

Executive Directors participate in the Britvic Share Incentive Plan (the 'SIP'), which is an all-employee tax approved share scheme open to employees based in Great Britain. The SIP has three parts, all of which the directors participate in:

- Free share awards are made annually at the discretion of the committee. The value of the award is discretionary and the maximum is 3% of reckonable earnings, capped at £3,000. In light of our 2010/11 performance against internal targets, the committee has determined that no award of free shares will be made in April 2012.
- Partnership shares are purchased by employees through payroll deductions between £5 and £115 per pay period.
- Matching shares are provided by the employer to individual purchasing partnership shares on a one for one basis up to a maximum of £50 per pay period from 9 December 2011 onwards (previously £75 per pay period).

### Share ownership guidelines

To align the interests of Executive Directors and shareholders, share ownership guidelines are in place that require Executive Directors to acquire a shareholding equal to their annual salary within five years from IPO (calculated at the IPO share price) or from the point of joining Britvic (calculated at the share price on the date of joining). Until this holding is acquired, the Executive Directors may not sell any shares other than to finance the cost of exercising options and any tax liabilities arising from the vesting of long-term incentive plans, unless approved by the committee, for example, in cases of financial hardship.

### Retirement benefits

The Executive Directors ceased participation in the defined benefit section of the Britvic Pension Plan (the 'Plan') on 10 April 2011 following the closure of the Plan to future accrual. Both Executive Directors now receive a cash allowance in replacement of pension.

The cash allowance payable:

- Reflects contributions Britvic would have made to the defined contribution section of the Plan had these individuals elected to join, less a deduction to ensure the cash allowance is cost neutral to the company from a National Insurance perspective.
- Is paid at a rate of 24.6% of pensionable pay to the Chief Executive and 22.0% of pensionable pay to the Group Finance Director.

Both Executive Directors continue to have a deferred pension in the defined benefit section of the Plan and also the Britvic executive top-up scheme (the 'Scheme'), the company's unfunded retirement benefits scheme which also closed to future accrual on 10 April 2011. The normal retirement age for Executive Directors is 60.

### Other benefits

Executive Directors receive an annual car benefit or allowance and membership of the company's private medical healthcare plan.

### Service contracts

The current policy is for the notice period in the Executive Directors' service contracts to be normally no longer than 12 months. The service contracts of the current Executive Directors include the following terms:

| | Effective date of contract | Unexpired term (approx. months) | Notice period from director (months) | Notice period from company (months) |
|---|---|---|---|---|
| Paul Moody | 14 December 2005 | 12[1] | 6 | 12 |
| John Gibney | 14 December 2005 | 12[1] | 6 | 12 |

[1] Executive Directors are appointed on 12-month rolling contracts.

There are no special provisions for Executive or Non-Executive Directors with regard to compensation in the event of loss of office. In the event of the employment of an Executive Director being terminated, the committee would pay due regard to best practice and take account of the individual's duty to mitigate their loss.

### Other appointments

The Executive Directors are not permitted to have any engagement with any other company during the term of their appointment without the prior written consent of the board.

The Chief Executive's current external appointments are:

- Non-Executive Director of Johnson Service Group plc
- Director of The British Soft Drinks Association Limited
- Chairman of business4Life

The Group Finance Director has no such external appointments.

### Chairman's letter of appointment and benefits

Under his letter of appointment, Gerald Corbett was appointed Chairman of the company for an initial three-year term to 14 December 2008. This has been extended until 14 December 2014 subject to annual re-election by the company's shareholders in accordance with the Code.

The Chairman's fees were adjusted from £183,750 to £223,750 in January 2011 to reflect the fact that Britvic no longer provides the Chairman with a chauffeur. On the chauffeur's appointment, the Chairman's fees were reduced by £40,000. The increase made in 2011 was the same amount.

Following a review of market data for Chairman's fees and taking into account the Chairman's workload, as well as increases elsewhere in Britvic, the Chairman's fee from January 2012 will be increased by 2% to £228,225 per annum.

### Non-Executive Directors

The Non-Executive Directors do not have service contracts but instead have Letters of Appointment for a three-year term, subject to annual re-election by the company's shareholders in accordance with the Code.

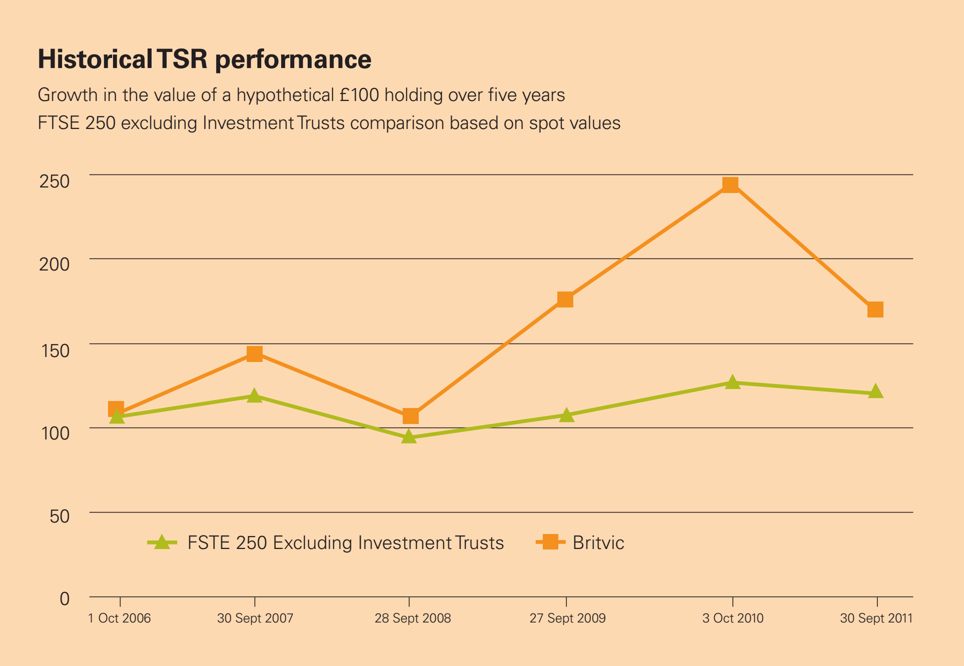
| | Effective date of contract | Unexpired term (approx. months) | Notice period from director (months) | Notice period from company (months) |
|---|---|---|---|---|
| *Non-Executive Directors:* | | | | |
| Gerald Corbett | 14 December 2011[1] | 36 | 12 | 12 |
| Joanne Averiss | 14 December 2011[1] | 36 | 3 | 3 |
| Ben Gordon | 15 April 2011[1] | 28 | 3 | 3 |
| Bob Ivell | 14 December 2011[1] | 36 | 3 | 3 |
| Michael Shallow | 14 December 2011[1] | 36 | 3 | 3 |

[1] The Non-Executive Directors' letters of appointment have been extended for a further three-year term to 14 December 2014 with the exception of Ben Gordon whose letter of appointment has been extended for a further three-year term to 14 April 2014.

Remuneration of Non-Executive Directors consists solely of fees. Non-Executive Directors' fees are reviewed by the board annually and they do not participate in any of the group's pension schemes or in any of the group's bonus, share option or other incentive schemes.

The basic fee for Non-Executive Directors from 1 January 2012 will be increased by 2% to £48,960 per annum. The additional fees of £8,000 per annum payable to the Senior Independent Director and to the Chairmen of the board committees will remain unchanged for 2012.

**Performance graph – total shareholder return**
The committee considers the FTSE 250 excluding Investment Trusts Index is a relevant index for total shareholder return and comparison disclosure as it represents a broad equity market index in which the company is a constituent member.




## Audited information

**Directors' remuneration**

| | Basic Salary and Fees £'000 | Taxable Benefits[1] £'000 | Performance Related Bonuses[2] £'000 | Total 2010/11 £'000 | Total 2009/10 £'000 |
|---|---|---|---|---|---|
| *Executive Directors:* | | | | | |
| Paul Moody | 495 | 22 | 0 | 517 | 1,150 |
| John Gibney | 316 | 23 | 0 | 339 | 692 |
| *Non-Executive Directors:* | | | | | |
| Gerald Corbett | 212 | 60 | - | 272 | 263 |
| Joanne Averiss | 47 | - | - | 47 | 46 |
| Ben Gordon | 47 | - | - | 47 | 46 |
| Bob Ivell | 63 | - | - | 63 | 62 |
| Michael Shallow | 55 | - | - | 55 | 54 |

[1] Benefits for Paul Moody and John Gibney incorporate all taxable benefits and expense allowances arising from employment, which relate mainly to the provision of an annual car benefit or allowance and membership of the company's private medical healthcare plan. Benefits for Gerald Corbett relate to the provision of a chauffeur assigned to him until January 2011; the figure shown being the total gross amount before mitigation for business use.

[2] For 2010/11 no bonus is payable for either Executive Director.

### Directors' interests in share options

The Executive Directors participate in the Britvic Executive Share Option Plan (on the terms and subject to the EPS growth performance condition as described on page 98).

| | Date of grant | At start of year/date of appointment | Granted during year | Exercised during year | Lapsed during year | At end of year/date of cessation | Option exercise price (pence) | Date from which exerciseable | Expiry date |
|---|---|---|---|---|---|---|---|---|---|
| Paul Moody | 15/12/05[1] | 273,005 | - | - | - | 273,005 | 245.0 | 15/12/08 | 15/12/15 |
| | 06/12/06[1] | 338,776 | - | - | - | 338,776 | 245.0 | 06/12/09 | 06/12/16 |
| | 05/12/07[1] | 246,369 | - | - | - | 246,369 | 347.0 | 05/12/10 | 05/12/17 |
| | 05/12/08[2] | 615,068 | - | - | - | 615,068 | 221.0 | 05/12/11 | 05/12/18 |
| | 07/12/09[2] | 372,326 | - | - | - | 372,326 | 387.0 | 07/12/12 | 07/12/19 |
| | 07/12/10[2] | - | 310,111 | - | - | 310,111 | 465.0 | 07/12/13 | 07/12/20 |
| **Total** | | **1,845,544** | **310,111** | **-** | **-** | **2,155,655** | | | |
| John Gibney | 15/12/05[1] | 124,366 | - | - | - | 124,366 | 245.0 | 15/12/08 | 15/12/15 |
| | 06/12/06[1] | 162,245 | - | - | - | 162,245 | 245.0 | 06/12/09 | 06/12/16 |
| | 05/12/07[1] | 119,135 | - | - | - | 119,135 | 347.0 | 05/12/10 | 05/12/17 |
| | 05/12/08[2] | 330,486 | - | - | - | 330,486 | 221.0 | 05/12/11 | 05/12/18 |
| | 07/12/09[2] | 200,065 | - | - | - | 200,065 | 387.0 | 07/12/12 | 07/12/19 |
| | 07/12/10[2] | - | 166,634 | - | - | 166,634 | 465.0 | 07/12/13 | 07/12/20 |
| **Total** | | **936,297** | **166,634** | **-** | **-** | **1,102,931** | | | |

[1] Awards of share options from 2005 to 2007 vested at 40% threshold (EPS growth equal to RPI + 3% compound over three years) and 100% at maximum (EPS growth equal to RPI + 7% compound over three years).

[2] Awards of share options from 2008 onwards vest 25% at threshold with the EPS performance condition calibrated as detailed above.

The market price of the company's shares on 2 October 2011 was 315.0p and the range of closing prices during the year was 289.9p to 503.5p.

### Directors' interests in the performance share plan

The Executive Directors participate in the Britvic Performance Share Plan (as described on page 99).

| | Date of award | At start of year/date of appointment | Awarded during year | Vested during year | Lapsed during year | At end of year/date of cessation | Market price at date of award (pence) | Vesting date |
|---|---|---|---|---|---|---|---|---|
| Paul Moody | 05/12/07[1] | 61,592 | - | 61,592 | - | - | 339.0 | 05/12/10 |
| | 05/12/08[2] | 205,024 | - | - | - | 205,024 | 224.0 | 05/12/11 |
| | 05/12/09[3] | 124,110 | - | - | - | 124,110 | 380.1 | 07/12/12 |
| | 07/12/10[4] | - | 103,370 | - | - | 103,370 | 475.4 | 07/12/13 |
| **Total** | | **390,726** | **103,370** | **61,592** | **-** | **432,504** | | |
| John Gibney | 05/12/07[1] | 39,712 | - | 39,712 | - | - | 339.0 | 05/12/10 |
| | 05/12/08[2] | 132,196 | - | - | - | 132,196 | 224.0 | 05/12/11 |
| | 05/12/09[3] | 80,026 | - | - | - | 80,026 | 380.1 | 07/12/12 |
| | 07/12/10[4] | - | 66,654 | - | - | 66,654 | 475.4 | 07/12/13 |
| **Total** | | **251,934** | **66,654** | **39,712** | **-** | **278,876** | | |

[1] Awards of performance shares in 2006 and 2007 vest 40% at threshold (TSR performance at median of comparator group of similar companies) and 100% at maximum (TSR at upper quartile of comparator group).

[2] Awards of performance shares in 2008 vest 25% at threshold and 100% at maximum (with 50% of the award subject to the TSR performance condition detailed above and 50% of the award subject to threshold ROIC of 16.5% and maximum ROIC condition of 17.8%).

[3] Awards of performance shares in 2009 vest 25% at threshold and 100% at maximum (with 50% of the award subject to the TSR performance condition detailed above and 50% of the award subject to threshold ROIC of 20.7% and maximum ROIC condition of 21.5%).

[4] Awards of performance shares in 2010 vest 25% at threshold and 100% at maximum (with 50% of the award subject to the TSR performance condition detailed above and 50% of the award subject to threshold ROIC of 21.9% and maximum ROIC condition of 22.7%).

**Directors' interests in shares**

*Britvic plc ordinary shares of 20p each*

| | 2 October 2011 | 3 October 2010 |
|---|---|---|
| *Executive Directors:* | | |
| Paul Moody | 354,846 | 323,294 |
| John Gibney | 315,051 | 294,220 |
| *Non-Executive Directors:* | | |
| Gerald Corbett | 103,695 | 103,695 |
| Joanne Averiss | 8,696 | 8,696 |
| Ben Gordon | 11,393 | 11,393 |
| Bob Ivell | 10,870 | 10,870 |
| Michael Shallow | 21,739 | 21,739 |

The above shareholdings are all beneficial interests and include shares held on behalf of the Executive Directors by the Trustee of the Britvic Share Incentive Plan which is detailed on page 97.

In the period 2 October 2011 to 30 November 2011 there has been no change in the directors' interests, other than through the monthly purchases in October and November of partnership and matching shares under the share incentive plan, resulting in an increase in the interests held by Paul Moody and John Gibney of 113 shares each.

**Pensions**

The table below shows, amongst other items, as at the year end, the accrued pension should the director leave employment; the increase in the accrued pension during the year; the increase excluding inflation and member contributions; the transfer value of accrued pension; and any increase / (decrease) in this value assessed on the transfer value basis as under the Britvic Pension Plan (the 'Plan'). This disclosure is in compliance with both the London Stock Exchange Listing Rules and the Companies Act 2006.

**Directors' disclosures as at 2 October 2011**

| Name of Director | Age (last birthday) at 02/10/11 | Accrued pension at 02/10/11 p.a. | Increase in accrued pension[1] p.a. | Increase in accrued pension[2,4] p.a. | Transfer value of increase in accrued pension[3,4] | Transfer value of accrued benefits - 02/10/11 | Transfer value of accrued benefits - 03/10/10 | Increase in transfer value over accounting period less directors' contributions[4] |
|---|---|---|---|---|---|---|---|---|
| Paul Moody | 54 | £210,100 | £12,300 | £1,200 | £7,400 | £3,528,100 | £3,355,500 | £159,800 |
| John Gibney | 51 | £186,100 | £9,000 | £-900 | £-21,000 | £2,641,000 | £2,652,200 | £-19,400 |

1 Absolute increase during accounting period.

2 Increase in accrued pension during the accounting period, net of inflation (measured using the Retail Prices Index).

3 Net of inflation (measured using the Retail Prices Index) and contributions.

4 The figures for John Gibney are negative because the impact of changes in market conditions on the transfer value calculations outweighs the nominal increase in accrued pension over the year.

The defined benefit section of the Plan and the Britvic Executive Top-Up Scheme (the 'Scheme') were closed to future accrual on 10 April 2011. Most active members transferred to the defined contribution section of the Plan, but the two directors listed above opted to cease tax-relievable pension provision at the point of closure and instead now receive a cash sum in lieu of pension contributions. The cash sum received by Paul Moody equates to 24.6% of basic salary and that received by John Gibney equates to 22% of basic salary. The accrued pensions and transfer values listed above are calculated on the basis of entitlements accrued to 10 April 2011, but calculated where relevant in line with market conditions at 2 October 2011. The entitlements shown also include increases to accrued pensions for deferred members which are required under the rules of the Plan and the Scheme, the aim of which is to increase the benefits in line with price inflation between the date of leaving pensionable service in the Plan and the Scheme and the date when benefits are drawn.

On behalf of the board

**Bob Ivell**
Chairman of the Remuneration Committee
29 November 2011

# independent auditors' report
## to the members of Britvic plc

We have audited the group financial statements of Britvic plc for the 52 week period ended 2 October 2011, which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**
As explained more fully in the Statement of Directors' Responsibilities in relation to the financial statements set out on page 44, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**
In our opinion the group financial statements:

- Give a true and fair view of the state of the group's affairs as at 2 October 2011 and of its profit for the period then ended;
- Have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

**Opinion on other matters prescribed by The Companies Act 2006**
In our opinion:

- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The information given in the Corporate Governance Statement set out on pages 40 to 44 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- A Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- The Directors' Statement, set out on page 39, in relation to going concern; and
- The part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- Certain elements of the report to shareholders by the board on directors' remuneration.

**Other matter**
We have reported separately on the parent company financial statements of Britvic plc for the 52 week period ended 2 October 2011 and on the information in the directors' remuneration report that is described as having been audited.

**Nigel Meredith**
Senior statutory auditor
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Birmingham
29 November 2011

# consolidated income statement

**For the 52 weeks ended 2 October 2011**

| | | 52 weeks ended 2 October 2011 | | | 53 weeks ended 3 October 2010 | | |
|---|---|---|---|---|---|---|---|
| | Note | **Before exceptional & other items £m** | **Exceptional & other items* £m** | **Total £m** | Before exceptional & other items £m | Exceptional & other items* £m | Total £m |
| Revenue | | **1,290.4** | **-** | **1,290.4** | 1,138.6 | - | 1,138.6 |
| Cost of sales | | **(627.3)** | **-** | **(627.3)** | (509.2) | (2.4) | (511.6) |
| **Gross profit** | | **663.1** | **-** | **663.1** | 629.4 | (2.4) | 627.0 |
| Selling and distribution costs | | **(371.4)** | **-** | **(371.4)** | (338.2) | - | (338.2) |
| Administration expenses | | **(156.7)** | **(23.1)** | **(179.8)** | (156.6) | (134.7) | (291.3) |
| **Operating profit / (loss)** | 6 | **135.0** | **(23.1)** | **111.9** | 134.6 | (137.1) | (2.5) |
| Finance costs | 9 | **(29.9)** | **(2.1)** | **(32.0)** | (25.5) | (0.8) | (26.3) |
| **Profit / (loss) before tax** | | **105.1** | **(25.2)** | **79.9** | 109.1 | (137.9) | (28.8) |
| Taxation | 10 | **(27.2)** | **5.7** | **(21.5)** | (29.1) | 9.7 | (19.4) |
| **Profit / (loss) for the period attributable to the equity shareholders** | | **77.9** | **(19.5)** | **58.4** | 80.0 | (128.2) | (48.2) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Earnings per share** | | | | | | | |
| Basic earnings per share | 11 | | | **24.3p** | | | (21.4p) |
| Diluted earnings per share | 11 | | | **23.7p** | | | (21.4p) |
| Adjusted basic earnings per share** | 11 | | | **33.7p** | | | 36.5p |
| Adjusted diluted earnings per share** | 11 | | | **32.9p** | | | 35.5p |

* See note 5.

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

All activities relate to continuing operations

# consolidated statement of comprehensive income

**For the 52 weeks ended 2 October 2011**

| | Note | **52 weeks ended 2 October 2011 £m** | 53 weeks ended 3 October 2010 £m |
|---|---|---|---|
| Profit / (loss) for the period attributable to the equity shareholders | | **58.4** | (48.2) |
| Actuarial gains / (losses) on defined benefit pension schemes | 24 | **45.1** | (49.0) |
| Deferred tax on actuarial (gains) / losses on defined benefit pension schemes | | **(16.7)** | 8.3 |
| Current tax on additional pension contributions | | **4.3** | 2.8 |
| Gains in the period in respect of cash flow hedges | 27 | **5.8** | 4.5 |
| Amounts reclassified to the income statement in respect of cash flow hedges | 27 | **(3.7)** | (3.0) |
| Deferred tax in respect of cash flow hedges accounted for in the hedging reserve | | **(0.5)** | (0.3) |
| Exchange differences on translation of foreign operations | 27 | **(1.6)** | (13.7) |
| Tax on exchange differences accounted for in the translation reserve | | **1.5** | 1.9 |
| Other comprehensive income for the period net of tax | | **34.2** | (48.5) |
| **Total comprehensive income for the period attributable to the equity shareholders** | | **92.6** | (96.7) |

# consolidated balance sheet

**As at 2 October 2011**

| | Note | 2011 £m | 2010 Restated* £m |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | **243.8** | 247.7 |
| Intangible assets | 14 | **337.9** | 342.5 |
| Other receivables | 17 | **5.6** | 2.3 |
| Other financial assets | 27 | **93.0** | 81.4 |
| Deferred tax assets | 10e | **-** | 6.2 |
| | | **680.3** | 680.1 |
| **Current assets** | | | |
| Inventories | 18 | **88.5** | 83.6 |
| Trade and other receivables | 19 | **250.0** | 228.0 |
| Other financial assets | 27 | **2.9** | 1.0 |
| Cash and cash equivalents | 20 | **43.0** | 54.0 |
| | | **384.4** | 366.6 |
| Non-current assets held for sale | 21 | **0.7** | - |
| **Total assets** | | **1,065.4** | 1,046.7 |
| **Current liabilities** | | | |
| Trade and other payables | 25 | **(370.1)** | (348.4) |
| Other financial liabilities | 27 | **(4.3)** | (1.4) |
| Current income tax payable | | **(15.6)** | (17.0) |
| | | **(390.0)** | (366.8) |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | 23 | **(573.2)** | (569.9) |
| Deferred tax liabilities | 10e | **(23.0)** | (14.3) |
| Pension liability | 24 | **(45.1)** | (118.3) |
| Other financial liabilities | 27 | **(9.7)** | (3.9) |
| Other non-current liabilities | 28 | **(1.9)** | (4.2) |
| | | **(652.9)** | (710.6) |
| **Total liabilities** | | **(1,042.9)** | (1,077.4) |
| **Net assets / (liabilities)** | | **22.5** | (30.7) |
| **Capital and reserves** | | | |
| Issued share capital | 22 | **48.3** | 48.0 |
| Share premium account | | **15.0** | 10.6 |
| Own shares reserve | | **(1.0)** | (1.9) |
| Share scheme reserve | | **7.8** | 9.7 |
| Hedging reserve | | **9.0** | 7.4 |
| Translation reserve | | **22.4** | 22.5 |
| Merger reserve | | **87.3** | 87.3 |
| Retained losses | | **(166.3)** | (214.3) |
| **Total equity** | | **22.5** | (30.7) |

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010 (see note 15).

The financial statements were approved by the board of directors and authorised for issue on 29 November 2011.
They were signed on its behalf by:

**Paul Moody**
Chief Executive

**John Gibney**
Finance Director

# consolidated statement of cash flows

**For the 52 weeks ended 2 October 2011**

| | Note | **2011 £m** | 2010 £m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit / (loss) before tax | | **79.9** | (28.8) |
| Finance costs | 9 | **32.0** | 26.3 |
| Other financial instruments | | **10.2** | 1.5 |
| Impairment of property, plant and equipment and intangible assets | | **0.5** | 116.7 |
| Depreciation | 13 | **35.6** | 32.9 |
| Amortisation | 14 | **12.9** | 9.5 |
| Share-based payments | | **3.8** | 7.8 |
| Net pension charge less contributions | 24 | **(27.9)** | (16.0) |
| (Increase) / decrease in inventory | | **(4.4)** | 1.3 |
| (Increase) / decrease in trade and other receivables | | **(24.1)** | 10.4 |
| Increase / (decrease) in trade and other payables | | **22.8** | (16.6) |
| Loss on disposal of tangible and intangible assets | | **4.6** | 1.3 |
| Income tax paid | | **(20.9)** | (21.8) |
| **Net cash flows from operating activities** | | **125.0** | 124.5 |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | **0.6** | 4.7 |
| Purchases of property, plant and equipment | | **(37.7)** | (40.2) |
| Purchases of intangible assets | | **(11.9)** | (9.8) |
| Acquisition of subsidiary net of cash acquired | 15 | **(4.5)** | (151.9) |
| **Net cash flows used in investing activities** | | **(53.5)** | (197.2) |
| **Cash flows from financing activities** | | | |
| Finance costs | | **(3.9)** | (1.8) |
| Interest paid | | **(27.2)** | (23.1) |
| Issue of US$ notes | | **113.9** | 149.8 |
| Interest- bearing loans repaid | | **(123.4)** | (95.0) |
| Issue of shares | | **2.3** | 93.4 |
| Purchase of own shares | | **(3.3)** | (0.9) |
| Dividends paid to equity shareholders | 12 | **(40.3)** | (34.9) |
| **Net cash flows (used) / from financing activities** | | **(81.9)** | 87.5 |
| Net (decrease) / increase in cash and cash equivalents | | **(10.4)** | 14.8 |
| Cash and cash equivalents at beginning of period | | **54.0** | 39.7 |
| Exchange rate differences | | **(0.6)** | (0.5) |
| **Cash and cash equivalents at the end of the period** | 20 | **43.0** | 54.0 |

# consolidated statement of changes in equity

**For the 52 weeks ended 2 October 2011**

| | Issued share capital £m | Share premium account £m | Own shares reserve £m | Share scheme reserve £m | Hedging reserve £m | Translation reserve £m | Merger reserve £m | Retained losses £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|
| At 27 September 2009 | 43.4 | 5.0 | (4.6) | 7.3 | 6.2 | 34.3 | - | (94.1) | (2.5) |
| Loss for the period | - | - | - | - | - | - | - | (48.2) | (48.2) |
| Other comprehensive income | - | - | - | - | 1.2 | (11.8) | - | (37.9) | (48.5) |
| | - | - | - | - | 1.2 | (11.8) | - | (86.1) | (96.7) |
| Issue of shares | 4.6 | 5.6 | (4.1) | - | - | - | 89.3 | - | 95.4 |
| Transaction costs relating to placement of ordinary shares | - | - | - | - | - | - | (2.0) | - | (2.0) |
| Own shares purchased for share schemes | - | - | (0.9) | - | - | - | - | - | (0.9) |
| Own shares utilised for share schemes | - | - | 7.7 | (5.3) | - | - | - | (2.4) | - |
| Movement in share-based schemes | - | - | - | 7.7 | - | - | - | - | 7.7 |
| Current tax on share-based payments | - | - | - | - | - | - | - | 1.0 | 1.0 |
| Deferred tax on share-based payments | - | - | - | - | - | - | - | 2.2 | 2.2 |
| Payment of dividend | - | - | - | - | - | - | - | (34.9) | (34.9) |
| **At 3 October 2010** | **48.0** | **10.6** | **(1.9)** | **9.7** | **7.4** | **22.5** | **87.3** | **(214.3)** | **(30.7)** |
| Profit for the period | - | - | - | - | - | - | - | 58.4 | **58.4** |
| Other comprehensive income | - | - | - | - | 1.6 | (0.1) | - | 32.7 | **34.2** |
| | - | - | - | - | 1.6 | (0.1) | - | 91.1 | **92.6** |
| Issue of shares | 0.3 | 4.4 | (4.1) | - | - | - | - | - | **0.6** |
| Own shares purchased for share schemes | - | - | (3.3) | - | - | - | - | - | **(3.3)** |
| Own shares utilised for share schemes | - | - | 8.3 | (5.6) | - | - | - | (1.0) | **1.7** |
| Movement in share-based schemes | - | - | - | 3.7 | - | - | - | - | **3.7** |
| Current tax on share-based payments | - | - | - | - | - | - | - | 0.7 | **0.7** |
| Deferred tax on share-based payments | - | - | - | - | - | - | - | (2.5) | **(2.5)** |
| Payment of dividend | - | - | - | - | - | - | - | (40.3) | **(40.3)** |
| **At 2 October 2011** | **48.3** | **15.0** | **(1.0)** | **7.8** | **9.0** | **22.4** | **87.3** | **(166.3)** | **22.5** |

# 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 and 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 operating companies of the group are disclosed within note 32.

The financial statements were authorised for issue by the board of directors on 29 November 2011.

## 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. For further detail, please refer to note 33.

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.

**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 IAS 27 'Consolidated and Separate Financial Statements'. 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. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement.

While the original acquisition of Britannia Soft Drinks Limited was accounted for under the merger method, in subsequent financial periods the acquisition method of accounting has been used. Under the acquisition method, 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 income statement in the period of acquisition.

**Revenue recognition**

Revenue is the value of sales, excluding transactions with or between subsidiaries, and after deduction of sales related discounts and rebates, value added tax and other sales related taxes. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount can be measured reliably.

Sales-related discounts are calculated based on the expected amounts necessary to meet claims by the group's customers in respect of these discounts and rebates.

**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. 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 income statement in the period of derecognition.

## 3. Accounting policies continued

**Property, plant and equipment** continued
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.

**Goodwill**
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 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 unit is less than the carrying amount, an impairment loss is recognised immediately in the 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**

*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.

*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. These costs are amortised over their estimated useful lives of three to seven years.

**Impairment of 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. 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 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.

## 3. Accounting policies continued

**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 balance sheet 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 income statement when loans and receivables are derecognised or impaired, as well as through the amortisation process.

**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 re-measured 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.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the 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 income statement. Amounts previously recognised in other comprehensive income are transferred to the 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 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 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 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 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 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 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 income statement based on a recalculated effective interest rate. The fair value gain or loss on the hedging instrument would continue to be recorded in the income statement.

## 3. Accounting policies continued

**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 or 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 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.

**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, provisions for pensions and other post-retirement benefits, provisions for share-based payments and employee profit share schemes.

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.

**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 any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are measured at fair value based on market price information and in the case of quoted securities, the published bid price. Plan liabilities are measured on an actuarial basis, using the projected unit credit method and discounted at an interest rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the plan liabilities.

The movement in the defined benefit pension asset or liability in the balance sheet consists of four main elements.

- The service cost of providing pension benefits to employees for the period which is recognised in the income statement.
- A charge representing the unwinding of the discount on the plan liabilities during the year which is included within administrative expenses.
- A credit representing the expected return on the plan assets during the year which is included within administrative expenses. This credit is based on the market value of the plan assets, and expected rates of return, at the beginning of the period.
- Actuarial gains and losses. These may result from: differences between the expected return and the actual return on plan assets; differences between the actuarial assumptions underlying the plan liabilities and actual experience during the year; or changes in the actuarial assumptions used in the valuation of the plan liabilities. Actuarial gains and losses, and taxation thereon, are recognised immediately in other comprehensive income.

## 3. Accounting policies continued

**Pensions and post retirement benefits** continued
Changes to benefits under a defined benefit plan are accounted for as follows:

- Past service cost is the increase in the present value of the defined benefit obligation for employee service in prior periods, resulting from changes to post-employment benefits. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.
- When a settlement (eliminating all obligations for part or all of the benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs.

*Defined contribution plans*
Under defined contribution plans, contributions payable for the period are charged to the 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.

**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 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.

**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.

**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.

**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.

*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 income statement other than those differences relating to financial instruments designated as part of a net investment hedge. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit and loss.

*Foreign operations*
The 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.

**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.

## 3. Accounting policies continued

**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.

**Nature and purpose of 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 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.

*Share scheme reserve*
The share scheme reserve is used to record the movements in equity corresponding to the cost recognised in respect of equity-settled share-based payment transactions. Amounts recognised in the share scheme reserve are transferred to retained losses upon subsequent settlement of any awards that vest either by issue or purchase of the group's shares, or when awards lapse.

*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 (sterling) 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 movement on the merger reserve during the period ended 3 October 2010 was the 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 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 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. 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.

**Key judgements and sources of estimation uncertainty**
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 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 24.

*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 16.

*Deferred tax*
Deferred tax assets and liabilities require management's judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised which is dependent on the generation of sufficient future taxable profits. The group recognises deferred tax assets to the extent it is probable that the benefit will be realised. Further details are given in note 10.

## 3. Accounting policies continued

**Key judgements and sources of estimation uncertainty** continued

*Cross currency interest rate swaps*

The group measures cross currency interest rate swaps at fair value at each balance sheet date. The fair value represents the net present value of the difference between the projected cash flows at the swap contract rate and the relevant exchange / interest rate for the period from the balance sheet date to the contracted expiry date. The calculation therefore uses estimates of present value, future foreign exchange rates and interest rates. Information regarding cross currency interest rate swaps is provided in notes 23 and 27.

*Other*

The group also makes estimations and judgements in the valuation of share-based payments. However, the value of this item is such that any variation in the estimates used is unlikely to have a significant effect on the amounts recognised in the financial statements. Further details are given in note 29.

**New standards adopted in the current period**

During the period, the group adopted a number of interpretations and amendments to standards 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 but are not yet effective:

| | | Effective date – periods commencing on or after |
|---|---|---|
| **International Financial Reporting Standards (IFRS)** | | |
| IFRS 7 | Amendment to IFRS 7 – Disclosures – Transfers of financial assets | 1 July 2011 |
| IFRS 9 | Financial Instruments – Classification and measurement | 1 January 2013 |
| IFRS 10 | Consolidated financial statements | 1 January 2013 |
| IFRS 11 | Joint arrangements | 1 January 2013 |
| IFRS 12 | Disclosures of interests in other entities | 1 January 2013 |
| IFRS 13 | Fair value measurement | 1 January 2013 |
| **International Accounting Standards (IAS)** | | |
| IAS 1 | Amendment to IAS 1 – Presentation of financial statements | 1 July 2012 |
| IAS 12 | Amendment to IAS 12 – Income taxes | 1 January 2012 |
| IAS 19 | IAS 19 (revised 2011) – Employee benefits | 1 January 2013 |
| IAS 24 | Amendment to IAS 24 – Disclosure requirements for government related entities and definition of a related party | 1 January 2011 |
| IAS 27 | IAS 27 (revised 2011) – Separate financial statements | 1 January 2013 |
| IAS 28 | IAS 28 (revised 2011) – Investments in associates and joint ventures | 1 January 2013 |
| **IFRS Interpretations Committee (IFRIC)** | | |
| IFRIC 14 | Amendment – Prepayments of a minimum funding requirement | 1 January 2011 |
| IFRIC 20 | Stripping costs in the production phase of a surface mine | 1 January 2013 |
| **Other** | | |
| Annual improvements | Annual improvements 2010 | 1 January 2011 |

The directors do not anticipate that the adoption of these standards will have a material impact on the group's reported income or net assets in the period, with the exception of IAS 19 revised which is not anticipated to have a material impact on net assets, but the impact on the reported income of the group is not possible to determine as it will depend on conditions at the time of adoption.

The most significant change for Britvic under IAS 19 revised is the replacement of interest cost and expected return on plan assets with a finance cost component which is determined by applying the same discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The difference between the actual return on plan assets and the discount rate will be presented in other comprehensive income. The effect at the date of adoption will depend on market interest rates, rates of return and the actual mix of scheme assets at that time. Following consultation with GB employees, the group principal pension scheme, the Britvic Pension Plan (BPP), was closed to future accrual for active members with effect from 10 April 2011 and the intention of the Trustees is to change the asset allocation over time to reduce the risk of volatility within the asset portfolio. Changes to the mix of scheme assets to reduce risk may also reduce the impact of IAS 19 revised.

## 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
- International
- Ireland
- France

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 2 October 2011 | GB Stills £m | GB Carbs £m | International £m | Total GB & International £m | Ireland £m | France £m | Adjustments £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| - External | 351.2 | 502.6 | 29.1 | 882.9 | 162.8 | 244.7 | - | 1,290.4 |
| - Inter-segment*** | 13.8 | 10.1 | - | 23.9 | 8.4 | 0.6 | (32.9) | - |
| | **365.0** | **512.7** | **29.1** | **906.8** | **171.2** | **245.3** | **(32.9)** | **1,290.4** |
| **Brand contribution** | **150.1** | **189.1** | **10.9** | **350.1** | **57.8** | **62.0** | **-** | **469.9** |
| Non-brand advertising & promotion * | | | | | | | | (8.0) |
| Fixed supply chain** | | | | | | | | (111.1) |
| Selling costs** | | | | | | | | (121.7) |
| Overheads and other costs* | | | | | | | | (94.1) |
| **Operating profit before exceptional & other items** | | | | | | | | **135.0** |
| Finance costs before exceptional & other items | | | | | | | | (29.9) |
| Exceptional & other items | | | | | | | | (25.2) |
| **Profit before tax** | | | | | | | | **79.9** |

| 53 weeks ended 3 October 2010 | GB Stills £m | GB Carbs £m | International £m | Total GB & International £m | Ireland £m | France £m | Adjustments £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| - External | 369.2 | 477.6 | 27.6 | 874.4 | 179.0 | 85.2 | - | 1,138.6 |
| - Inter-segment*** | 12.2 | 8.2 | - | 20.4 | 5.6 | - | (26.0) | - |
| | **381.4** | **485.8** | **27.6** | **894.8** | **184.6** | **85.2** | **(26.0)** | **1,138.6** |
| **Brand contribution** | **172.5** | **187.1** | **9.9** | **369.5** | **64.1** | **24.1** | **-** | **457.7** |
| Non-brand advertising & promotion * | | | | | | | | (10.4) |
| Fixed supply chain** | | | | | | | | (94.9) |
| Selling costs** | | | | | | | | (117.2) |
| Overheads and other costs* | | | | | | | | (100.6) |
| **Operating profit before exceptional & other items** | | | | | | | | **134.6** |
| Finance costs before exceptional & other items | | | | | | | | (25.5) |
| Exceptional & other items | | | | | | | | (137.9) |
| **Loss before tax** | | | | | | | | **(28.8)** |

* Included within 'Administration expenses' in the Consolidated Income Statement. Costs included within 'Overheads and other costs' relate to central costs including salaries, IT maintenance, depreciation and amortisation.

** Included within 'Selling and distribution costs' in the Consolidated Income Statement.

*** Inter-segment revenues are eliminated on consolidation.

## 4. Segmental reporting continued

**Geographic information**

*Revenues from external customers*

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

| | 2011 £m | 2010 £m |
|---|---|---|
| United Kingdom | 913.4 | 899.9 |
| Other | 377.0 | 238.7 |
| **Total revenue** | **1,290.4** | **1,138.6** |

**Non-current assets**

| | 2011 £m | 2010 Restated* £m |
|---|---|---|
| United Kingdom | 262.6 | 260.1 |
| Republic of Ireland | 128.7 | 131.5 |
| France | 196.0 | 200.9 |
| **Total** | **587.3** | **592.5** |

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

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

## 5. Exceptional and other items

| | | 2011 £m | 2010 £m |
|---|---|---|---|
| Net pension gain* | (a) | **13.2** | - |
| Asset impairments* | (b) | **-** | (116.1) |
| Costs in relation to the purchase of Britvic France* | (c) | **-** | (8.5) |
| Restructuring costs* | (d) | **(25.0)** | (5.7) |
| Head office relocation* | (e) | **(1.3)** | - |
| Onerous leases* | (f) | **-** | (3.1) |
| Write off of unamortised financing fees** | (g) | **(1.5)** | - |
| Other fair value movements*** | (h) | **(10.6)** | (4.5) |
| **Total exceptional and other items before tax** | | **(25.2)** | (137.9) |

* Included within administration expenses in the consolidated income statement

** Included within finance costs in the consolidated income statement

*** For 2011, £nil (2010: £2.4m) included within cost of sales, £10m (2010: £1.3m) within administration expenses and £0.6m (2010: £0.8m) included within finance costs in the consolidated income statement.

a) This includes a pension curtailment gain of £17.7m arising due to the closure to future accrual of the defined benefit section of the Britvic Pension Plan. Offsetting the gain is a one off transitional payment of 10% of final salary to pension members of £2.9m and consultancy costs of £1.6m.

b) In 2010, asset impairments can be analysed as follows:

- Impairments of goodwill in the GB segment (Red Devil £5.0m, Orchid £6.4m)
- Impairments of intangible assets in the Ireland segment (£89.6m)
- Impairments of land and buildings in the Ireland segment (£14.6m, £0.5m relates to assets previously held for sale)
- Impairments of plant and equipment in the GB segment (£0.5m)

In respect of tangible fixed assets, all impairments were calculated based on fair value less costs to sell, where the fair value is determined by reference to an active market.

c) In 2010, costs relating to the purchase and integration of Britvic France were primarily Advisors' fees.

d) Restructuring costs includes the costs of major restructuring programmes undertaken.

The 2011 costs principally relate to:

- Redundancy costs arising in the Ireland segment;
- Redundancy and restructuring costs relating to the separation of functional support structures between group and the GB business unit;
- Costs relating to the outsourcing of the group data centre involving dual running and temporary infrastructure cost; and
- The outsourcing of our GB full service vending operation. This includes exit and redundancy costs and a write down of the associated assets.

## 5. Exceptional and other items continued

The 2010 costs related to:

- Redundancy costs arising in the Ireland segment; and
- Costs in relation to the Business Transformation project in the Ireland segment.

e) Head office relocation relates to costs associated with the transfer of the Britvic head office from Chelmsford to Hemel Hempstead which is proposed to take place in 2012. The 2011 cost principally relates to a dilapidations provision and lease break fee in respect of the existing office in Chelmsford.

f) In 2010, the onerous leases related to two sites within the Ireland business segment where, in addition to accruals made in previous years, incremental future lease commitments were accrued for based on our experience of the deterioration in the Irish property market during 2009/10.

g) Following the successful refinancing of the group's committed bank facility in March 2011 (see note 23), the unamortised 2009 refinancing fees of £1.5m have been written off to finance costs in the consolidated income statement.

h) Other fair value movements relate to the fair value movement of derivative financial instruments where hedge accounting cannot be applied.

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

## 6. Operating profit / (loss)

This is stated after charging:

| | **2011 £m** | 2010 £m |
|---|---|---|
| Cost of inventories recognised as an expense | **627.3** | 509.2 |
| Write-down of inventories to net realisable value | **2.3** | 2.9 |
| Research and development expenditure written off | **0.6** | 1.7 |
| Net foreign currency differences | **(0.1)** | 4.0 |
| Depreciation of property, plant and equipment | **35.6** | 32.9 |
| Amortisation of intangible assets | **12.9** | 9.5 |
| Operating lease payments – minimum lease payments | **16.6** | 14.9 |

## 7. Auditors' remuneration

| | **2011 £m** | 2010 £m |
|---|---|---|
| Auditors' remuneration – audit of the group financial statements | **0.3** | 0.4 |
| Other fees to auditors | | |
| Local statutory audits for subsidiaries | **0.1** | 0.1 |
| Other services | **0.6** | 0.2 |

In the current period, fees in the other services category comprise £0.1m for tax services, £0.1m for corporate finance services and £0.4m for other services. The fees in the other services category in the prior period comprise £0.15m of audit related fees and £0.05m of tax related fees.

## 8. Staff costs

| | **2011 £m** | 2010 £m |
|---|---|---|
| Wages and salaries* | **147.3** | 123.9 |
| Social security costs | **19.8** | 14.1 |
| Pension costs (note 24) | **(6.4)**** | 12.3 |
| Expense of share-based compensation (note 29) | **4.7** | 9.4 |
| | **165.4** | 159.7 |

* £13.3m (2010: £2.6m) of this is included within 'restructuring costs' in exceptional and other items (note 5).

** Includes curtailment gain of £17.7m arising in relation to the Britvic Pension Plan which is in exceptional and other items (note 5).

Directors' emoluments which are included above are detailed in the Directors' Remuneration Report.

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

| | **2011** | 2010 |
|---|---|---|
| Distribution | **407** | 395 |
| Production | **1,516** | 1,244 |
| Sales and marketing | **1,114** | 983 |
| Administration | **495** | 435 |
| | **3,532** | 3,057 |

## 9. Finance costs

| | 2011 £m | 2010 £m |
|---|---|---|
| Bank loans, overdrafts and loan notes | **31.4** | 25.5 |
| Fair value movement on interest rate swap (see note 27) | **0.6** | 0.8 |
| Total finance costs | **32.0** | 26.3 |

## 10. Taxation

### a) Tax on loss on ordinary activities

| | | | 2011 |
|---|---|---|---|
| | **Before exceptional & other items £m** | **Exceptional & other items £m** | **Total £m** |
| **Income statement** | | | |
| Current income tax | | | |
| Current income tax (charge) / credit | **(31.3)** | **4.3** | **(27.0)** |
| Amounts overprovided / (underprovided) in previous years | **1.1** | **(0.3)** | **0.8** |
| Total current income tax (charge) / credit | **(30.2)** | **4.0** | **(26.2)** |
| Deferred income tax | | | |
| Origination and reversal of temporary differences | **3.3** | **1.5** | **4.8** |
| Amounts (underprovided) / overprovided in previous years | **(0.3)** | **0.2** | **(0.1)** |
| Total deferred tax credit | **3.0** | **1.7** | **4.7** |
| Total tax (charge) / credit in the income statement | **(27.2)** | **5.7** | **(21.5)** |
| **Statement of comprehensive income** | | | |
| Current tax on additional pension contributions | | | **4.3** |
| Deferred tax on actuarial losses on defined benefit pension schemes | | | **(16.7)** |
| Deferred tax in respect of cash flow hedges accounted for in the hedging reserve | | | **(0.5)** |
| Tax on exchange differences accounted for in the translation reserve | | | **1.5** |
| Total tax charge in the statement of comprehensive income | | | **(11.4)** |
| **Statement of changes in equity** | | | |
| Current tax on share options exercised | | | **0.7** |
| Deferred tax on share options granted to employees | | | **(2.5)** |
| Total tax charge in the statement of changes in equity | | | **(1.8)** |

## 10. Taxation continued

**a) Tax on loss on ordinary activities (continued)**

| | | | 2010 |
|---|---|---|---|
| | Before exceptional & other items £m | Exceptional & other items £m | Total £m |
| **Income statement** | | | |
| Current income tax | | | |
| Current income tax (charge) / credit | (33.2) | 2.0 | (31.2) |
| Amounts overprovided in previous years | 1.6 | 0.8 | 2.4 |
| Total current income tax (charge) / credit | (31.6) | 2.8 | (28.8) |
| Deferred income tax | | | |
| Origination and reversal of temporary differences | 2.6 | 6.9 | 9.5 |
| Amounts underprovided in previous years | (0.1) | - | (0.1) |
| Total deferred tax credit | 2.5 | 6.9 | 9.4 |
| Total tax (charge) / credit in the income statement | (29.1) | 9.7 | (19.4) |

| | |
|---|---|
| **Statement of comprehensive income** | |
| Current tax on additional pension contributions | 2.8 |
| Deferred tax on actuarial losses on defined benefit pension schemes | 8.3 |
| Deferred tax in respect of cash flow hedges accounted for in the hedging reserve | (0.3) |
| Tax on exchange differences accounted for in the translation reserve | 1.9 |
| Total tax credit in the statement of comprehensive income | 12.7 |

| | |
|---|---|
| **Statement of changes in equity** | |
| Current tax on share options exercised | 1.0 |
| Deferred tax on share options granted to employees | 2.2 |
| Total tax credit in the statement of changes in equity | 3.2 |

## 10. Taxation continued

**b) Reconciliation of the total tax charge**

The tax expense in the income statement is lower (2010: higher) than the standard rate of corporation tax in the UK of 27% (2010: 28%). The differences are reconciled below:

| | | | 2011 |
|---|---|---|---|
| | Before exceptional & other items £m | Exceptional & other items £m | Total £m |
| Profit / (loss) before tax | **105.1** | **(25.2)** | **79.9** |
| Profit / (loss) multiplied by the UK average rate of corporation tax of 27% | **(28.4)** | **6.8** | **(21.6)** |
| Permanent differences | **(0.2)** | **0.1** | **(0.1)** |
| Impact of change in UK tax rate on deferred tax liability | **1.1** | **0.1** | **1.2** |
| Tax overprovided in previous years | **0.8** | **(0.1)** | **0.7** |
| Overseas tax rates | **(0.5)** | **(1.2)** | **(1.7)** |
| | **(27.2)** | **5.7** | **(21.5)** |
| Effective income tax rate | **25.9%** | | **26.9%** |

| | | | 2010 |
|---|---|---|---|
| | Before exceptional & other items £m | Exceptional & other items £m | Total £m |
| Profit / (loss) before tax | 109.1 | (137.9) | (28.8) |
| Profit / (loss) multiplied by the UK average rate of corporation tax of 28% | (30.5) | 38.6 | 8.1 |
| Permanent differences | (0.5) | (12.4) | (12.9) |
| Tax relief on share-based payments | 0.1 | - | 0.1 |
| Tax overprovided in previous years | 1.5 | 0.8 | 2.3 |
| Overseas tax rates | 0.3 | (17.3) | (17.0) |
| | (29.1) | 9.7 | (19.4) |
| Effective income tax rate | 26.7% | | (67.4%) |

**c) Unrecognised tax items**

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised total £13m (2010: £11.6m). 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.

A deferred tax asset of £0.2m (2010: £nil) has not been recognised in respect of tax losses. The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised as it is not probable that future taxable profits will be available against which the group can utilise the benefits therefrom.

## 10. Taxation continued

**d) Impact of rate change**

The main rate of UK Corporation tax was reduced to 26% from 1 April 2011. The Finance Act 2011 further reduced the main rate of UK Corporation tax to 25% from 1 April 2012. The effect of the new rate is to reduce the deferred tax provision by a net £0.4m, comprising a credit of £1.2m to the Consolidated Income Statement and a charge of £0.8m to the Consolidated Statement of Comprehensive Income.

Additional changes to the main rate of UK Corporation Tax are proposed, to reduce the rate by 1% per annum to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements. The effect of these proposed reductions would be to reduce the UK net deferred tax liability by £0.6m.

On 7 November 2011, the French government announced a proposal to apply a temporary two year 5% surcharge to the corporate tax liabilities of French companies whose turnover exceeds €250m. This change was only announced after the period end and consequently has not been included in these financial statements. The effect of this proposed increase would be to increase the Britvic France net deferred tax liability by £0.6m.

**e) Deferred tax**

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

| | **2011** **£m** | 2010 Restated* £m |
|---|---|---|
| Deferred tax liability | | |
| Accelerated capital allowances | **(17.5)** | (19.7) |
| Acquisition fair value adjustments | **(20.2)** | (21.5) |
| Other temporary differences | **(0.1)** | (3.1) |
| Employee incentive plan | **-** | - |
| Deferred tax liability | **(37.8)** | (44.3) |
| Deferred tax asset | | |
| Employee incentive plan | **3.7** | 6.7 |
| Post employment benefits | **7.4** | 27.5 |
| Other temporary differences | **3.7** | 2.0 |
| Deferred tax asset | **14.8** | 36.2 |
| Net deferred tax liability | **(23.0)** | (8.1) |

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:

| | **2011** **£m** | 2010 Restated* £m |
|---|---|---|
| Net deferred tax assets | **-** | 6.2 |
| Net deferred tax liabilities | **(23.0)** | (14.3) |
| | **(23.0)** | (8.1) |

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

| | **2011** **£m** | 2010 £m |
|---|---|---|
| Employee incentive plan | **(0.5)** | 0.7 |
| Accelerated capital allowances | **2.2** | 1.0 |
| Post-employment benefits | **(3.4)** | (0.4) |
| Acquisition fair value adjustments | **0.9** | 6.3 |
| Other temporary differences | **5.5** | 1.8 |
| Deferred tax credit | **4.7** | 9.4 |

£1.7m of the deferred tax credit in the current period relates to exceptional items (2010: £6.9m).

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

## 11. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit / (loss) for the period attributable to ordinary equity holders 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 ordinary equity holders 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:

| | 2011 £m | 2010 £m |
|---|---|---|
| **Basic earnings per share** | | |
| Profit / (loss) for the period attributable to equity shareholders | **58.4** | (48.2) |
| Weighted average number of ordinary shares in issue for basic earnings per share | **240.4** | 224.9 |
| Basic earnings per share | **24.3p** | (21.4p) |
| **Diluted earnings per share** | | |
| Profit / (loss) for the period attributable to equity shareholders | **58.4** | (48.2) |
| Weighted average number of ordinary shares in issue for diluted earnings per share | **246.4** | 231.8 |
| Diluted earnings per share | **23.7p** | (21.4p)* |

* The diluted earnings per share is unchanged from the basic earnings per share, as the inclusion of the dilutive ordinary shares would reduce the loss per share and is therefore not dilutive in accordance with IAS 33 'Earnings per Share'.

The group presents as exceptional and other items on the face of the Income Statement, those significant items of income and expense which, because of the 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 better 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:

| | 2011 £m | 2010 Restated* £m |
|---|---|---|
| **Adjusted basic earnings per share** | | |
| Profit / (loss) for the period attributable to equity shareholders | **58.4** | (48.2) |
| Add: Net impact of exceptional and other items | **19.5** | 128.2 |
| Add: Intangible assets amortisation (acquisition related) | **3.1** | 2.2 |
| | **81.0** | 82.2 |
| Weighted average number of ordinary shares in issue for basic earnings per share | **240.4** | 224.9 |
| Adjusted basic earnings per share | **33.7p** | 36.5p |
| **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 | **81.0** | 82.2 |
| Weighted average number of ordinary shares in issue for diluted earnings per share | **246.4** | 231.8 |
| Adjusted diluted earnings per share | **32.9p** | 35.5p |

* The add back of amortisation of intangible assets was previously stated on a total basis. In order to better reflect the ongoing underlying earnings, only acquisition related amortisation is now adjusted and comparatives have been restated accordingly.

## 12. Dividends paid and proposed

| | 2011 £m | 2010 £m |
|---|---|---|
| *Declared and paid during the period* | | |
| Equity dividends on ordinary shares | | |
| Final dividend for 2010: 12.0p per share (2009: 10.9p per share) | **28.3** | 23.6 |
| Interim dividend for 2011: 5.1p per share (2010: 4.7p per share) | **12.0** | 11.3 |
| Dividends paid | **40.3** | 34.9 |
| *Proposed for approval by the shareholders at the AGM* | | |
| Final dividend for 2011: 12.6p per share (2010: 12.0p per share) | **29.9** | 28.7 |

## 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 27 September 2009, net of accumulated depreciation and impairment | **48.0** | **35.0** | **86.6** | **56.5** | **226.1** |
| Exchange differences | (0.5) | (0.6) | (0.7) | (0.7) | (2.5) |
| Acquisitions | 18.0 | - | 17.4* | 0.6 | 36.0 |
| Additions | 1.6 | 1.0 | 18.0 | 17.4 | 38.0 |
| Disposals at cost | - | - | (12.0) | (14.4) | (26.4) |
| Depreciation eliminated on disposals | - | - | 7.2 | 13.2 | 20.4 |
| Assets transferred which were previously held for sale | 4.7 | - | - | - | 4.7 |
| Depreciation charge for the year | (1.3) | (0.7) | (14.7) | (16.2) | (32.9) |
| Impairment | (8.8) | (5.8) | (1.1) | - | (15.7) |
| At 3 October 2010, net of accumulated depreciation and impairment | **61.7** | **28.9** | **100.7** | **56.4** | **247.7** |
| Exchange differences | (0.3) | (0.1) | (0.5) | (0.1) | (1.0) |
| Reclassifications | (0.3) | - | 0.3 | - | - |
| Acquisitions | 0.5 | - | 0.1 | - | 0.6 |
| Additions | 1.4 | 0.5 | 23.7 | 12.6 | 38.2 |
| Disposals at cost | (1.2) | (0.1) | (24.5) | (36.8) | (62.6) |
| Depreciation eliminated on disposals | 0.7 | - | 23.8 | 33.2 | 57.7 |
| Assets transferred to held for sale | (0.7) | - | - | - | (0.7) |
| Depreciation charge for the year | (1.9) | (0.5) | (18.0) | (15.2) | (35.6) |
| Impairment | - | - | (0.5) | - | (0.5) |
| **At 2 October 2011, net of accumulated depreciation and impairment** | **59.9** | **28.7** | **105.1** | **50.1** | **243.8** |
| **At 2 October 2011** | | | | | |
| **Cost (gross carrying amount)** | **78.6** | **40.6** | **256.1** | **161.4** | **536.7** |
| **Accumulated depreciation and impairment** | **(18.7)** | **(11.9)** | **(151.0)** | **(111.3)** | **(292.9)** |
| **Net carrying amount** | **59.9** | **28.7** | **105.1** | **50.1** | **243.8** |
| At 3 October 2010 | | | | | |
| Cost (gross carrying amount) | 79.2 | 40.3 | 257.0 | 185.7 | 562.2 |
| Accumulated depreciation and impairment | (17.5) | (11.4) | (156.3) | (129.3) | (314.5) |
| Net carrying amount | 61.7 | 28.9 | 100.7* | 56.4 | 247.7 |

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

During the period, properties with a net book value of £26.6m, comprising freehold land and buildings of £21.4m and leasehold land and buildings of £5.2m, were transferred to Britvic Property Partnership (see note 24). These secure the future income stream to the pension plan.

**Finance leases**

The net book value of freehold land and buildings and plant and machinery includes £0.3m and £0.5m respectively (2010: £0.5m and £0.9m respectively) in respect of assets held under finance leases. The assets are pledged as security for the finance lease liabilities.

## 14. Intangible assets

| | Trademarks £m | Franchise rights £m | Customer lists £m | Software costs £m | Goodwill £m | Total £m |
|---|---|---|---|---|---|---|
| Cost as at 27 September 2009, net of accumulated amortisation | **73.3** | **25.6** | **15.1** | **27.0** | **152.1** | **293.1** |
| Exchange differences | (4.3) | (1.3) | (0.6) | 0.2 | (5.4) | (11.4) |
| Acquisitions | 62.4 | - | 35.2 | 1.2 | 62.9* | 161.7 |
| Additions | - | - | - | 9.6 | - | 9.6 |
| Disposals at cost | - | - | - | (0.6) | - | (0.6) |
| Amortisation eliminated on disposals | - | - | - | 0.6 | - | 0.6 |
| Amortisation charge for the period | - | (0.8) | (1.4) | (7.3) | - | (9.5) |
| Impairment | (29.8) | - | (5.1) | - | (66.1) | (101.0) |
| Cost as at 3 October 2010, net of accumulated amortisation | **101.6** | **23.5** | **43.2** | **30.7** | **143.5** | **342.5** |
| Exchange differences | (1.7) | (0.2) | (0.5) | (0.2) | (1.1) | (3.7) |
| Acquisitions | - | - | - | - | 0.4 | 0.4 |
| Additions | - | - | - | 11.9 | - | 11.9 |
| Disposals at cost | - | - | - | (24.6) | - | (24.6) |
| Amortisation eliminated on disposals | - | - | - | 24.3 | - | 24.3 |
| Amortisation charge for the period | - | (0.7) | (2.4) | (9.8) | - | (12.9) |
| **At 2 October 2011** | **99.9** | **22.6** | **40.3** | **32.3** | **142.8** | **337.9** |
| **At 2 October 2011** | | | | | | |
| **Cost (gross carrying amount)** | **129.8** | **25.5** | **51.0** | **51.8** | **208.9** | **467.0** |
| **Accumulated amortisation and impairment** | **(29.9)** | **(2.9)** | **(10.7)** | **(19.5)** | **(66.1)** | **(129.1)** |
| **Net carrying amount** | **99.9** | **22.6** | **40.3** | **32.3** | **142.8** | **337.9** |
| At 3 October 2010 | | | | | | |
| Cost (gross carrying amount) | 131.5 | 25.7 | 51.5 | 64.7 | 209.6 | 483.0 |
| Accumulated amortisation and impairment | (29.9) | (2.2) | (8.3) | (34.0) | (66.1) | (140.5) |
| Net carrying amount | 101.6 | 23.5 | 43.2 | 30.7 | 143.5* | 342.5 |

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

**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 16.

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 by investing 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 distribute certain soft drinks. These agreements have been allocated a 35 year useful economic life. As at 2 October 2011 these intangible assets have a remaining useful life of 31 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.

## 14. Intangible assets continued

### 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 2 October 2011 these intangible assets have a remaining useful life of 19 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 2 October 2011 these intangible assets have a remaining useful life of between 6 and 16 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. These assets are tested for impairment where an indicator of impairment arises. As at 2 October 2011 these intangible assets have a remaining useful life of up to 6 years.

### Goodwill

Goodwill is not amortised. Instead it is subject to an impairment review at each reporting date in accordance with IAS 36 'Impairment of Assets'. Further detail is provided in note 16.

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. Business combinations

There were no material acquisitions during the period.

### Acquisition of Britvic France

On 28 May 2010, the group acquired Britvic France for a cash consideration of €186.4m (translated at £160.5m at the time of acquisition).

The initial fair value / acquisition accounting for Britvic France was determined provisionally in the financial statements for the 53 weeks ended 3 October 2010. The fair value adjustments have now been finalised and are shown in the table below. The overall impact of the changes made result in an increase to goodwill of £1.0m. The comparatives for the 53 weeks ended 3 October 2010 have been adjusted in these financial statements to reflect these updated fair values accordingly.

The difference between the fair value of the consideration paid and the fair value of the identifiable net assets acquired is recognised as goodwill. Included in goodwill are certain intangible assets that cannot be separated and reliably measured due to their nature. These items include the favourable market presence which Britvic France enjoys, an assembled workforce and anticipated future operating synergies from the combination.

The sterling carrying value of the net assets acquired shown in the table below has been calculated using the exchange rate on the date of acquisition which was £1: €1.1611

| | Book value €m | Fair value adjustments €m | Fair value €m | Fair value £m |
|---|---|---|---|---|
| Intangible assets | 81.4 | 33.3 | 114.7 | 98.8 |
| Property, plant and equipment | 27.2 | 14.7 | 41.9 | 36.0 |
| Other financial assets | 2.3 | - | 2.3 | 2.0 |
| Inventories | 35.7 | 2.1 | 37.8 | 32.6 |
| Trade and other receivables | 73.2 | - | 73.2 | 63.0 |
| Cash and cash equivalents | 10.0 | - | 10.0 | 8.6 |
| Trade and other payables | (86.2) | - | (86.2) | (74.2) |
| Pension liability | (1.2) | - | (1.2) | (1.0) |
| Interest-bearing loans and borrowings | (53.4) | - | (53.4) | (46.0) |
| Other non-current liabilities | (3.8) | - | (3.8) | (3.3) |
| Other financial liabilities | (0.9) | - | (0.9) | (0.8) |
| Deferred tax liability | - | (17.7) | (17.7) | (15.3) |
| Current income tax payable | (1.8) | (1.5) | (3.3) | (2.8) |
| Net assets acquired | 82.5 | 30.9 | 113.4 | 97.6 |
| Purchased goodwill | | | 73.0 | 62.9 |
| Cost of investment satisfied by cash consideration | | | 186.4 | 160.5 |

## 16. Impairment testing of intangible assets

**Goodwill**
Goodwill acquired through business combinations has been allocated by senior management to seven individual cash-generating units for impairment testing as follows:

- Orchid
- Tango
- Robinsons
- Britvic Soft Drinks business ('BSD')
- Water Business
- Britvic Ireland
- Britvic France

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

*Carrying amount of goodwill*

| | Orchid £m | Tango £m | Robinsons £m | BSD £m | Water £m | Britvic Ireland £m | Britvic France Restated £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| At 2 October 2011 | 6.0 | 8.9 | 38.6 | 7.8 | 1.7 | 17.0 | 62.8 | 142.8 |
| At 3 October 2010 | 6.0 | 8.9 | 38.6 | 7.8 | 1.7 | 16.8 | 63.7* | 143.5 |

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

The Britvic Ireland and Britvic France goodwill is valued in euros and translated at the reporting date.

Apart from a £0.4m increase in goodwill in Ireland relating to the non-material acquisition of Quinn's of Cookstown, there are no movements from the prior year other than translation movements.

**Trademarks with indefinite lives**

*Carrying amount of trademarks with indefinite lives in the Ireland segment*
As part of the fair value exercise regarding the 2007 acquisition of Britvic Ireland, certain trademarks with indefinite lives were recognised. These trademarks have been allocated by senior management to five individual cash-generating units for impairment testing as follows:

| | Britvic £m | Cidona £m | Mi Wadi £m | Ballygowan £m | Club £m |
|---|---|---|---|---|---|
| At 2 October 2011 | 6.4 | 5.7 | 8.8 | 2.4 | 14.6 |
| At 3 October 2010 | 6.5 | 5.8 | 8.9 | 2.5 | 14.8 |

The trademarks are valued in euros and translated at the reporting date. The movements in the carrying amount from the prior year relate only to translation movements.

*Carrying amount of trademarks with indefinite lives in the France segment*
Additional trademarks with indefinite lives were recognised as part of the fair value exercise on the 2010 acquisition of Britvic France. These trademarks have been allocated by senior management to four individual cash-generating units for impairment testing as follows:

| | Teisseire £m | Moulin de Valdonne £m | Pressade £m | Fruité £m |
|---|---|---|---|---|
| At 2 October 2011 | 49.1 | 4.0 | 4.6 | 4.3 |
| At 3 October 2010 | 49.9 | 4.1 | 4.7 | 4.4 |

The trademarks are valued in euros and translated at the reporting date. The movements in the carrying amount from the prior year only relate to translation movements.

## 16. Impairment testing of intangible assets continued

### Method of impairment testing

The recoverable amount of the goodwill and intangible assets allocated to the cash-generating units detailed above has been determined based on a value in use calculation. To calculate this, 20 year cash flow projections are based on financial budgets prepared by senior management and approved by the board of directors. A 20 year cash flow period has been used reflecting the current economic uncertainty in the markets in which we operate.

The group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing. The pre-tax discount rate applied to pre-tax cash flow projections is 11% (2010: 11 per cent) for goodwill relating to Britvic GB. A pre-tax discount rate of 11% (2010: 10 per cent) was applied for the Britvic Ireland goodwill and trademarks recognised on the acquisition of Britvic Ireland. A pre-tax discount rate of 12% was applied for the Britvic France goodwill and trademarks recognised on the acquisition of Britvic France.

Cash flows beyond a one year period are extrapolated based on senior management forecasts for the following four years and beyond that based on growth and inflationary assumptions as described below. No growth besides inflationary growth increases is assumed beyond five years given the current economic uncertainty. Senior management expectations are formed in line with performance to date and experience, as well as available external market data.

*Key assumptions used in value in use calculation*

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

Growth rates – reflect senior management expectations of volume growth based on growth achieved to date, current strategy and expected market trends. No growth besides inflationary growth increases is assumed beyond five years given the current economic uncertainty.

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.

### Conclusions

In 2010, impairment losses were recognised in respect of Red Devil goodwill (£5.0m), Orchid goodwill (£6.4m), Britvic Ireland goodwill (£54.7m), Britvic Ireland indefinite life trademarks (£29.7m) and Britvic Ireland finite life trademarks (£0.1m). No further impairments have been identified during 2011 and for all cash-generating units, with the exception of Orchid, there are no reasonably possible changes in key assumptions other than a further, currently unforecast, material decline in the prospects for the economies in which the group operates, which would cause the value of the goodwill or any of the intangible assets with indefinite lives to materially fall short of their carrying value. For the Orchid cash generating unit, no growth has been assumed in the cash flow projections. Based on this assumption, the recoverable amount exceeds the carrying amount by approximately £0.7m. A decline in volumes of 2% per annum in the five year forecasts used would reduce this to £nil.

### Intangible assets with finite lives

*Franchise rights*

Franchise rights represent the franchise agreements acquired, as a result of the acquisition of Britvic Ireland, which provide the long-term right to distribute certain soft drinks. Management have reviewed the performance of those products since acquisition and no indicators of impairment have been identified.

*Customer lists*

As part of the fair value exercise regarding the acquisitions of Britvic Ireland in 2007 and Britvic France in 2010, customer list assets with finite lives were recognised. Management have reviewed trading levels with those customers since acquisition and in the prior year identified a number of material reductions which have been directly attributed to the difficult trading conditions experienced in Ireland due to the sustained economic downturn. As a result an impairment loss of £5.1m was recognised in 2010.

No indicators of impairment have been identified in the current year and accordingly no further impairments have been recognised in respect of customer lists.

### Recognition of impairment losses

In 2010, impairment losses, in respect of intangible assets as detailed above, totalling £101.0m were recognised in the income statement within exceptional administration expenses. £11.4m related to the GB carbs business segment and £89.6m related to the Britvic Ireland business segment.

## 17. Other receivables (non-current)

| | 2011 £m | 2010 £m |
|---|---|---|
| Operating lease premiums | **2.3** | 2.3 |
| Prepayments | **3.1** | - |
| Other | **0.2** | - |
| **Total other receivables (non-current)** | **5.6** | 2.3 |

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

## 18. Inventories

| | 2011 £m | 2010 Restated* £m |
|---|---|---|
| Raw materials | **28.6** | 22.9 |
| Finished goods | **49.2** | 50.8 |
| Consumable stores | **6.1** | 6.0 |
| Returnable packaging | **4.6** | 3.9 |
| **Total inventories at lower of cost and net realisable value** | **88.5** | 83.6 |

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

## 19. Trade and other receivables (current)

| | 2011 £m | 2010 £m |
|---|---|---|
| Trade receivables | **209.1** | 184.4 |
| Other receivables | **10.8** | 8.8 |
| Prepayments | **30.1** | 34.8 |
| | **250.0** | 228.0 |

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the group operates. As at 2 October 2011, trade receivables at nominal value of £1.2m (2010: £1.2m) were impaired and fully provided against. Movements in the provision for impairment of receivables were as follows:

| | Total £m |
|---|---|
| At 27 September 2009 | 1.3 |
| Acquisition | 0.5 |
| Charge for period | 0.8 |
| Utilised | (0.6) |
| Unused amounts reversed | (0.8) |
| At 3 October 2010 | 1.2 |
| Charge for period | 1.0 |
| Utilised | (0.5) |
| Unused amounts reversed | (0.5) |
| **At 2 October 2011** | **1.2** |

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.

As at 2 October 2011, the ageing analysis of trade receivables is as follows:

| | | | Past due but not impaired | | | | |
|---|---|---|---|---|---|---|---|
| | Total £m | Neither past due nor impaired £m | <30 days £m | 30 – 60 days £m | 60 – 90 days £m | 90 – 120 days £m | > 120 days £m |
| **2011** | **209.1** | **194.1** | **12.0** | **0.8** | **0.5** | **0.5** | **1.2** |
| 2010 | 184.4 | 172.2 | 7.5 | 2.1 | 1.7 | 0.9 | - |

The credit quality of trade receivables that are neither past due nor impaired is considered good. Refer to note 26 for details of the group's credit risk policy. The group does however monitor the credit quality of trade receivables by reference to credit ratings available externally.

## 20. Cash and cash equivalents

| | 2011 £m | 2010 £m |
|---|---|---|
| Cash at bank and in hand | **43.0** | 54.0 |

During the year short-term deposits are made for varying periods of between one day and one month 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 2 October 2011, the group had available £400.0m (2010: £213.0m) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met.

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

## 21. Non-current assets held for sale

| | 2011 £m | 2010 £m |
|---|---|---|
| Net transfer from property, plant and equipment | **0.7** | - |

The current period transfer relates to a property held for sale in Britvic France. The sale of the property completed on 10 November 2011. There was no gain or loss on transfer from property, plant and equipment to non-current assets held for sale.

## 22. Issued share capital

The issued share capital as at 2 October 2011 comprised 241,400,052 ordinary shares of £0.20 each (2010: 239,906,178 ordinary shares), totalling £48,280,010 (2010: £47,981,236).

The ordinary shares carry voting rights of one vote per share. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

| | 2011 £m | 2010 £m |
|---|---|---|
| **Authorised** | | |
| 327,500,000 ordinary shares of £0.20 each | **65.5** | 65.5 |
| **Called up, issued and fully paid ordinary shares** | | |
| 241,400,052 (2010: 239,906,178) ordinary shares of £0.20 each | **48.3** | 48.0 |

Share issues in the current and prior periods relating to incentive schemes for employees are detailed below:

| **52 weeks ended 2 October 2011** | **No of shares issued** | **Nominal Value £** |
|---|---|---|
| 2 December 2010 | 12,244 | 2,449 |
| 15 December 2010 | 122,449 | 24,490 |
| 23 December 2010 | 21,974 | 4,395 |
| 4 February 2011 | 300,000 | 60,000 |
| 1 April 2011 | 32,013 | 6,402 |
| 8 April 2011 | 484,343 | 96,868 |
| 12 May 2011 | 20,851 | 4,170 |
| 27 June 2011 | 500,000 | 100,000 |
| | **1,493,874** | **298,774** |

## 22. Issued share capital continued

| 53 weeks ended 3 October 2010 | No of shares issued | Nominal Value £ |
|---|---|---|
| 25 November 2009 | 103,102 | 20,620 |
| 30 November 2009 | 134,684 | 26,937 |
| 7 December 2009 | 34,837 | 6,967 |
| 14 January 2010 | 57,749 | 11,550 |
| 28 January 2010 | 131,140 | 26,228 |
| 22 February 2010 | 57,789 | 11,558 |
| 5 March 2010 | 50,039 | 10,008 |
| 29 March 2010 | 46,118 | 9,224 |
| 9 April 2010 | 406,083 | 81,217 |
| 1 June 2010 | 12,244 | 2,449 |
| 19 August 2010 | 300,000 | 60,000 |
| 1 October 2010 | 12,244 | 2,449 |
| | **1,346,029** | **269,207** |

Of the issued and fully paid ordinary shares, 258,683 shares (2010: 466,343 shares) are treasury shares. This equates to £51,737 (2010: £93,269) 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 26.

## 23. Interest-bearing loans and borrowings

| | 2011 £m | 2010 £m |
|---|---|---|
| **Non-current** | | |
| Finance leases | **(1.2)** | (1.5) |
| Unsecured bank loans | **(2.2)** | (126.3) |
| Private placement notes | **(574.4)** | (445.7) |
| Less unamortised issue costs | **4.6** | 3.6 |
| **Total non-current** | **(573.2)** | (569.9) |

The table below provides an analysis of amounts included within interest-bearing loans and borrowings:

| | 2011 £m | 2010 £m |
|---|---|---|
| Finance leases | **(1.2)** | (1.5) |
| 2007 Notes | **(278.6)** | (275.0) |
| 2009 Notes | **(174.3)** | (167.9) |
| 2010 Notes | **(116.5)** | - |
| Accrued interest | **(5.0)** | (3.8) |
| Unsecured bank loans | **(2.2)** | (125.3) |
| Capitalised issue costs | **4.6** | 3.6 |
| | **(573.2)** | (569.9) |

**Analysis of changes in interest-bearing loans and borrowings**

| | 2011 £m | 2010 £m |
|---|---|---|
| At the beginning of the period (non-current liabilities) | **(569.9)** | (450.7) |
| Acquisition of Britvic France | **-** | (46.0) |
| Net loans repaid | **123.4** | 95.0 |
| Issue of 2010 / 2009 Notes | **(113.9)** | (149.8) |
| Issue costs | **3.9** | 1.2 |
| Amortisation and write off of issue costs | **(2.9)** | (1.7) |
| Net translation loss / fair value adjustment | **(12.6)** | (17.1) |
| Accrued interest | **(1.2)** | (0.8) |
| At the end of the period (non-current liabilities) | **(573.2)** | (569.9) |
| Derivatives hedging balance sheet debt* | **78.2** | 64.7 |
| Debt translated at contracted rate | **(495.0)** | (505.2) |

* 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 interest-bearing loans and borrowings.

## 23. Interest-bearing loans and borrowings continued

### Bank loans

In March 2011, the group reached agreement with its banks to refinance £333m of existing bank facilities which were due to mature in May 2012. The previous 3 year facility has been replaced with a new six-bank £400m revolving multi-currency 5 year facility which will mature in March 2016.

The unsecured bank loans classified as non-current are repayable in December 2012 and 2018 (2010: May 2012).

Loans outstanding at 2 October 2011 attract interest at an average rate of 5.09% for euro denominated loans (2010: 3.04%). There were no sterling denominated loans outstanding at 2 October 2011 (2010: Nil).

### Private placement notes

*2007 Notes*

On 20 February 2007, Britvic plc issued US$375m and £38m of Senior Notes ('the 2007 Notes') in the United States Private Placement market. The proceeds of the issue were used to repay and cancel a £150m term loan, with the remainder being used to repay the amounts drawn on the group's revolving credit facility. The amount, maturity and interest terms of the Notes are shown in the table below:

| Series | Tranche | Maturity date | Amount | Interest terms | Swap interest |
|---|---|---|---|---|---|
| A | 7 year | 20 February 2014 | US$87m | US$ fixed at 5.80% | UK£ fixed at 6.10% |
| B | 7 year | 20 February 2014 | US$15m | US$ LIBOR + 0.5% | UK£ fixed at 6.07% |
| C | 7 year | 20 February 2014 | £25m | UK£ fixed at 6.11% | n/a |
| D | 10 year | 20 February 2017 | US$147m | US$ fixed at 5.90% | UK£ fixed at 5.98% |
| E | 12 year | 20 February 2019 | US$126m | US$ fixed at 6.00% | UK£ fixed at 5.98% |
| F | 12 year | 20 February 2019 | £13m | UK£ fixed at 5.94% | n/a |

Britvic plc makes quarterly and semi-annual interest payments in the currency of issue. The Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the company. In order to manage the risk of foreign currency and interest rate fluctuations, the group has entered into currency interest rate swaps whereby fixed / floating US dollar interest is swapped for fixed sterling interest. The swap contracts have the same duration and other critical terms as the borrowings which they hedge and are designated as part of effective hedge relationships (see note 27).

Covenants on these Notes include a term which states that Britvic plc must offer to repay the Notes should a change in control of the group occur which results in a downwards movement in the credit rating as defined in the Note purchase agreement.

### 2009 Notes

On 17 December 2009, Britvic plc issued US$250m of Senior Notes in the United States Private Placement market ('the 2009 Notes'). The 2009 Notes are additional borrowings to the 2007 Notes. The proceeds from the 2009 Notes were principally used to repay amounts drawn on the group's existing borrowings, including the repayment of €100m of the revolving credit facility.

Britvic plc makes semi-annual interest payments in US dollars, with the first payment being made on 17 June 2010. The 2009 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the group.

In order to manage foreign exchange risk, interest rate risk and to ensure an appropriate mix of sterling and euro funding, the group has entered into a number of new cross currency interest rate swaps. The 2009 Notes were swapped into floating rate sterling and euro liabilities through a series of US dollar to sterling and sterling to euro swap instruments. These cross currency interest rate swap contracts have the same duration and other critical terms as the relevant borrowings they hedge and are designated as part of effective hedge relationships (see note 27).

The amount, maturity and interest terms of the 2009 Notes are shown in the table below:

| Series | Tranche | Maturity date | Amount | Interest terms | Swap interest |
|---|---|---|---|---|---|
| A | 5 year | 17 December 2014 | US$30m | US$ fixed at 4.07% | UK£ LIBOR + 1.44% |
| B | 7 year | 17 December 2016 | US$75m | US$ fixed at 4.77% | EURIBOR + 1.69% |
| C | 8 year | 17 December 2017 | US$25m | US$ fixed at 4.94% | EURIBOR + 1.70% |
| D | 10 year | 17 December 2019 | US$120m | US$ fixed at 5.24% | EURIBOR + 1.75% |

As detailed in the table above, the 2009 USPP cross currency swaps converted an amount of US dollar borrowings into a €147.0m 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 swaps do not form part of an effective hedge relationship.

## 23. Interest-bearing loans and borrowings continued

**2010 Notes**

On 17 December 2010, Britvic plc issued US$163m and £7.5m of Senior Notes in the United States Private Placement market ('the 2010 Notes'). The 2010 Notes are additional borrowings to the 2007 and 2009 Notes. The proceeds from the 2010 Notes were principally used to repay amounts drawn on the group's existing borrowings. Issue costs incurred in the period relate to the issue of the 2010 Notes and the refinancing of the group's bank facilities.

Britvic plc makes semi-annual interest payments in US dollars with the first payment being made on 17 June 2011. The 2010 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the group.

In order to manage foreign exchange risk, interest rate risk and to ensure an appropriate mix of sterling and euro funding, the group has entered into a number of cross currency interest rate swaps. The 2010 Notes were swapped into a mix of fixed and floating rate sterling and euro liabilities through a series of US dollar to sterling and sterling to euro swap instruments. These cross currency interest rate swap contracts have the same duration and other critical terms as the relevant borrowings they hedge and are designated as part of effective hedge relationships (see note 27).

The amount, maturity and interest terms of the 2010 Notes are shown in the table below:

| Series | Tranche | Maturity date | Amount | Interest terms | Swap interest |
|---|---|---|---|---|---|
| A | 7 year | 17 December 2017 | £7.5m | UK£ fixed at 3.74% | N/A |
| B | 7 year | 17 December 2017 | US$25m | US$ fixed at 3.45% | UK£ fixed 3.85% |
| | | | US$25m | US$ fixed at 3.45% | € fixed 3.34% |
| C | 10 year | 17 December 2020 | US$37m | US$ fixed at 4.04% | UK£ LIBOR +1.24% |
| | | | US$23m | US$ fixed at 4.04% | € fixed 3.85% |
| | | | US$10m | US$ fixed at 4.04% | UK£ fixed 4.49% |
| D | 12 year | 17 December 2022 | US$18m | US$ fixed at 4.14% | UK£ LIBOR +1.18% |
| | | | US$25m | US$ fixed at 4.14% | € fixed 3.97% |

As detailed in the table above, the 2010 USPP cross currency swaps converted an amount of US dollar borrowings into a £35.6m floating rate sterling liability. To mitigate exposure in a proportion of this liability, £20m of 3-year interest rate swaps were transacted with an effective date of December 2011.

## 24. Pensions

The group principal pension scheme for GB employees, the Britvic Pension Plan (BPP), has both a defined benefit and a defined contribution section. The defined benefit section of the BPP was closed to new members on 1 August 2002, and following consultation with GB employees was closed to future accrual for active members with effect from 10 April 2011, with members moving into the defined contribution section for future service benefits.

Contributions are paid into the Plan in accordance with the recommendations of an independent actuary and as outlined in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. Following the conclusion of the previous triennial valuation, the final annual payment of £10m contributions in respect of the funding shortfall, outlined in the recovery plan, was made by 31 December 2010. As a result of the latest formal valuation, a proposal was set out under which a monetary contribution or contributions will be made to enable the Trustee of the BPP to acquire an interest in a limited partnership. This partnership interest is intended to provide the Trustee with an income of at least £5m per annum in each year over a 15 year period together with a final payment of up to a maximum of £105m to the extent required under funding conditions to be agreed to the satisfaction of the Trustee and the company, at the end of the 15 year period.

A first tranche of this proposal was completed prior to the period end. Britvic Scottish Limited Partnership (Britvic SLP) and Britvic Property Partnership (Britvic PP) were established by the group and properties with a market value of £28.6m were then transferred to Britvic PP and leased back to Britvic Soft Drinks Limited. Britvic SLP holds an investment in Britvic PP.

The BPP is a partner in Britvic SLP and is entitled to a share of the profits of the partnership over the next 15 years. 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 that time, up to a maximum value of £25m. At that point the group may be required to transfer this amount in cash to the BPP.

Both Britvic SLP and Britvic PP are consolidated by the group. The investment held by the BPP in Britvic SLP does not represent a plan asset for accounting purposes and is therefore not included in the fair value of plan assets. The share of profits of Britvic SLP received by the BPP will be accounted for by the group as contributions when paid. The properties transferred to Britvic PP continue to be included within the group's property, plant and equipment on the balance sheet and the group retains operational flexibility over the transferred properties, including the ability to substitute the properties held by Britvic PP.

In addition to the expected partnership income of at least £5m per annum, the group will make payments to the BPP of £5m by 31 December 2011, £7.5m by 31 December 2012 and £15m per annum by 31 December of each year from 2013 to 2017. In the event that further tranches of the proposal do not proceed, the BPP will instead receive total contributions of £10m by 31 December 2011, £12.5m by 31 December 2012 and £20m per annum by 31 December of each year from 2013 to 2022 inclusive.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the income statement for 2011 was £5.8m (2010: £3.6m).

## 24. Pensions continued

In Northern Ireland, the Britvic Northern Ireland Pension Plan (BNIPP) 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. Employees of C&C Group transferred out of BNIPP on 30 June 2008 with the bulk transfer of assets for the C&C employees taking place in December 2009. The latest formal actuarial valuation for contribution purposes was carried out as at 31 December 2008 and as a result shortfall correction additional contributions of £90,000 per month until 31 December 2010, and £125,000 per month from 1 January 2011 to 31 December 2019 are being paid in accordance with the Recovery Plan dated December 2009.

In the Republic of Ireland, employees continued to participate in a number of C&C Group pension schemes following the acquisition until transferring into two newly formed pension plans called the Britvic Ireland Defined Contribution Pension Plan and the Britvic Ireland Defined Benefit Pension Plan (BIPP) on 1 September 2008. Since 1 March 2006 new employees have been offered membership of the defined contribution plan in the first instance, with the ability to transfer into the defined benefit plan for future service benefits after a period of 5 years. The first formal actuarial valuation was carried out at 31 December 2009 and is still being finalised.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the Income Statement for 2011 was £0.6m (2010: £0.4m).

All group pension schemes are administered by trustees who are independent of the group's finances.

The assets and liabilities of the pension schemes were valued on an IAS 19 basis at 2 October 2011 by Towers Watson (BPP) and Mercer (BIPP and BNIPP).

Included within the pension liability on the consolidated balance sheet is an accrual of £1.4m (2010: £1.1m) for retirement indemnities in respect of Britvic France. This liability is considered to be immaterial and no further disclosure is included within this note.

**Principal Assumptions**

*Financial Assumptions*

| | **2011 % ROI** | **2011 % NI** | **2011 % GB** | 2010 % ROI | 2010 % NI | 2010 % GB |
|---|---|---|---|---|---|---|
| Discount rate | **5.35** | **5.20** | **5.60** | 4.90 | 5.00 | 5.05 |
| Rate of compensation increase | **3.00** | **4.00** | **n/a** | 3.00 | 4.50 | 4.50 |
| Expected long term return on plan assets | **5.90** | **6.71** | **5.83** | 6.00 | 6.65 | 5.82 |
| Pension increases | **3.00** | **3.00** | **2.30-3.40** | 3.00 | 2.30-3.40 | 2.30-3.40 |
| Inflation assumption | **2.00** | **3.00** | **3.50** | 2.00 | 3.50 | 3.50 |

To develop the expected long term rate of return on assets assumption, the group considered the level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate on assets assumption for the portfolio.

*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:

| | **2011 years ROI** | **2011 years NI** | **2011 years GB** | 2010 years ROI | 2010 years NI | 2010 years GB |
|---|---|---|---|---|---|---|
| Current pensioners (at age 65) – males | **22.7** | **20.9** | **22.0** | 22.7 | 20.9 | 21.9 |
| Current pensioners (at age 65) – females | **24.4** | **23.7** | **24.5** | 24.4 | 23.7 | 24.2 |
| Future pensioners currently aged 45 (at age 65) – males | **25.6** | **22.7** | **24.2** | 25.6 | 22.6 | 24.1 |
| Future pensioners currently aged 45 (at age 65) – females | **26.7** | **25.2** | **26.9** | 26.7 | 25.1 | 26.6 |

The mortality assumptions used to calculate the GB pension obligation were revised in 2010 following a mortality analysis carried out as part of the actuarial valuation of the Britvic Pension Plan at 31 March 2010.

## 24. Pensions continued

*Sensitivities*

The value of plan assets is sensitive to market conditions, particularly equity values. Changes in assumptions used for determining retirement benefit costs and obligations may have a material impact on the 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 plan liabilities | Impact on NI plan liabilities | Impact on GB plan liabilities |
|---|---|---|---|---|
| Discount rate | Increase/Decrease by 0.1% | Decrease/Increase by £1.7m | Decrease/Increase by £0.5m | Decrease/Increase by £9.5m |
| Inflation rate | Increase/Decrease by 0.1% | Increase/Decrease by £0.9m | Increase/Decrease by £0.2m | Increase/Decrease by £6.8m |
| Mortality rate | Increase in life expectancy by one year | Increase by £1.4m | Increase by £0.6m | Increase by £12.9m |

**Net benefit income / (expense)**

| | ROI £m | NI £m | GB £m | 2011 Total £m |
|---|---|---|---|---|
| Current service cost | **(2.4)** | **(0.3)** | **(2.6)** | **(5.3)** |
| Interest cost on benefit obligation | **(3.6)** | **(1.3)** | **(27.0)** | **(31.9)** |
| Expected return on plan assets | **2.8** | **1.3** | **27.0** | **31.1** |
| Curtailment gain | **1.2** | **-** | **17.7** | **18.9** |
| Net income / (expense) | **(2.0)** | **(0.3)** | **15.1** | **12.8** |

| | ROI £m | NI £m | GB £m | 2010 Total £m |
|---|---|---|---|---|
| Current service cost | (2.0) | (0.3) | (4.2) | (6.5) |
| Interest cost on benefit obligation | (3.0) | (1.3) | (26.3) | (30.6) |
| Expected return on plan assets | 2.6 | 1.1 | 24.1 | 27.8 |
| Curtailment gain | 0.8 | 0.2 | - | 1.0 |
| Net expense | (1.6) | (0.3) | (6.4) | (8.3) |

The net income detailed above is all 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.

The ROI curtailment gain in the year was triggered by the redundancies of employees resulting in a significant number of members moving from active to deferred status in the period, thereby no longer accruing future entitlement. The GB curtailment gain in the year arose due to the closure to future accrual of the defined benefit section of the GB plan.

**Taken to the statement of comprehensive income**

| | ROI £m | NI £m | GB £m | 2011 Total £m |
|---|---|---|---|---|
| Actual return on scheme assets | **(2.2)** | **0.7** | **5.9** | **4.4** |
| Less: Expected return on scheme assets | **(2.8)** | **(1.3)** | **(27.0)** | **(31.1)** |
| | **(5.0)** | **(0.6)** | **(21.1)** | **(26.7)** |
| Other actuarial gains | **8.8** | **2.2** | **60.8** | **71.8** |
| Actuarial gains taken to the statement of comprehensive income | **3.8** | **1.6** | **39.7** | **45.1** |

| | ROI £m | NI £m | GB £m | 2010 Total £m |
|---|---|---|---|---|
| Actual return on scheme assets | 4.3 | 1.5 | 49.2 | 55.0 |
| Less: Expected return on scheme assets | (2.6) | (1.1) | (24.1) | (27.8) |
| | 1.7 | 0.4 | 25.1 | 27.2 |
| Other actuarial losses | (15.3) | (2.4) | (58.5) | (76.2) |
| Actuarial losses taken to the statement of comprehensive income | (13.6) | (2.0) | (33.4) | (49.0) |

## 24. Pensions continued

### Net liability

| | ROI £m | NI £m | GB £m | 2011 Total £m |
|---|---|---|---|---|
| Present value of benefit obligation | **(64.4)** | **(25.4)** | **(481.2)** | **(571.0)** |
| Fair value of plan assets | **44.5** | **20.3** | **462.5** | **527.3** |
| Net liability | **(19.9)** | **(5.1)** | **(18.7)** | **(43.7)** |

| | ROI £m | NI £m | GB £m | 2010 Total £m |
|---|---|---|---|---|
| Present value of benefit obligation | (69.6) | (26.8) | (544.6) | (641.0) |
| Fair value of plan assets | 45.7 | 18.8 | 459.3 | 523.8 |
| Net liability | (23.9) | (8.0) | (85.3) | (117.2) |

**Movements in the present value of benefit obligation are as follows:**

| | ROI £m | NI £m | GB £m | 2011 Total £m |
|---|---|---|---|---|
| At 3 October 2010 | **(69.6)** | **(26.8)** | **(544.6)** | **(641.0)** |
| Exchange differences | **0.8** | **-** | **-** | **0.8** |
| Curtailment gain | **1.2** | **-** | **17.7** | **18.9** |
| Current service cost | **(2.4)** | **(0.3)** | **(2.6)** | **(5.3)** |
| Member contributions | **(0.5)** | **-** | **(0.8)** | **(1.3)** |
| Interest cost on benefit obligation | **(3.6)** | **(1.3)** | **(27.0)** | **(31.9)** |
| Benefits paid | **0.9** | **0.8** | **15.3** | **17.0** |
| Actuarial gains | **8.8** | **2.2** | **60.8** | **71.8** |
| At 2 October 2011 | **(64.4)** | **(25.4)** | **(481.2)** | **(571.0)** |

| | ROI £m | NI £m | GB £m | 2010 Total £m |
|---|---|---|---|---|
| At 27 September 2009 | (52.4) | (23.8) | (470.8) | (547.0) |
| Exchange differences | 2.6 | - | - | 2.6 |
| Curtailment gain | 0.8 | 0.2 | - | 1.0 |
| Current service cost | (2.0) | (0.3) | (4.2) | (6.5) |
| Member contributions | (0.6) | - | (1.5) | (2.1) |
| Interest cost on benefit obligation | (3.0) | (1.3) | (26.3) | (30.6) |
| Benefits paid | 0.3 | 0.8 | 16.7 | 17.8 |
| Actuarial losses | (15.3) | (2.4) | (58.5) | (76.2) |
| At 3 October 2010 | (69.6) | (26.8) | (544.6) | (641.0) |

## 24. Pensions continued

**Movements in the fair value of plan assets are as follows:**

| | ROI £m | NI £m | GB £m | 2011 Total £m |
|---|---|---|---|---|
| At 3 October 2010 | **45.7** | **18.8** | **459.3** | **523.8** |
| Exchange differences | **(0.6)** | **-** | **-** | **(0.6)** |
| Expected return on plan assets | **2.8** | **1.3** | **27.0** | **31.1** |
| Actuarial losses | **(5.0)** | **(0.6)** | **(21.1)** | **(26.7)** |
| Employer contributions | **2.0** | **1.6** | **11.8** | **15.4** |
| Member contributions | **0.5** | **-** | **0.8** | **1.3** |
| Benefits paid | **(0.9)** | **(0.8)** | **(15.3)** | **(17.0)** |
| At 2 October 2011 | **44.5** | **20.3** | **462.5** | **527.3** |

| | ROI £m | NI £m | GB £m | 2010 Total £m |
|---|---|---|---|---|
| At 27 September 2009 | 34.0 | 16.2 | 411.7 | 461.9 |
| Exchange differences | (1.7) | - | - | (1.7) |
| Expected return on plan assets | 2.6 | 1.1 | 24.1 | 27.8 |
| Actuarial gains | 1.7 | 0.4 | 25.1 | 27.2 |
| Employer contributions | 8.8 | 1.9 | 13.6 | 24.3 |
| Member contributions | 0.6 | - | 1.5 | 2.1 |
| Benefits paid | (0.3) | (0.8) | (16.7) | (17.8) |
| At 3 October 2010 | 45.7 | 18.8 | 459.3 | 523.8 |

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

| | ROI £m | NI £m | GB £m | 2011 Total £m | 2011 Total % |
|---|---|---|---|---|---|
| Equities & real estate | **28.0** | **9.5** | **243.5** | **281.0** | **53** |
| Bonds and gilts | **16.5** | **10.2** | **214.0** | **240.7** | **46** |
| Cash | **-** | **0.6** | **5.0** | **5.6** | **1** |
| Total | **44.5** | **20.3** | **462.5** | **527.3** | **100** |

| | ROI £m | NI £m | GB £m | 2010 Total £m | 2010 Total % |
|---|---|---|---|---|---|
| Equities & real estate | 30.6 | 15.4 | 260.2 | 306.2 | 59 |
| Bonds and gilts | 14.6 | 1.9 | 194.7 | 211.2 | 40 |
| Cash | 0.5 | 1.5 | 4.4 | 6.4 | 1 |
| Total | 45.7 | 18.8 | 459.3 | 523.8 | 100 |

**Analysis of expected return on assets by categories of scheme assets**

| | ROI £m | NI £m | GB £m | 2011 Total £m | 2011 Total % |
|---|---|---|---|---|---|
| Equities & real estate | **2.3** | **1.2** | **18.5** | **22.0** | **71** |
| Bonds and gilts | **0.5** | **0.1** | **8.3** | **8.9** | **29** |
| Cash | **-** | **-** | **0.2** | **0.2** | **-** |
| Total | **2.8** | **1.3** | **27.0** | **31.1** | **100** |

| | ROI £m | NI £m | GB £m | 2010 Total £m | 2010 Total % |
|---|---|---|---|---|---|
| Equities & real estate | 2.2 | 1.0 | 16.6 | 19.8 | 71 |
| Bonds and gilts | 0.4 | 0.1 | 7.5 | 8.0 | 29 |
| Cash | - | - | - | - | - |
| Total | 2.6 | 1.1 | 24.1 | 27.8 | 100 |

## 24. Pensions continued

**History of experience gains and losses**

| | **2011 £m** | 2010 £m | 2009 £m | 2008 £m | 2007 £m |
|---|---|---|---|---|---|
| Fair value of schemes assets | **527.3** | 523.8 | 461.9 | 424.5 | 479.3 |
| Present value of defined benefit obligations | **(571.0)** | (641.0) | (547.0) | (448.4) | (484.9) |
| Deficit in the schemes | **(43.7)** | (117.2) | (85.1) | (23.9) | (5.6) |
| Experience adjustments arising on plan liabilities | **1.5** | 36.7 | 2.0 | 3.3 | (17.2) |
| Experience adjustments arising on plan assets | **(26.7)** | 27.2 | (2.7) | (98.9) | 13.6 |

The cumulative amount of actuarial gains and losses recognised since 4 October 2004 in the group statement of comprehensive income is an overall loss of £58.4m (2010: loss of £103.5m). The directors are unable to determine how much of the pension scheme deficit recognised on transition to IFRS and taken direct to equity of £1.3m is attributable to actuarial gains and losses since the inception of those pension schemes. Consequently, the directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the group statement of comprehensive income before 4 October 2004.

Normal contributions of £2.0m and additional contributions of £11.5m are expected to be paid into the pension schemes during the 2012 financial year.

## 25. Trade and other payables (current)

| | **2011 £m** | 2010 Restated* £m |
|---|---|---|
| Trade payables | **235.9** | 231.9 |
| Other payables | **8.7** | 11.3 |
| Accruals and deferred income | **89.0** | 74.8 |
| Other taxes and social security | **36.5** | 30.4 |
| | **370.1** | 348.4 |

*Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

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

## 26. Financial risk management objectives and policies

**Overview**

The group's principal financial instruments comprise derivatives, borrowings and overdrafts, 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 19 and 25 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 exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

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 which are designated to hedge underlying debt obligations. At 2 October 2011, after taking into account the effect of these instruments, approximately 82% of the group's borrowings are at a fixed rate of interest (2010: 63%).

## 26. Financial risk management objectives and policies continued

*Interest rate risk table*

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

| | Increase / (decrease) in basis points | Effect on profit / (loss) before tax £m | Effect on equity £m |
|---|---|---|---|
| **2011** | | | |
| **Sterling** | **200** | **0.4** | **28.9** |
| | **(200)** | **(0.1)** | **(32.8)** |
| **Euro** | **200** | **3.5** | **6.8** |
| | **(200)** | **(2.3)** | **(8.2)** |
| 2010 | | | |
| Sterling | 200 | (0.9) | 26.4 |
| | (200) | 0.9 | (30.4) |
| Euro | 200 | 2.3 | 8.5 |
| | (200) | (3.1) | (10.5) |

**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 made in the currencies of US dollars and euros. As at 2 October 2011, the group has hedged 67% (2010: 68%) 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).

| | Increase / (decrease) in currency rate % | Effect on profit before tax £m | Effect on equity £m |
|---|---|---|---|
| **2011** | | | |
| **Sterling / euro** | **10** | **(0.4)** | **5.0** |
| | **(10)** | **0.4** | **(5.0)** |
| **Sterling / US dollar** | **10** | **-** | **1.2** |
| | **(10)** | **-** | **(1.2)** |
| **Euro / US dollar** | **10** | **-** | **1.7** |
| | **(10)** | **-** | **(1.7)** |
| 2010 | | | |
| Sterling / euro | 10 | (0.1) | 3.5 |
| | (10) | 0.1 | (3.5) |
| Sterling / US dollar | 10 | (0.1) | 0.7 |
| | (10) | 0.1 | (0.7) |
| Euro / US dollar | 10 | - | 1.4 |
| | (10) | - | (1.4) |

## 26. Financial risk management objectives and policies continued

### 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 19. 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 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 a number of total return share swaps against schemes maturing in 2011, 2012 and 2013.

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 share swaps).

| | Increase / (decrease) in share price % | Effect on profit before tax £m |
|---|---|---|
| **2011** | **10** | **1.9** |
| | **(10)** | **(1.9)** |
| 2010 | 10 | 2.2 |
| | (10) | (2.2) |

### 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. The bank loans entered into by the group are unsecured. At 2 October 2011, none of the group's debt will mature in less than one year (2010: none).

The table below summarises the maturity profile of the group's financial liabilities at 2 October 2011 based on contractual undiscounted payments:

| **2011** | Less than 1 year £m | 1 to 5 years £m | > 5 years £m | Total £m |
|---|---|---|---|---|
| Unsecured bank loans | **0.1** | **2.7** | **-** | **2.8** |
| Private placement notes | **27.9** | **206.8** | **486.7** | **721.4** |
| Derivatives hedging private placement notes - payments | **19.8** | **140.6** | **413.2** | **573.6** |
| Derivatives hedging private placement notes - receipts | **(25.3)** | **(161.7)** | **(425.0)** | **(612.0)** |
| | **22.4** | **185.7** | **474.9** | **683.0** |
| Interest rate swap - payments | **1.7** | **5.5** | **-** | **7.2** |
| Interest rate swap - receipts | **(1.4)** | **(4.3)** | **-** | **(5.7)** |
| | **0.3** | **1.2** | **-** | **1.5** |
| Trade and other payables | **333.6** | **-** | **-** | **333.6** |
| Finance leases | **-** | **1.2** | **-** | **1.2** |
| Other financial liabilities | **4.3** | **-** | **-** | **4.3** |
| | **360.7** | **190.8** | **474.9** | **1,026.4** |

## 26. Financial risk management objectives and policies continued

| 2010 | Less than 1 year £m | 1 to 5 years £m | > 5 years £m | Total £m |
|---|---|---|---|---|
| Unsecured bank loans | 3.8 | 128.1 | - | 131.9 |
| Private placement notes | 23.6 | 195.3 | 375.4 | 594.3 |
| Derivatives hedging private placement notes - payments | 16.7 | 139.6 | 431.9 | 588.2 |
| Derivatives hedging private placement notes - receipts | (23.3) | (179.4) | (483.7) | (686.4) |
| | 17.0 | 155.5 | 323.6 | 496.1 |
| Interest rate swap - payments | 0.7 | 5.9 | 0.7 | 7.3 |
| Interest rate swap - receipts | (0.4) | (3.1) | (0.4) | (3.9) |
| | 0.3 | 2.8 | 0.3 | 3.4 |
| Trade and other payables | 318.0* | - | - | 318.0 |
| Finance leases | - | 0.7 | 0.8 | 1.5 |
| Other financial liabilities | 1.4 | - | - | 1.4 |
| | 340.5 | 287.1 | 324.7 | 952.3 |

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

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 income statement are the same.

Details with regard to derivative contracts are included in note 27.

**Fair value 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.

| **2011** | **Assets £m** | **Liabilities £m** |
|---|---|---|
| Level 1 | **-** | **-** |
| Level 2 | | |
| - Derivatives used for hedging | **95.9** | **(2.7)** |
| - Financial instruments at fair value through profit or loss | **-** | **(11.3)** |
| Level 3 | **-** | **-** |
| **Total** | **95.9** | **(14.0)** |

| 2010 | Assets £m | Liabilities £m |
|---|---|---|
| Level 1 | - | - |
| Level 2 | | |
| - Derivatives used for hedging | 82.0 | (4.3) |
| - Financial instruments at fair value through profit or loss | 0.1 | (0.9) |
| Level 3 | - | - |
| Total | 82.1 | (5.2) |

## 26. 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 group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. 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. The group believes that an adjusted net debt / EBITDA ratio in the range of 2.0 – 3.0 provides an efficient capital structure and an appropriate level of financial flexibility. At 2 October 2011 the adjusted net debt / EBITDA ratio was 2.4 (2010: 2.4).

## 27. Derivatives and hedge relationships

**Fair values of financial assets and financial liabilities**

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments, except trade and other receivables and payables.

| | **Book value 2011 £m** | **Fair value 2011 £m** | Book value 2010 £m | Fair value 2010 £m |
|---|---|---|---|---|
| *Financial assets* | | | | |
| Cash | **43.0** | **43.0** | 54.0 | 54.0 |
| Cross currency interest rate swaps* | **93.0** | **93.0** | 81.3 | 81.3 |
| Share swaps* | **-** | **-** | 0.1 | 0.1 |
| Favourable contracts recognised on the acquisition of Britvic France** | **-** | **-** | 0.3 | 0.3 |
| Forward currency contracts** | **1.8** | **1.8** | 0.7 | 0.7 |
| Foreign exchange swaps** | **1.1** | **1.1** | - | - |
| | **138.9** | **138.9** | 136.4 | 136.4 |
| *Financial liabilities* | | | | |
| Interest-bearing loans and borrowings (bank loans and private placement notes): | | | | |
| Fixed rate borrowings | **(563.4)** | **(616.7)** | (433.5) | (481.2) |
| Floating rate borrowings | **(8.6)** | **(8.6)** | (134.9) | (134.9) |
| Finance leases | **(1.2)** | **(1.2)** | (1.5) | (1.5) |
| Forward currency contracts*** | **(0.3)** | **(0.3)** | (1.3) | (1.3) |
| Unfavourable contracts recognised on the acquisition of Britvic France*** | **-** | **-** | (0.1) | (0.1) |
| Cross currency interest rate swaps**** | **(2.4)** | **(2.4)** | (3.0) | (3.0) |
| Interest rate swaps**** | **(1.4)** | **(1.4)** | (0.9) | (0.9) |
| Forward rate agreements*** | **(0.1)** | **(0.1)** | - | - |
| Share swaps*** | **(3.9)** | **(3.9)** | - | - |
| Share swaps**** | **(5.9)** | **(5.9)** | - | - |
| | **(587.2)** | **(640.5)** | (575.2) | (622.9) |

* Included within 'Non-current assets: Other financial assets' on the consolidated balance sheet

** Included within 'Current assets: Other financial assets' on the consolidated balance sheet

*** Included within 'Current liabilities: Other financial liabilities' on the consolidated balance sheet

**** Included within 'Non-current liabilities: Other financial liabilities' on the consolidated balance sheet

Non-derivative financial assets are categorised as loans and receivables as defined in IAS 39 'Financial instruments – recognition and measurement'. Non-derivative financial liabilities are all carried at amortised cost.

The fair value of derivatives, which are quoted at market price, has been calculated by discounting the expected future cash flows at prevailing interest rates.

The fair value of the current trade and other receivables and payables approximate to book value.

The fair value of fixed rate borrowings has been derived from the sum of future cash flows to maturity discounted back to present values at a market rate.

## 27. 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 €147.0m 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.

From the 2010 USPP issuance an amount of $55m was swapped into £35.6m of floating rate sterling liability. To mitigate exposure for a proportion of this liability, £20m of 3-year interest rate swaps were transacted with an effective date of December 2011.

*Forward rate agreement*
To mitigate exposure to floating interest rates at the next interest rate fixing on the remaining €72m of 2009 floating rate euro liability, a series of forward rate agreements with a notional totalling €70m were transacted with an effective date of December 2011.

*Share swaps*
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 a number of total return share swaps against schemes maturing in 2011, 2012 and 2013.

*Foreign exchange swaps*
As part of operational cash management €108m of euro / sterling FX swaps were in existence at 2 October 2011.

**Hedging activities**
The group has a number of derivative contracts which are designated as part of effective hedge relationships. These are included in other financial assets and liabilities as follows:

| | **2011 £m** | 2010 £m |
|---|---|---|
| **Consolidated balance sheet** | | |
| *Non-current assets: Other financial assets* | | |
| Fair value of the 2007 cross currency interest rate swaps[1] | **61.6** | 58.0 |
| Fair value of the 2009 USD GBP cross currency interest rate swaps[3] | **29.6** | 23.3 |
| Fair value of the 2009 GBP euro cross currency interest rate swaps[2] | **0.6** | - |
| Fair value of the 2010 USD GBP cross currency floating interest rate swaps[3] | **1.2** | - |
| *Current assets: Other financial assets* | | |
| Fair value of forward currency contracts[1] | **1.8** | 0.7 |
| Current liabilities: Other financial liabilities | | |
| Fair value of forward currency contracts[1] | **(0.3)** | (1.3) |
| *Non-current liabilities: Other financial liabilities* | | |
| Fair value of the 2009 GBP euro cross currency interest rate swaps[2] | **-** | (0.4) |
| Fair value of the 2010 GBP euro cross currency interest rate swaps[2] | **(1.1)** | (1.2) |
| Fair value of the 2010 USD GBP cross currency floating interest rate swaps[3] | **-** | (0.7) |
| Fair value of the 2010 USD GBP cross currency fixed interest rate swaps[1] | **(1.3)** | (0.7) |

[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

## 27. Derivatives and hedge relationships continued

As at the 2 October 2011 these hedging relationships are categorised as follows:

**Cash flow hedges**

*Forward currency contracts*

At 2 October 2011, the group held 72 (2010: 60) US dollar and 51 (2010: 30) euro forward exchange contracts (the 'forward currency contracts') designated as hedges of expected future purchases from suppliers in US dollars and euros which the group believe to be highly probable transactions. The forward currency contracts are being used to hedge the foreign currency risk of these highly probable transactions.

The forward currency contracts hedge the expected future purchases in the period to 30 September 2012 and have been assessed as part of effective cash flow hedge relationships. At the period end there is a net unrealised gain of £1.5m (2010: net unrealised loss of £0.6m), with a related deferred tax liability of £0.4m (2009: related deferred tax asset of £0.1m), which has been included in equity in respect of these contacts.

The terms of these forward contracts are detailed in the table below.

| Forward contracts to hedge expected future purchases | Maturity range | Average exchange rate |
|---|---|---|
| **2011** | | |
| **£ / US$19.4m** | Oct 11 to Jul 12 | £ / US$1.62 |
| **£ / € 57.5m** | Oct 11 to Aug 12 | £ / €1.16 |
| **€ / US$26.8m** | Oct 11 to Sept 12 | € / US$1.43 |
| 2010 | | |
| £ / US$10.3m | Oct 10 to Sept 11 | £ / US$1.54 |
| £ / €40.2m | Oct 10 to Jul 11 | £ / €1.15 |
| € / US$21.3m | Oct 10 to Sept 11 | € / US$1.31 |

**Cross currency interest rate swaps**

*2007 Notes / 2007 cross currency interest rate swaps*

The group continues to have a number of cross currency interest rate swaps relating to the 2007 Notes. These cross currency interest rate swaps (the '2007 cross currency interest rate swaps') have the effect of fixing the borrowings into sterling and the rate of interest payable on the 2007 Notes. The 2007 cross currency interest rate swap instruments have the same duration and other critical terms as the 2007 Notes and continue to be designated as part of a cash flow hedge relationship with the 2007 Notes. This has been assessed to be a highly effective relationship as at 2 October 2011. The fair value of the 2007 cross currency interest rate swap instruments at 2 October 2011, included within 'Non-current assets: Other financial assets' on the balance sheet, was £61.6m (2010: £58.0m). The movement in the fair value has been taken to Consolidated Statement of Comprehensive Income. A total of £3.6m (2010: £1.9m) has been recycled to the Consolidated Income Statement to match the foreign exchange movement on the 2007 Notes. Within equity there is a net unrealised gain of £11.4m (2010: net unrealised gain of £11.4m) with a related deferred tax liability of £2.9m (2010: deferred tax liability of £3.1m) in respect of the 2007 cross currency interest rate swap instruments.

*2010 Notes / 2010 USD GBP cross currency fixed interest rate swaps*

The group continues to have a number of cross currency interest rate swaps relating to the 2010 Notes. These instruments swap the principal and interest from US dollar into sterling (the '2010 USD GBP cross currency fixed interest rate swaps'). The 2010 USD GBP cross currency interest rate swaps which swap interest from fixed US dollar to fixed sterling are designated as part of a cash flow hedge relationship with the future cash flows associated with the 2010 Notes. This has been assessed to be a highly effective relationship as at 2 October 2011. The fair value of these instruments at 2 October 2011, included within 'Non-current liabilities: Other financial liabilities' on the balance sheet, was £1.3m (3 October 2010: £0.7m) with a related deferred tax asset of £0.2m (3 October 2010: deferred tax asset of £0.2m). The movement in fair value has been taken to equity. A total of £0.7m (3 October 2010: £nil) has been recycled to the Consolidated Income Statement to match the foreign exchange movement on the 2010 Notes. Within equity there is a net unrealised loss of £0.7m (3 October 2010: net unrealised loss of £0.7m) with a related deferred tax asset of £0.2m (3 October 2010: deferred tax asset of £0.2m) in respect of the 2010 cross currency interest rate swap instruments.

## 27. Derivatives and hedge relationships continued

**Fair value hedges**

*2009 Notes / 2009 USD GBP cross currency interest rate swaps*
The group continues to have a number of cross currency interest rate swaps in respect of the 2009 Notes. These instruments swap the principal and interest from fixed US dollar into floating sterling (the '2009 USD GBP cross currency interest rate swaps'). The 2009 USD GBP cross currency interest rate swaps are designated as part of a fair value hedge relationship with the 2009 Notes. The fair value movements on the 2009 USD GBP cross currency interest rate instruments are recorded in the Consolidated Income Statement, as is the fair value movement in the 2009 Notes. The 2009 USD GBP cross currency interest rate swap contracts have the same duration and other critical terms as the 2009 Notes they hedge. The 2009 USD GBP cross currency interest rate swaps have been assessed as part of a highly effective hedge relationship as at 2 October 2011. The fair value of the swap instruments at 2 October 2011, included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet, was £29.6m (3 October 2010: £23.3m).

*2010 Notes / 2010 USD GBP cross currency floating interest rate swaps*
The group has entered into swap instruments which swap the principal and fixed rate interest of the 2010 Notes to floating sterling ('2010 USD GBP cross currency floating interest rate swaps'). These instruments are designated as part of a fair value hedge relationship with the 2010 Notes. The fair value movements on the 2010 USD GBP cross currency floating interest rate swaps are recorded in the Consolidated Income Statement, as is the fair value movement of the hedged item. The swap contracts have the same duration and other critical terms as the 2010 Notes they hedge. The 2010 USD GBP cross currency floating interest rate swaps have been assessed as part of a highly effective hedge relationship as at 2 October 2011. The fair value of the swap instruments at 2 October 2011, included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet, was £1.2m (3 October 2010: Non-current liabilities: Other financial liabilities £0.7m).

**Net investment hedges**

*2009 GBP euro cross currency interest rate swaps*
These instruments swap floating sterling liabilities into floating euro liabilities. They have been designated as part of an effective hedge of the net investment in Britvic Ireland. The 2009 GBP euro 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 this euro investment. Movements in the fair value of the 2009 GBP euro cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investment in Britvic Ireland. The fair value of the 2009 GBP euro cross currency interest rate swaps at 2 October 2011, is an asset of £0.6m (3 October 2010: liability of £0.4m) included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet (2010: included within 'Non-current liabilities: Other financial liabilities').

*2010 GBP euro cross currency interest rate swaps*
These instruments swap fixed sterling liabilities into fixed euro liabilities and have been designated as part of an effective hedge of the net investment in Britvic France. The 2010 GBP euro 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 this euro investment. Movements in the fair value of the 2010 GBP euro cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investment in Britvic France. The fair value of the 2010 GBP euro cross currency interest rate swaps at 2 October 2011, is a liability of £1.1m (3 October 2010: liability of £1.2m) included within 'Non-current liabilities: Other financial liabilities' on the Consolidated Balance Sheet.

## 27. Derivatives and hedge relationships continued

The impact on the consolidated statement of comprehensive income of the derivatives and hedge relationships described above is summarised in the table below.

| | **2011 £m** | 2010 £m |
|---|---|---|
| **Consolidated statement of comprehensive income** | | |
| *Amounts recycled to the income statement in respect of cash flow hedges* | | |
| Forward currency contracts* | **(0.7)** | (1.1) |
| 2007 cross currency interest rate swaps** | **(3.6)** | (1.9) |
| 2010 cross currency interest rate swaps** | **0.6** | - |
| | **(3.7)** | (3.0) |
| *Gains / (losses) in the period in respect of cash flow hedges* | | |
| Forward currency contracts | **2.8** | (0.9) |
| 2007 cross currency interest rate swaps | **3.6** | 6.1 |
| 2010 cross currency interest rate swaps | **(0.6)** | (0.7) |
| | **5.8** | 4.5 |
| *Exchange differences on translation of foreign operations* | | |
| Movement on 2009 GBP euro cross currency interest rate swaps | **1.0** | (0.4) |
| Movement on 2010 GBP euro cross currency interest rate swaps | **0.1** | (1.2) |
| Exchange movements on translation of the euro net investment | **(2.7)** | (12.1) |
| | **(1.6)** | (13.7) |

* Offsetting amounts recorded in cost of sales

** Offsetting amounts recorded in finance costs

## 28. Other non-current liabilities

| | **2011 £m** | 2010 £m |
|---|---|---|
| Firm Commitment | **1.9** | 4.2 |

A firm commitment exists in respect of the receipt of the 2009 and 2010 Notes.

## 29. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 2 October 2011, including national insurance of £0.5m (2010: £0.9m) and dividend equivalents of £0.4m (2010: £0.7m), is £4.7m (2010: £9.4m). All of that expense arises from transactions which are expected to be equity-settled share-based payment transactions.

**The Britvic Share Incentive Plan ('SIP')**

The SIP is an all-employee plan approved by HMRC. The plan allows for annual awards of free ordinary shares with a value of 3% of salary (subject to HMRC maximum limits) together with an offer of matching shares on the basis of one free matching share for each ordinary share purchased with a participant's savings, up to a maximum of £75 per four week pay period. Employees are entitled to receive the annual free share award provided they are employed by the company on the last day of each financial year and on the award date. There are no cash settlement alternatives.

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.

| | **No of shares** | |
|---|---|---|
| | **2011** | 2010 |
| Annual free shares award | **484,343** | 406,083 |
| Matching shares award – 1 free share for every ordinary share purchased | **346,267** | 287,132 |

## 29. Share-based payments continued

**The Britvic Executive Share Option Plan ('Option Plan')**

The Option Plan allows for options to buy ordinary shares to be granted to selected employees. 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.

The performance condition requires average growth in EPS of 7% per annum over a three year period in excess of the average growth in RPI over the same period for the options to vest in full. If EPS growth averages 3% per annum in excess of RPI growth, 25% (2010: 25%) of the options will vest. Straight-line apportionment will be applied between these two levels to determine the number of options that vest and no options will vest if average 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 as at 27 September 2009 | 6,564,530 | 251.8 |
| Granted during the period | 1,785,576 | 387.0 |
| Exercised during the period | (639,946) | 245.0 |
| Forfeited during the period | (162,077) | 285.1 |
| Outstanding as at 3 October 2010 | 7,548,083 | 283.7 |
| Granted during the period | 1,566,418 | 464.6 |
| Exercised during the period | (209,531) | 265.8 |
| Forfeited during the period | (140,584) | 392.4 |
| **Outstanding at 2 October 2011** | **8,764,386** | **314.8** |
| **Exercisable at 2 October 2011** | **2,923,260** | **281.1** |

The weighted average share price at the date of exercise for share options exercised during the period was 459.3p (2010: 412.7p).

The share options outstanding as at 2 October 2011 had a weighted average remaining contractual life of 7.1 years (2010: 7.6 years) and the range of exercise prices was 221.0p – 464.6p (2010: 221.0p – 387.0p).

The weighted average fair value of options granted during the period was 82.8p (2010: 81.6p).

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 following table lists the inputs to the model used in respect of the award granted during the 52 weeks ended 2 October 2011. The comparative shows the inputs to the model used in respect of the award granted during the 53 weeks ended 3 October 2010.

| | **2011** | 2010 |
|---|---|---|
| Dividend yield (%) | **4.8** | 4.2 |
| Expected volatility (%) | **27.5** | 32.3 |
| Risk-free interest rate (%) | **1.9** | 2.5 |
| Expected life of option (years) | **5.0** | 5.0 |
| Share price at date of grant (pence) | **475.0** | 380.0 |
| Exercise price (pence) | **464.6** | 387.0 |

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

## 29. Share-based payments continued

**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 a performance condition. Different performance conditions apply to different groups of employees. Awards up to and including 2008 were made in respect of ordinary shares. Awards granted in 2009 and 2010 were made in respect of nil cost options. Nil cost options become exercisable on the satisfaction of the performance conditions and remain exercisable until 10 years / 7 years after the date of grant for employees based in the UK / Ireland respectively.

The performance condition applying to the total number of awards granted to members of the senior leadership team during the current period is divided equally between the total shareholder return ('TSR') and return on invested capital ('ROIC') performance conditions described below.

The TSR condition measures the company's TSR relative to a comparator group (consisting of 22 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 25% (2010: 25%) will vest, rising on a straight-line basis to 100% vesting at upper quartile.

For the award granted during the 52 weeks ended 2 October 2011, the ROIC performance condition requires the company's ROIC to be at least 22.7% (2010: for the award granted during the 53 weeks ended 3 October 2010, 23.2%) over the three year performance period for the award to vest in full. If ROIC is 21.9% (2010: 21.9%) over the performance period, 25% (2010: 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.

Awards granted to members of the senior management team vest subject to a performance condition which requires average growth in EPS of 7% pa over a three year period in excess of the growth in RPI over the same period for the awards to vest in full. If EPS growth averages 3% pa in excess of RPI growth, 25% (2010: 25%) of the awards will vest. Straight-line apportionment will be applied between these two levels to determine the number of awards that vest and no awards will vest if average EPS growth 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 shares and nil cost options during the period.

| | Number of shares subject to TSR condition | Number of shares subject to EPS condition | Number of shares subject to ROIC condition |
|---|---|---|---|
| Outstanding as at 27 September 2009 | 1,716,624 | 2,336,861 | 620,591 |
| Vested during the period* | (625,594) | (489,791) | - |
| Lapsed during the period | (38,041) | (191,019) | (28,919) |
| Outstanding as at 3 October 2010 | 1,052,989 | 1,656,051 | 591,672 |
| Granted during the period | - | 10,575 | - |
| Vested during the period* | (460,963) | (463,228) | - |
| Lapsed during the period | (7,245) | (107,970) | (6,893) |
| **Outstanding at 2 October 2011** | **584,781** | **1,095,428** | **584,779** |

* The share price on the date of vesting was 462.0p (2010: 370.6p).

| | Number of nil cost options subject to TSR condition | Number of nil cost options subject to EPS condition | Number of nil cost options subject to ROIC condition |
|---|---|---|---|
| Outstanding as at 27 September 2009 | - | - | - |
| Granted during the period | 396,578 | 816,207 | 396,578 |
| Forfeited during the period | - | (69,349) | - |
| Outstanding at 3 October 2010 | 396,578 | 746,858 | 396,578 |
| Granted during the period | 353,423 | 749,543 | 353,423 |
| Forfeited during the period | (50,723) | (154,376) | (50,723) |
| **Outstanding at 2 October 2011** | **699,278** | **1,342,025** | **699,278** |

There were no nil cost options exercisable at 2 October 2011 (2010: Nil).

The nil cost options outstanding as at 2 October 2011 had a weighted average remaining contracted life of 8.5 years (TSR condition) (2010: 9.0 years), 8.4 years (EPS condition) (2010: 8.7 years) and 8.5 years (ROIC condition) (2010: 9.0 years).

The weighted average fair value of nil cost options granted during the period was 258.6p (TSR condition) (2010: 208.5p), 413.0p (EPS condition) (2010: 336.3p) and 413.0p (ROIC condition) (2010: 336.3p).

The fair value of equity-settled shares and nil cost options granted is estimated as at the date of grant using separate models as detailed below, taking account of the terms and conditions upon which the shares and nil cost options were granted.

## 29. Share-based payments continued

The following table lists the inputs to the models used in respect of the award granted during the 52 weeks ended 2 October 2011.

| | **Nil cost options subject to TSR condition** | **Nil cost options subject to EPS condition** | **Nil cost options subject to ROIC condition** |
|---|---|---|---|
| Valuation model used | Monte Carlo simulation | Share price at date of grant adjusted for dividends not received during vesting period | Share price at date of grant adjusted for dividends not received during vesting period |
| Dividend yield (%) | 4.8 | 4.8 | 4.8 |
| Expected volatility (%) | 27.5 | N/A | N/A |
| Share price at date of grant (pence) | 475.0 | 475.0 | 475.0 |

The following table lists the inputs to the models used in respect of the award granted during the 53 weeks ended 3 October 2010.

| | **Nil cost options subject to TSR condition** | **Nil cost options subject to EPS condition** | **Nil cost options subject to ROIC condition** |
|---|---|---|---|
| Valuation model used | Monte Carlo simulation | Share price at date of grant adjusted for dividends not received during vesting period | Share price at date of grant adjusted for dividends not received during vesting period |
| Dividend yield (%) | 4.2 | 4.2 | 4.2 |
| Expected volatility (%) | 32.3 | N/A | N/A |
| Share price at date of grant (pence) | 380.0 | 380.0 | 380.0 |

## 30. Notes to the consolidated cash flow statement

| **Analysis of net debt** | 2010 £m | Cash flows £m | Exchange differences £m | Other movement £m | **2011 £m** |
|---|---|---|---|---|---|
| Cash at bank and in hand | 54.0 | (10.4) | (0.6) | - | **43.0** |
| Debt due after more than one year | (569.9) | 13.4 ** | (12.6) | (4.1) | **(573.2)** |
| Derivatives hedging the balance sheet debt* | 64.7 | - | 13.5 | - | **78.2** |
| **Adjusted net debt** | (451.2) | 3.0 | 0.3 | (4.1) | **(452.0)** |

| | 2009 £m | Cash flows £m | Exchange differences £m | Other movement £m | **2010 £m** |
|---|---|---|---|---|---|
| Cash at bank and in hand | 39.7 | 14.8 | (0.5) | - | **54.0** |
| Debt due after more than one year | (450.7) | (53.6)** | (17.1) | (48.5)*** | **(569.9)** |
| Derivatives hedging the balance sheet debt* | 44.6 | - | 20.1 | - | **64.7** |
| **Adjusted net debt** | (366.4) | (38.8) | 2.5 | (48.5) | **(451.2)** |

* 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.

** This includes issue costs paid on new loans / facilities received during the period of £3.9m (2010: £1.2m). This has been included in the 'Finance costs' in the Consolidated Statement of Cash Flows.

*** This includes debt assumed on the acquisition of Britvic France of £46.0m.

## 31. Commitments and contingencies

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

| | | | **2011** |
|---|---|---|---|
| | **Land and buildings £m** | **Other £m** | **Total £m** |
| Within one year | 4.1 | 9.2 | 13.3 |
| After one year but not more than five years | 13.5 | 15.4 | 28.9 |
| More than five years | 42.0 | 1.1 | 43.1 |
| | 59.6 | 25.7 | 85.3 |

| | | | 2010 |
|---|---|---|---|
| | Land and buildings* £m | Other £m | Total £m |
| Within one year | 4.4 | 8.9 | 13.3 |
| After one year but not more than five years | 14.8 | 18.5 | 33.3 |
| More than five years | 45.3 | 2.2 | 47.5 |
| | 64.5 | 29.6 | 94.1 |

* Restated to include two properties within Britvic Ireland that were not previously included in the prior year disclosure.

**Finance lease commitments**
Future minimum lease payments under finance leases are as follows:

| | **2011 £m** | 2010 £m |
|---|---|---|
| Within one year | **-** | - |
| After one year but not more than five years | **1.2** | 0.7 |
| More than five years | **-** | 0.8 |
| | **1.2** | 1.5 |

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 2 October 2011, the group has commitments of £16.9m (2010: £12.6m) relating to the acquisition of new plant and machinery.

**Contingent liabilities**
The group had no material contingent liabilities at 2 October 2011 (2010: none).

## 32. Related party disclosures

The consolidated financial statements include the financial statements of Britvic plc and the subsidiaries listed in the table below. Particulars of dormant and non-trading subsidiaries which do not materially affect the group results have been excluded.

| Name | Principal activity | Country of incorporation | % equity interest |
|---|---|---|---|
| **Directly held** | | | |
| Britannia Soft Drinks Limited | Holding company | England and Wales | 100 |
| Britvic Finance No 2 Limited | Financing company | Jersey | 100 |
| **Indirectly held** | | | |
| Britvic Finance Limited | Financing company | Jersey | 100 |
| Britvic Holdings Limited | Holding company | England and Wales | 100 |
| Britvic Overseas Limited | Holding company | England and Wales | 100 |
| Britvic International Limited | Marketing and distribution of soft drinks | England and Wales | 100 |
| Britvic Soft Drinks Limited | Manufacture and sale of soft drinks | England and Wales | 100 |
| Robinsons Soft Drinks Limited | Non-trading | England and Wales | 100 |
| Orchid Drinks Limited | Non-trading | England and Wales | 100 |
| Red Devil Energy Drinks Limited | Non-trading | England and Wales | 100 |
| Britvic Irish Holdings Limited | Holding company | Republic of Ireland | 100 |
| Robinsons (Finance) Limited | Financing company | Republic of Ireland | 100 |
| Robinsons (Finance) No 2 Limited | Financing company | England and Wales | 100 |
| Britvic Ireland Limited | Manufacture and marketing of soft drinks | Republic of Ireland | 100 |
| Britvic Northern Ireland Limited | Marketing and distribution of soft drinks | Republic of Ireland | 100 |
| Aquaporte Limited | Supply of water-coolers and bottled water | Republic of Ireland | 100 |
| Britvic Worldwide Brands Limited | Marketing and distribution of soft drinks | Republic of Ireland | 100 |
| Britvic France SNC | Holding company | France | 100 |
| Fruité Entreprises SA | Holding company | France | 100 |
| Fruité SAS | Manufacture and sale of soft drinks | France | 100 |
| Bricfruit SAS | Manufacture and sale of soft drinks | France | 100 |
| Unisource SAS | Manufacture and sale of soft drinks | France | 100 |
| Teisseire SAS | Manufacture and sale of soft drinks | France | 100 |
| Teisseire Benelux SA | Marketing and distribution of soft drinks | France | 100 |

The group has an interest in two partnerships, Britvic Scottish Limited Partnership and Britvic Property Partnership, both of which are consolidated by the group. The group has taken advantage of the exemption conferred by Regulation 7 of the Partnership (Accounts) Regulations 2008 and has therefore not appended the accounts of these qualifying partnerships to these accounts. Separate accounts for these partnerships are not required to be, and have not been, filed at Companies House.

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.

| | **2011 £m** | 2010 £m |
|---|---|---|
| Short-term employee benefits | **2.8** | 5.1 |
| Post-employment benefits | **0.5** | 0.6 |
| Share-based payment | **1.1** | 2.0 |
| | **4.4** | 7.7 |

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

## 33. 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 2 October 2011, the Consolidated Balance Sheet is showing a net assets position of £22.5m (3 October 2010: net liabilities of £30.7m).

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 in particular in light of the refinancing of the group's committed facility as well as the December 2010 issue of US$163m and £7.5m Senior Notes in the US private placement market. Details are provided in note 23.

# independent auditors' report
## to the members of Britvic plc

We have audited the parent company financial statements of Britvic plc for the 52 week period ended 2 October 2011 which comprise the company balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**
As explained more fully in the statement of directors' responsibilities in relation to the financial statements set out on page 44, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the auditing practices board's ethical standards for auditors.

**Scope of the audit of the financial statements**
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**
In our opinion the parent company financial statements:

- Give a true and fair view of the state of the company's affairs as at 2 October 2011;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by The Companies Act 2006**

In our opinion:

- The part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

**Matters on which we are required to report by exception**
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

**Other matter**
We have reported separately on the group financial statements of Britvic plc for the 52 week period ended 2 October 2011.

**Nigel Meredith**
Senior statutory auditor
for and on behalf of Ernst & Young LLP,
Statutory Auditor
Birmingham
29 November 2011

# company balance sheet

**As at 2 October 2011**

| | Note | 2011 £m | 2010 £m |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments in group undertakings | 6 | **739.5** | 734.8 |
| Other financial assets | 11 | **93.0** | 81.3 |
| | | **832.5** | 816.1 |
| **Current assets** | | | |
| Trade and other receivables | 8 | **50.7** | 10.5 |
| Deferred tax asset | 7 | **1.4** | 2.5 |
| Cash in hand and at bank | | **8.0** | - |
| | | **60.1** | 13.0 |
| **Current liabilities** | | | |
| Trade and other payables | 9 | **(8.0)** | (17.4) |
| Interest-bearing loans and borrowings | 10 | **-** | (4.9) |
| Other financial liabilities | 11 | **(0.1)** | - |
| | | **(8.1)** | (22.3) |
| **Net current assets / (liabilities)** | | **52.0** | (9.3) |
| **Total assets less current liabilities** | | **884.5** | 806.8 |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | 10 | **(569.8)** | (442.4) |
| Other financial liabilities | 11 | **(3.8)** | (3.9) |
| Other non-current liabilities | 12 | **(1.9)** | (4.2) |
| | | **(575.5)** | (450.5) |
| **Net assets** | | **309.0** | 356.3 |
| Capital and reserves | | | |
| Issued share capital | 13 | **48.3** | 48.0 |
| Share premium account | 14 | **15.0** | 10.6 |
| Own shares reserve | 14 | **(1.0)** | (1.9) |
| Share scheme reserve | 14 | **7.8** | 9.7 |
| Hedging reserve | 14 | **10.8** | 10.9 |
| Merger reserve | 14 | **87.3** | 87.3 |
| Retained earnings | 14 | **140.8** | 191.7 |
| **Equity shareholders' funds** | | **309.0** | 356.3 |

The financial statements were approved by the board of directors and authorised for issue on 29 November 2011. They were signed on its behalf by:

**Paul Moody**
Chief Executive

**John Gibney**
Finance Director

# notes to the company financial statements

## 1. Parent undertaking

The financial statements are prepared under the historical cost convention except for the measurement of derivative instruments at fair value. They have been drawn up to comply with applicable accounting standards in accordance with the Companies Act 2006.

These accounts present information about the company as an individual undertaking, under UK Generally Accepted Accounting Principles, and not about its group.

The company has taken advantage of the exemption permitted by section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes.

The company is exempt from the requirements of Financial Reporting Standard No.1 (Revised) 'Cash Flow Statements'.

## 2. Accounting policies

**Investments**
The company recognises its investments in subsidiaries at cost less any provisions made for impairment.

In respect of FRS 20 'Share-based payment', the company records an increase in its investment in subsidiaries to reflect the share-based compensation expense recorded by its subsidiaries. This reflects current best practice following the issue of UITF 44.

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

Finance costs arising from the outstanding loan balance and finance charges are charged to the profit and loss account using an effective interest rate method.

**Foreign currencies**
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 profit and loss account.

**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.

**Dividends**
Dividend income is recognised when the company's right to receive payment is established.

Final dividends are recorded in the financial statements in the period in which they are approved by the company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

**Deferred taxation**
Deferred tax assets and liabilities are recognised, subject to certain exceptions, in respect of all material timing differences between the recognition of gains and losses in the financial statements and for tax purposes. Those timing differences recognised include accelerated capital allowances, unrelieved tax losses and short-term timing differences. Timing differences not recognised include those relating to the revaluation of fixed assets in the absence of a commitment to sell the assets, the gain on sale of assets rolled into replacement assets and the distribution of profits from overseas subsidiaries in the absence of any commitment by the subsidiary to make the distribution.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered and to the extent that it is regarded as probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

## 2. Accounting policies continued

**Derivative financial instruments and hedging**

The company uses interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations 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). All derivative financial instruments are initially recognised and subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

For those derivatives designated as hedges and for which hedge accounting is desired, 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.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the profit and loss account. The treatment of gains and losses arising from revaluing interest rate swaps designated as hedging instruments is as follows:

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the profit and loss account. Amounts taken to equity are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the profit and loss account. 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 equity remain in equity until the forecast transaction occurs and are transferred to the profit and loss account. If the related transaction is not expected to occur, the amount is taken to the profit and loss account.

For fair value hedges, the gain or loss on the fair value of the hedging instrument is recognised in the profit and loss account. The gain or loss on the hedged item attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognised in the profit and loss account. If the hedge relationship was ineffective the hedged item would no longer be adjusted and the fair value gain or loss on the hedging instrument would continue to be recorded in the profit and loss account.

## 3. Auditors' remuneration

Auditors' remuneration has been borne by another group undertaking. For further details, refer to note 7 to the consolidated financial statements.

## 4. Profit of the company

The company made a loss of £9.6m in the period (2010: loss £21.7m).

## 5. Directors' remuneration

The remuneration of the directors of the company is borne by another group company.

Directors' emoluments are disclosed in the directors' remuneration report on pages 45 to 53 of the consolidated financial statements.

## 6. Investments in group undertakings

| | **2011 £m** | 2010 £m |
|---|---|---|
| Cost and net book value at the beginning of the period | **734.8** | 633.8 |
| Acquisitions | **-** | 91.6 |
| Capital contribution | **4.7** | 9.4 |
| Cost and net book value at the end of the period | **739.5** | 734.8 |

On 17 May 2010, the company subscribed for 100 ordinary shares (of nil par value) and 100 fixed rate redeemable preference shares (of nil par value) in Britvic Finance No 2 Limited for a consideration of £91.6m.

## 6. Investments in group undertakings continued

The following is a list of the principal subsidiary undertakings of which Britvic plc is, either directly or through subsidiary companies, the beneficial owner of the whole of the equity share capital.

| Name | Principal activity | Country of incorporation | % equity interest |
|---|---|---|---|
| **Directly held** | | | |
| Britannia Soft Drinks Limited | Holding company | England and Wales | 100 |
| Britvic Finance No 2 Limited | Financing company | Jersey | 100 |
| **Indirectly held** | | | |
| Britvic Finance Limited | Financing company | Jersey | 100 |
| Britvic Holdings Limited | Holding company | England and Wales | 100 |
| Britvic Overseas Limited | Holding company | England and Wales | 100 |
| Britvic International Limited | Marketing and distribution of soft drinks | England and Wales | 100 |
| Britvic Soft Drinks Limited | Manufacture and sale of soft drinks | England and Wales | 100 |
| Robinsons Soft Drinks Limited | Non-trading | England and Wales | 100 |
| Orchid Drinks Limited | Non-trading | England and Wales | 100 |
| Red Devil Energy Drinks Limited | Non-trading | England and Wales | 100 |
| Britvic Irish Holdings Limited | Holding company | Republic of Ireland | 100 |
| Robinsons (Finance) Limited | Financing company | Republic of Ireland | 100 |
| Robinsons (Finance) No 2 Limited | Financing company | England and Wales | 100 |
| Britvic Ireland Limited | Manufacture and marketing of soft drinks | Republic of Ireland | 100 |
| Britvic Northern Ireland Limited | Marketing and distribution of soft drinks | Republic of Ireland | 100 |
| Aquaporte Limited | Supply of water-coolers and bottled water | Republic of Ireland | 100 |
| Britvic Worldwide Brands Limited | Marketing and distribution of soft drinks | Republic of Ireland | 100 |
| Britvic France SNC | Holding company | France | 100 |
| Fruité Entreprises SA | Holding company | France | 100 |
| Fruité SAS | Manufacture and sale of soft drinks | France | 100 |
| Bricfruit SAS | Manufacture and sale of soft drinks | France | 100 |
| Unisource SAS | Manufacture and sale of soft drinks | France | 100 |
| Teisseire SAS | Manufacture and sale of soft drinks | France | 100 |
| Teisseire Benelux SA | Marketing and distribution of soft drinks | France | 100 |

## 7. Deferred tax

| | 2011 £m | 2010 £m |
|---|---|---|
| Opening balance | **2.5** | - |
| Profit and loss account | **(1.1)** | 2.5 |
| Closing balance | **1.4** | 2.5 |
| | | |
| Analysed as tax on timing differences related to: | | |
| Other | **1.4** | **2.5** |

## 8. Trade and other receivables

| | 2011 £m | 2010 £m |
|---|---|---|
| Amounts due from subsidiary undertakings | **50.6** | 10.5 |
| Other receivables | **0.1** | - |
| | **50.7** | 10.5 |

## 9. Trade and other payables

| | 2011 £m | 2010 £m |
|---|---|---|
| Amounts due to subsidiary undertakings | **7.0** | 15.5 |
| Accruals and deferred income | **1.0** | 1.9 |
| | **8.0** | 17.4 |

## 10. Interest-bearing loans and borrowings

| | 2011 £m | 2010 £m |
|---|---|---|
| **Current** | | |
| Bank overdrafts | - | (4.9) |
| **Non-current** | | |
| Private placement notes | **(574.4)** | (445.7) |
| Less unamortised issue costs | **4.6** | 3.3 |
| Total non-current | **(569.8)** | (442.4) |

### Private placement notes

*2007 Notes*

On 20 February 2007, Britvic plc issued US$375m and £38m of Senior Notes ('the 2007 Notes') in the United States Private Placement market. The proceeds of the issue were used to repay and cancel a £150m term loan, with the remainder being used to repay the amounts drawn on the group's revolving credit facility. The amount, maturity and interest terms of the Notes are shown in the table below:

| Series | Tranche | Maturity date | Amount | Interest terms | Swap terms |
|---|---|---|---|---|---|
| A | 7 year | 20 February 2014 | US$87m | US$ fixed at 5.80% | UK£ fixed at 6.10% |
| B | 7 year | 20 February 2014 | US$15m | US$ LIBOR + 0.5% | UK£ fixed at 6.07% |
| C | 7 year | 20 February 2014 | £25m | UK£ fixed at 6.11% | n/a |
| D | 10 year | 20 February 2017 | US$147m | US$ fixed at 5.90% | UK£ fixed at 5.98% |
| E | 12 year | 20 February 2019 | US$126m | US$ fixed at 6.00% | UK£ fixed at 5.98% |
| F | 12 year | 20 February 2019 | £13m | UK£ fixed at 5.94% | n/a |

Britvic plc makes quarterly and semi-annual interest payments in the currency of issue. The Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the company. In order to manage the risk of foreign currency and interest rate fluctuations, the company has entered into cross currency interest rate swaps whereby fixed / floating US dollar interest is swapped for fixed sterling interest. The swap contracts have the same duration and other critical terms as the borrowings which they hedge and are considered to be effective.

Covenants on these Notes include a term which states that Britvic plc must offer to repay the Notes should a change in control of the group occur which results in a downwards movement in the credit rating as defined in the Note purchase agreement.

**2009 Notes**

On 17 December 2009, Britvic plc issued US$250m of Senior Notes in the United States Private Placement market ('the 2009 Notes'). The 2009 Notes are additional borrowings to the 2007 Notes. The proceeds from the 2009 Notes were principally used to repay amounts drawn on the group's existing borrowings, including the repayment of €100m of the revolving credit facility.

Britvic plc makes semi-annual interest payments in US dollars, with the first payment made on 17 June 2010. The 2009 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the group.

In order to manage foreign exchange risk, interest rate risk and to ensure an appropriate mix of sterling and euro funding, the company has entered into a number of new cross currency interest rate swaps. The 2009 Notes were swapped into floating rate sterling and euro liabilities through a series of US dollar to sterling and sterling to euro swap instruments. The US dollar to sterling cross currency interest rate swap contracts have the same duration and other critical terms as the relevant borrowings they hedge and are designated as part of effective hedge relationships.

The amount, maturity and interest terms of the 2009 Notes are shown in the table below:

| Series | Tranche | Maturity date | Amount | Interest terms | Swap terms |
|---|---|---|---|---|---|
| A | 5 year | 17 December 2014 | US$30m | US$ fixed at 4.07% | UK£ LIBOR + 1.44% |
| B | 7 year | 17 December 2016 | US$75m | US$ fixed at 4.77% | EURIBOR + 1.69% |
| C | 8 year | 17 December 2017 | US$25m | US$ fixed at 4.94% | EURIBOR + 1.70% |
| D | 10 year | 17 December 2019 | US$120m | US$ fixed at 5.24% | EURIBOR + 1.75% |

As detailed in the table above, the 2009 USPP cross currency swaps converted an amount of US dollar borrowings into a €147.0m 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 in December 2010. These swaps do not form part of an effective hedge relationship.

## 10. Interest-bearing loans and borrowings continued

**2010 Notes**

On 17 December 2010, the company issued US$163m and £7.5m of Senior Notes in the United States Private Placement market ('the 2010 Notes'). The 2010 Notes are additional borrowings to the 2007 US$375m and £38m United States Private Placement Notes ('the 2007 Notes') and the 2009 US$250m Notes ('the 2009 Notes'). The proceeds from the 2010 Notes were principally used to repay amounts drawn on the group's existing borrowings. Issue costs incurred in the period relate to the issue of the 2010 Notes and the refinancing of the group's bank facilities.

Britvic plc makes semi-annual interest payments in US dollars, with the first payment made on 17 June 2011. The 2010 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the group.

In order to manage foreign exchange risk, interest rate risk and to ensure an appropriate mix of sterling and euro funding, the company has entered into a number of cross currency interest rate swaps. The 2010 Notes were swapped into a mix of fixed and floating rate sterling and euro liabilities through a series of US dollar to sterling and sterling to euro swap instruments. These cross currency swap contracts have the same duration and other critical terms as the relevant borrowings they hedge and are designated as part of effective hedge relationships.

The amount, maturity and interest terms of the 2010 Notes are shown in the table below:

| Series | Tranche | Maturity date | Amount | Interest terms | Swap terms |
|---|---|---|---|---|---|
| A | 7 year | 17 December 2017 | £7.5m | UK£ fixed at 3.74% | N/A |
| B | 7 year | 17 December 2017 | US$25m | US$ fixed at 3.45% | UK£ fixed 3.85% |
| | | | US$25m | US$ fixed at 3.45% | € fixed 3.34% |
| C | 10 year | 17 December 2020 | US$37m | US$ fixed at 4.04% | UK£ LIBOR +1.24% |
| | | | US$23m | US$ fixed at 4.04% | € fixed 3.85% |
| | | | US$10m | US$ fixed at 4.04% | UK£ fixed 4.49% |
| D | 12 year | 17 December 2022 | US$18m | US$ fixed at 4.14% | UK£ LIBOR +1.18% |
| | | | US$25m | US$ fixed at 4.14% | € fixed 3.97% |

## 11. Other financial asset and financial liabilities

| | **2011 £m** | 2010 £m |
|---|---|---|
| *Other financial assets* | | |
| Cross currency interest rate swaps relating to the 2007 Notes | **61.6** | 58.0 |
| Cross currency interest rate swaps relating to the 2009 Notes | **30.2** | 23.3 |
| Cross currency interest rate swaps relating to the 2010 Notes | **1.2** | - |
| | **93.0** | 81.3 |
| *Other financial liabilities: Current* | | |
| Forward rate agreements | **(0.1)** | - |
| *Other financial liabilities: Non-current* | | |
| Cross currency interest rate swaps relating to the 2009 Notes | **-** | (0.4) |
| Cross currency interest rate swaps relating to the 2010 Notes | **(2.4)** | (2.6) |
| Interest rate swap | **(1.4)** | (0.9) |
| | **(3.8)** | (3.9) |

## 12. Other non-current liabilities

| | **2011 £m** | 2010 £m |
|---|---|---|
| Firm commitment | **1.9** | 4.2 |

## 13. Issued share capital

The issued share capital as at 2 October 2011 comprised 241,400,052 ordinary shares of £0.20 each (2010: 239,906,178 ordinary shares), totalling £48,280,010 (2010: £47,981,236).

The ordinary shares carry voting rights of one vote per share. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

| | 2011 £m | 2010 £m |
|---|---|---|
| **Authorised** | | |
| 327,500,000 ordinary shares of £0.20 each | **65.5** | **65.5** |
| **Issued, called up and fully paid ordinary shares** | | |
| 241,400,052 (2010: 239,906,178) ordinary shares of £0.20 each | **48.3** | **48.0** |

Share issues in the current and prior periods relating to incentive schemes for employees are detailed below:

| 52 weeks ended 2 October 2011 | No of shares issued | Value £ |
|---|---|---|
| 2 December 2010 | 12,244 | 2,449 |
| 15 December 2010 | 122,449 | 24,490 |
| 23 December 2010 | 21,974 | 4,395 |
| 4 February 2011 | 300,000 | 60,000 |
| 1 April 2011 | 32,013 | 6,402 |
| 8 April 2011 | 484,343 | 96,868 |
| 12 May 2011 | 20,851 | 4,170 |
| 27 June 2011 | 500,000 | 100,000 |
| | **1,493,874** | **298,774** |

| 53 weeks ended 3 October 2010 | No of shares issued | Value £ |
|---|---|---|
| 25 November 2009 | 103,102 | 20,620 |
| 30 November 2009 | 134,684 | 26,937 |
| 7 December 2009 | 34,837 | 6,967 |
| 14 January 2010 | 57,749 | 11,550 |
| 28 January 2010 | 131,140 | 26,228 |
| 22 February 2010 | 57,789 | 11,558 |
| 5 March 2010 | 50,039 | 10,008 |
| 29 March 2010 | 46,118 | 9,224 |
| 9 April 2010 | 406,083 | 81,217 |
| 1 June 2010 | 12,244 | 2,449 |
| 19 August 2010 | 300,000 | 60,000 |
| 1 October 2010 | 12,244 | 2,449 |
| | **1,346,029** | **269,207** |

Shares were also issued under a non pre-emptive placing as follows:

| | No of shares issued | Par value £ |
|---|---|---|
| **21 May 2010** | **21,780,153** | **4,356,031** |

Consideration received from the non pre-emptive placing, net of costs incurred, was £91,647,000 which was used in the acquisition of Britvic France.

Of the issued and fully paid ordinary shares, 258,683 shares (2010: 466,343 shares) are treasury shares. This equates to £51,737 (2010: £93,269) 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 of the consolidated financial statements.

## 14. Reconciliation of movement in equity shareholders' funds

| | Issued share capital £m | Share premium account £m | Own shares reserve £m | Share scheme reserve £m | Hedging reserve £m | Merger reserve £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| **At 3 October 2010** | **48.0** | **10.6** | **(1.9)** | **9.7** | **10.9** | **87.3** | **191.7** | **356.3** |
| Loss for the year | - | - | - | - | - | - | (9.6) | **(9.6)** |
| Issue of shares | 0.3 | 4.4 | (4.1) | - | - | - | - | **0.6** |
| Own shares utilised for share schemes | - | - | 8.3 | (5.6) | - | - | (1.0) | **1.7** |
| Own shares purchased for share schemes | - | - | (3.3) | - | - | - | - | **(3.3)** |
| Movement in share-based schemes | - | - | - | 3.7 | - | - | - | **3.7** |
| Movement in cash flow hedges | - | - | - | - | (0.1) | - | - | **(0.1)** |
| Payment of dividend | - | - | - | - | - | - | (40.3) | **(40.3)** |
| **At 2 October 2011** | **48.3** | **15.0** | **(1.0)** | **7.8** | **10.8** | **87.3** | **140.8** | **309.0** |

## 15. Dividends paid and proposed

| | **2011 £m** | 2010 £m |
|---|---|---|
| *Declared and paid during the period* | | |
| Equity dividends on ordinary shares | | |
| Final dividend for 2010: 12.0p per share (2009: 10.9p per share) | **28.3** | 23.6 |
| Interim dividend for 2011: 5.1p per share (2010: 4.7p per share) | **12.0** | 11.3 |
| Dividends paid | **40.3** | 34.9 |
| *Proposed for approval by the shareholders at the AGM* | | |
| Final dividend for 2011: 12.6p per share (2010: 12.0p per share) | **29.9** | 28.7 |

## 16. Contingent liabilities

The company is co-guarantor of the group's bank loan and overdraft facilities.

## 17. Related party transactions

The company has taken advantage of the exemption under FRS 8 available to a parent company not to disclose transactions with its wholly owned subsidiaries within its financial statements.

# shareholder information

| Range of holdings | Number of shareholders | Percentage of total shareholders | Ordinary shares (million) | Percentage of issued share capital |
|---|---|---|---|---|
| 1 - 199 | 163 | 7.05% | 11,388 | 0.00% |
| 200 - 499 | 256 | 11.07% | 84,595 | 0.04% |
| 500 - 999 | 359 | 15.53% | 249,306 | 0.10% |
| 1,000 - 4,999 | 948 | 41.00% | 1,986,814 | 0.82% |
| 5,000 - 9,999 | 173 | 7.48% | 1,089,382 | 0.45% |
| 10,000 - 49,999 | 162 | 7.01% | 3,693,655 | 1.53% |
| 50,000 - 99,999 | 54 | 2.34% | 3,875,942 | 1.61% |
| 100,000 - 499,999 | 116 | 5.02% | 24,598,264 | 10.19% |
| 500,000 - 999,999 | 29 | 1.25% | 21,322,632 | 8.83% |
| 1,000,000 Plus | 52 | 2.25% | 184,488,074 | 76.42% |
| | **2,312** | **100.00%** | **241,400,052** | **100.00%** |

| Category | Number of shareholders | Percentage of total shareholders | Ordinary shares (million) | Percentage of issued share capital |
|---|---|---|---|---|
| Private individuals | 1,452 | 62.80% | 4,789,606 | 1.98% |
| Nominee companies | 743 | 32.13% | 207,999,252 | 86.16% |
| Limited and public limited companies | 27 | 1.17% | 12,966,714 | 5.37% |
| Other corporate bodies | 85 | 3.68% | 15,557,236 | 6.45% |
| Pension funds, insurance companies and banks | 5 | 0.22% | 87,244 | 0.04% |
| | 2,312 | 100.00% | 241,400,052 | 100.00% |

**Dividend mandates**
Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form or the form can be downloaded from the company's website http://ir.britvic.com/shareholder-centre/dividends.aspx

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

**Dividend reinvestment plan (DRIP)**
Shareholders can now choose to reinvest dividends received to purchase further shares in the company through a DRIP. A DRIP application form is available via the registrar or for download from the company's website http://ir.britvic.com/shareholder-centre/dividends.aspx

**Share dealing services**
The company's Registrar, Equiniti Financial Services Limited, offer a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 08456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto www.shareview.co.uk/dealing

**Individual savings accounts (ISAs)**
ISAs in Britvic plc ordinary shares are available through Equiniti Financial Services Limited. Further information may be obtained through their ISA Helpline, telephone 0845 300 0430.

**Financial calendar**

| | |
|---|---|
| Ex-dividend date | 7 December 2011 |
| Record date | 9 December 2011 |
| Annual general meeting | 25 January 2012 |
| Payment of final dividend | 10 February 2012 |
| Interim results announcement | May 2012 |

**Electronic communications**
Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

**Contacts**
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This report is available to download via the company's website: http://ir.britvic.com/results-and-presentations/results-and-presentations/2011.aspx

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The company's registrar is:
Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Tel: 0871 384 2550* (UK callers),
+44 121 415 7018 (non-UK callers).

*For those with hearing difficulties, a textphone is available on 0870 600 3950 for UK callers with compatible equipment.

Calls to 0871 numbers are charged at 8p per minute from a BT landline. Other telephony provider costs may vary.

## 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 company 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.

### Definitions

1. All numbers and comparisons are quoted on a 52 week basis, constant currency and before exceptional and other items unless otherwise stated. 2010 was a 53 week reporting period. 2010, 52 week comparatives have been derived by removing the impact of the 53 week of trading. 2011 Volume and ARP (average realised price) are adjusted for the impact of double concentrate on Robinsons and MiWadi to provide a meaningful comparison. Further information, including numbers not adjusted for double concentrate and last year 53 week numbers are available at the Investor Centre 'Results and Presentations' section on the Britvic Investor Relations website at www.britvic.com
2. Constant currency growth 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.
3. France is included for the full twelve months this year versus only four months in the prior period Britvic France was acquired on 28 May 2010.
4. EBITA is defined as operating profit before exceptional and other items and amortisation. Only amortisation attributable to intangibles on acquisition is added back, in the period this is £3.1m (2010: £2.2m). EBITA margin is the EBITA number as a proportion of group revenues.
5. 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 240.4m (2010: 224.9m). 2010 adjusted earnings per share is a 53 week number.
6. Underlying free cash flow is defined as net cash flow excluding movements in borrowings, dividend payments, exceptional and other items.
7. Group adjusted net debt is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt.
8. Underlying return on invested capital (ROIC) - 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. The measure excludes the reduction in the asset base following the impairments of intangible assets in Ireland in 2010 to reflect capital initially invested and subsequent returns. To aid comparability year on year the results and asset base of Britvic France have been excluded as 2010 would include only 4 months returns versus 12 months in 2011.

All numbers in this announcement other than where stated or included within the financial statements are disclosed before exceptional and other items.

The auditors have reported on the 2010 and 2009 accounts. Their reports for both years were unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

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