Britvic plc Preliminary Results 27 November 2012

Britvic plc announces its preliminary results for the 52 weeks ended 30 September 2012 [(1)]

Group Financial headlines:

- Revenue down 0.8% to £1,256.4m. The Fruit Shoot recall constrained revenue growth by approximately 2%
- EBITA of £115.6m including costs associated with the Fruit Shoot recall of £16.9m with the balance of up to £8m to come in 2013
- Rigorous cost discipline and a focus on cash generation contributed to a reduction in net debt
- Full year dividend maintained at prior year level of 17.7p per share

Group Business Highlights:

- GB Business takes market share led by carbonates and Pepsi
- Fruit Shoot re-entry plan on-track
- Robinsons take-home value market share back to its highs of 2 years ago
- Agreement signed with the Pepsi-Cola Bottling Company of Central Virginia for the distribution of Fruit Shoot in Virginia
- France syrup brands take further market share

	52 weeks ended 30 September 2012 £m [(1)]	52 weeks ended 2 October 2011 £m	% Change Actual Exchange Rate	% change Constant[(2)] Exchange Rate
Group Revenue	1,256.4	1,290.4	(2.6)%	(0.8)%
Group EBITA[(3)]	115.6	138.1	(16.3)%	(15.5)%
EBITA Margin[(3)]	9.2%	10.7%	(150)bps	(160)bps
Group EBIT	112.7	135.0	(16.5)%	(15.9)%
Group Profit Before Tax	84.4	105.1	(19.7)%	(18.8)%
Group Profit After Tax	62.9	77.9	(19.3)%	(18.0)%
Group Profit After Tax, After Exceptional And Other Items	57.4	58.4	(1.7)%	(0.2)%
Adjusted Earnings Per Share[(4)]	27.2p	33.7p	(19.3)%	(17.8)%
Full year Dividend Per Share	17.7p	17.7p	0.0%	-
Underlying Free Cash flow [(5)]	62.1	59.3	4.7%	-
Group Adjusted Net Debt [(6)]	(446.7)	(452.0)	1.2%	-
Adjusted net debt: EBITDA	2.8x	2.4x	(0.4x)	-
ROIC [(7)]	16.4%	18.5%	(210)bps	-

Dividend

As previously announced on 14 November, the Board has proposed a second interim dividend of 12.4p pence, in lieu of the final dividend, making a full year dividend of 17.7p, unchanged from 2011. The second interim dividend will be paid on 18 January 2013 to shareholders on the register on 7 December 2012.

In addition, as disclosed on 14 November, the Board has proposed a special interim dividend of 10.0p per share, conditional upon the merger with A.G. Barr p.l.c becoming effective [(8)] , in lieu of the dividend in relation to the period from 1 October 2012 until the effective date, and in

recognition of the combined group's dividend policy. This will be paid after the effective date to shareholders on the register at the scheme record time [9].

Paul Moody, Chief Executive commented:

"Britvic has delivered some notable successes in the last twelve months. Our GB carbonates brands, and Pepsi in particular, significantly outperformed the market in this Olympic year, Robinsons squash returned to its two year historic high share of the market, our syrups brands in France increased volume and value share, and the expansion of our US franchise business developed in line with our stated plan.

In other respects, this has been a difficult year for the group and the progress that we made was more than offset by the impact of the Fruit Shoot product recall. Additionally, the negative macro-economic trends, leading to weak consumer confidence and the cold, wet summer endured across most of our markets, weighed heavily on the soft drinks market and Britvic within it.

The Fruit Shoot product recall was regrettable, but necessary in order to protect the safety of our consumers. The business responded quickly and efficiently to manage the situation and refocused our priorities as required over the balance of the year."

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There will be a live-webcast of the presentation today at 9.00am by Paul Moody (Chief Executive) and John Gibney (Group Finance Director). The webcast will be available to view at www.britvic.com with a transcript available in due course. To participate in the Q&A session please dial-in on the conference call numbers below in addition to viewing the webcast. The audio commentary will be synchronised between the webcast and the conference call

UK Access Number	0845 634 0041
UK Toll Free	0800 634 5205
International Access Number	+44 208 817 9301
Participant PIN Code	9356833

A recording of the call will be available for seven days.

UK Toll Access Number	0207 769 6425
International Toll Access Number	+44 207 769 6425
Conference Reference	9356833

Definitions

(1) All numbers and comparisons are quoted before exceptional and other items unless otherwise stated, volume and ARP (average realised price) are adjusted for the impact of double concentrate on Robinsons and MiWadi to provide a meaningful comparison and comparisons are on a constant currency basis. Numbers not adjusted for double concentrate 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.

(3) 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 £2.9m (2011: £3.1m AER). EBITA margin is the EBITA number as a proportion of group revenues.

(4) 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 241.6m (2011: 240.4m).

(5) Underlying free cash flow is defined as net cash flow excluding movements in borrowings, dividend payments, exceptional and other items.

(6) Group adjusted net debt is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt.

(7) 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 ROIC has been re-stated for prior year as it now includes the reduction in the asset base taken in Ireland in 2010 and the results and assets of Britvic France, both of which were previously excluded from the measure to ensure a like for like comparison.

(8) "Effective Date" the date upon which the Merger becomes Effective, "Effective" in the context of the Merger:

(a) if the Merger is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or

(b) if the Merger is implemented by way of a Merger Offer, such Merger Offer having been declared and become unconditional in all respects in accordance with the requirements of the Code.

(9) "Scheme Record Time" **-** the time and date specified in the Scheme Document expected to be 6.00 p.m. on the business day immediately prior to the date of the Court Hearing.

Reconciliation from Statutory 2011 to Constant Currency Comparatives

2011 £m	2011 Actual Exchange Rate	Constant Currency Change	Constant Exchange Rate
Group Revenue	1,290.4	(23.7)	1,266.7
Group EBIT	135.0	(1.0)	134.0
Group Profit Before Tax	105.1	(1.2)	103.9
Group Profit After Tax (PAT)	77.9	(1.2)	76.7
Group PAT, After Exceptional And Other Items	58.4	(0.9)	57.5
Group EBITA	138.1	(1.3)	136.8
Adjusted Earnings Per Share	33.7	(0.6)	33.1

The preliminary results announcement for the 52 week period ended 30 September 2012 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Preliminary results do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. They have, however, been extracted from the statutory accounts for the 52 week period ended 30 September 2012 on which an unqualified report, which did not contain an emphasis of matter reference or a statement under Section 498 (2) or (3) of Companies Act 2006, has been made by the company's auditors.

Notes to editors

About Britvic

Britvic is one of the leading branded soft drinks businesses in Europe. The company leverages its own leading brand portfolio including Robinsons, Tango, J_2O, Fruit Shoot, Teisseire and MiWadi 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 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.

Cautionary note regarding forward-looking statements

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

Full Year Reporting Period

Britvic GB and Britvic International's 2012 full year runs from 3 October 2011 to 30 September 2012. Britvic Ireland and Britvic France report on a monthly basis to 30 September 2012.

Britvic Ireland

Britvic Ireland's volumes and ARP performance exclude the sale of third-party factored brands which are therefore excluded from the group metrics accordingly.

Market Data

GB Take-home market data referred to in this announcement is supplied by Nielsen and runs to 29 September 2012. GB Pubs and Clubs market data referred in this announcement is supplied by CGA and runs to 7 July 2012. Republic of Ireland Grocery and Republic of Ireland Licensed data referred to in this announcement is supplied by Nielsen and runs to 7 October 2012. French market data is supplied by IRI and runs to 23 September 2012.

Business and Strategy Review

2012 was a challenging year for Britvic. We achieved some notable successes; in the UK we increased our share of the soft drinks market, with Pepsi performing particularly well, in France our syrups business took share, and we significantly increased Fruit Shoot's presence in the US. However, the recall of Fruit Shoot in July in GB, France and some European export markets, impacted significantly on our overall group performance.

Economic conditions in our core markets of Great Britain, France and Ireland remained difficult throughout 2012 as consumers were faced with austerity measures, rising domestic bills and a fragile economic environment, all of which adversely impacted their disposable income.

In this context, soft drinks continued to be resilient, but they were not immune to these challenges. As a result, the GB take-home market, as measured by Nielsen, saw volume growth of just 0.3%, below the historical 2-3% growth rate that we have seen over the last 20 years. The recent trend of carbonates growing ahead of stills continued.

In France the take-home market also saw volume growth limited to 1.8%, whilst in Ireland the continued economic pressures resulted in take-home market volumes declining by 2.2%.

In GB and Ireland the pubs and clubs sector and the stills category remained under pressure, areas where Britvic has a leading presence.

Against this economic backdrop, GB in particular, enjoyed a summer of celebration, with the Diamond Jubilee, Olympics and Paralympics. Any hopes of the weather providing a backdrop of warm, sunny days to these celebrations were soon dashed with some of the coldest, wettest summer weather ever recorded.

Overall, our business performed well across the first half of the year with some tangible successes. In July however we identified an issue with Fruit Shoot's newly launched sports cap, which fundamentally changed the performance of the business. As consumer safety is paramount to Britvic, we took the decision to recall the Fruit Shoot and Hydro brands from GB, France and European export markets. The financial impact of the recall is expected to be between £15m and £25m.

This led us to re-set our financial expectations for the full year and also to review our near term business priorities, as follows:

1. Re-establish Fruit Shoot in the market as soon as possible
2. Build and realise the value of our emerging US Fruit Shoot business
3. Strong emphasis on cash generation
4. Maintain rigorous cost management
5. Drive improved performance from the strong brands across the group

1. Re-establish Fruit Shoot in the market as soon as possible

At the time of the Fruit Shoot recall, we communicated that we would be unable to supply Fruit Shoot for six weeks and that it would be up to six months before we could achieve historical supply levels.

We recommenced initial supply within the targeted six week period and remain on track to achieve production levels in line with historical demand by January 2013. Our marketing teams have delivered marketing and communication programmes in each business unit, underpinned by strong execution activity, to ensure that we return the Fruit Shoot brand back to its previous

market scale as soon as possible. The early indicators are positive, with brand health measures back towards pre-recall levels.

2. Build and realise the value of our emerging US Fruit Shoot business

During 2012 we made substantial progress in building the Fruit Shoot brand in the US. We announced earlier in the year that we had agreements in eight US states (Alabama, Kentucky, Ohio, North and South Carolina, Florida, Georgia and Texas) with four partners (Buffalo Rock, Gross & Jarson, Pepsi Bottling Ventures, PepsiCo Beverages America (previously Pepsi Beverage Company). We also commenced production in the US during the second half of the financial year with Pepsi Bottling Ventures.

We have secured a further distribution agreement for Fruit Shoot with the Pepsi-Cola Bottling Company of Central Virginia, which holds the longest established franchise for Pepsi in the US. They are our fifth partner in the US and this agreement increases our presence to nine states. We remain on track to achieve our target of 20,000 distribution points by the end of 2012.

In addition, we have established a US-based Britvic team to deliver our ambitious growth plans and to support our Fruit Shoot partners in the brand's development.

3. Strong emphasis on cash generation

Our results provide evidence of our strong focus on cash generation, although the Fruit Shoot recall has had an adverse impact on both our profitability and cash generation. However we have still generated free cash-flow ahead of last year and have been able to pay down net debt.

At the same time, we have continued to invest in our brands with advertising and promotions (A&P) spend inline with last year.

4. Maintain rigorous cost management

Our strong focus on cost control has led to a reduction of £5.6m in fixed costs, compared to last year. This included costs associated with the Fruit Shoot recall, the underlying costs were down 3.9%.The continued decline in the top line performance of the Irish business necessitated a further review of the cost base, leading to a reduction in headcount this year.

5. Drive improved performance from the strong brands across the group

Great Britain

Our carbonates portfolio had an exceptional year with all of our core brands taking share. Pepsi took substantial volume and value share and for the first time joined the list of top ten grocery brands. Our year round marketing programme commenced in October 2011 with a cross category initiative linking Pepsi with Doritos. Pepsi's association with football personalities continued this summer, with major on-pack activity supported by excellent in-store execution. Both 7Up and Tango took share this year, both brands benefitting, alongside Pepsi, from the introduction of the new 250ml cans.

In the GB stills portfolio, Robinson's performance benefited from the in-market execution and consumer communication focus on double-concentrate. Heavyweight marketing investment behind the brand included TV, print, in-store sampling, an on-pack promotion and Wimbledon-themed activity. Consequently Robinson's enjoyed six months of share gain and in the last twelve weeks of the financial year matched the brand's historical market share high of two years ago.

Launched in February, we ran our first cross-portfolio campaign with PepsiCo, "Transform your Patch", which offered consumers the chance to support local regeneration projects across the

country. With each brand linked to a particular theme, such as football pitches, playgrounds and skate parks, we supported more than 165 projects throughout the year.

Britvic was the first UK soft drink manufacturer to introduce Stevia extract as a natural alternative sweetener to sugar this year. Both SoBe V Water and Juicy drench introduced Stevia-based variants, broadening their appeal to a wider consumer base.

Despite the challenges of the Fruit Shoot recall and the decline of the stills category by the end of the year, we succeeded in growing our overall share of the GB take-home market.

France

The French business faced high raw material inflation in 2012, particularly in relation to sugar and fruit juice, which are key ingredients across its brand portfolio. Against the backdrop of an uncertain outlook for consumers, the primary objective was to offset the impact of the rising costs. In the juice business we therefore took the decision to exit contracts where we were unable to agree commercially acceptable terms. A combination of price increases and pack size changes in the syrups range led to material growth in the average realised price (ARP) of the French business with minimal impact on volumes. The performance of syrups benefitted from a period of warm weather during the late summer months balancing the very poor weather during spring.

Our syrups portfolio continued to take share, supported by the marketing campaigns for both Teisseire and Moulin de Valdonne. We continued to sponsor the Tour De France as well as sponsoring the popular television show “Plus Belle La Vie”. Our Pressade brand, which is positioned as an organic juice sourced from France appeared on television for the first time and delivered double-digit market growth, taking market share as a result.

Ireland

The difficult economic conditions in Ireland are well documented and continued to be a challenge in 2012. The pubs and clubs sector continued to contract and we were significantly impacted by the performance of the third party brands that we distribute through the licensed wholesale business.

We continued to invest in and support our key brands, with MiWadi, Club and 7Up retaining their number one positions. This year saw a refresh of the Ballygowan brand, as we looked to cement its clear number one position. Trading conditions remained difficult in Ireland and we had to take action to reduce costs, including a material reduction in headcount and the outsourcing of secondary distribution.

Financial Review

The following discussion is based on Britvic's results for the 52 weeks ended 30 September 2012, 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.

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 material, 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* – 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.
- *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 ROIC has been re-stated for prior year as it now includes the reduction in the asset base taken in Ireland in 2010 and the results and assets of Britvic France, both of which were previously excluded from the measure to ensure a like for like comparison.

Overview

In the period, total group volume (excluding factored products in Ireland) was 2.1bn litres, down 1.6% on the previous year, and revenue was 0.8% down to £1,256.4m, on a constant currency exchange rate. This reduction in revenue was primarily due to the Fruit Shoot recall which materially impacted GB stills performance, International and France. The product recall constrained revenue growth by approximately 2%, with an even greater impact on profit and margin.

EBITA was down 15.5% to £115.6m. Profit after tax was £62.9m; with adjusted EPS declining by 17.8% to 27.2p.

Profit after tax after exceptional and other items was £57.4m, down 0.2% on 2011.

A strong focus on cash generation across the business generated underlying free cash flow broadly in line with last year, despite the negative impact of the Fruit Shoot recall. Consequently the business continued to pay down debt during the period, resulting in an adjusted net debt to EBITDA ratio of 2.8x.

GB Stills	52 weeks ended 30 Sept 2012 £m	52 weeks ended 2 Oct 2011 £m	% change Actual Exchange Rate
Volume (million litres)	449.2	493.5	(9.0)
ARP per litre	71.6p	71.2p	0.6
Revenue	321.7	351.2	(8.4)
Brand contribution	141.2	150.1	(5.9)
Brand contribution margin	43.9%	42.7%	120bps

GB stills performance was materially impacted in the second half of the financial year by the limited availability of Fruit Shoot, as a result of the product recall. Revenue declined by 8.4% and volumes were down 9.0%. The impact of consumer down trading to cheaper dispensed offerings in the on-premise channel and the continued shift from impulse to grocery negatively impacted the benefit of the underlying price increase that we achieved. Brand contribution margin benefited by almost 50bps, due to lower A&P investment this year.

Robinsons showed encouraging progress in the last six months, increasing take-home market volume and value share, as measured by Nielsen. In the last 12 weeks of the financial year, the brand achieved its highest market share for two years.

GB Carbonates	52 weeks ended 30 Sept 2012 £m	52 weeks ended 2 Oct 2011 £m	% change Actual Exchange Rate
Volume (million litres)	1,154.1	1,130.5	2.1
ARP per litre	44.9p	44.5p	0.9
Revenue	517.9	502.6	3.1
Brand contribution	188.7	189.1	(0.2)
Brand contribution margin	36.4%	37.6%	(120)bps

Full year revenue growth was 3.1%, with volume growth of 2.1% and ARP growth of 0.9%. The volume mix has moved towards larger value-orientated packs within grocery which are more promotionally driven, at the expense of smaller single serve packs - particularly in the impulse channel. This mix impact has negatively affected the level of reported ARP growth and margins leading the brand contribution margin to fall year on year, but represents a substantial improvement on the margin decline of 320bps at the half year.

International	52 weeks ended 30 Sept 2012 £m	52 weeks ended 2 Oct 2011 £m	% change Actual Exchange Rate
Volume (million litres)	38.4	37.8	1.6
ARP per litre	76.3p	77.0p	(0.9)
Revenue	29.3	29.1	0.7
Brand contribution	8.3	10.9	(23.9)
Brand contribution margin	28.3%	37.5%	(920)bps

The performance of the international business unit was materially impacted by the Fruit Shoot recall in the scale export markets of the Netherlands and Belgium. Brand contribution margin has

been further impacted by our up-weighting of marketing investment supporting the emerging Fruit Shoot business in the US.

During the second half of the financial year we have successfully moved the US to a concentrate in-market manufacturing model and are no longer exporting finished goods from the UK.

2012 saw continued strong progress in the US and we have confirmed Virginia as the ninth state where we will be distributing Fruit Shoot through Pepsi-Cola Bottling of Central Virginia. As a consequence we remain on track to achieve twenty thousands points of distribution by the end of the year.

Ireland	52 weeks ended 30 Sept 2012 £m	52 weeks ended 30 Sep 2011 £m	% change Actual Exchange Rate	% change Constant Exchange Rate
Volume (million litres)	205.1	210.8	(2.7)	(2.7)
ARP per litre	53.3p	58.7p	(9.2)	(3.6)
Revenue	138.7	162.8	(14.8)	(9.6)
Brand contribution	44.6	57.8	(22.8)	(18.2)
Brand contribution margin	32.2%	35.5%	(330)bps	(330)bps

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 continued to face very challenging macro economic conditions with unemployment rising, consumer spending falling and private label growing. The soft drinks market, as measured by Nielsen, continued to decline with both take-home market volume and value down in excess of 2%. Both the impulse and pub and club channels continued to perform substantially worse than grocery, with value down by 4.0% in both.

These unfavourable conditions continued to adversely impact margins, with brand contribution margin down by 330 basis points versus the prior year but showed improvement from the interims. The business continues to focus on cost reduction to mitigate the declining top line and in 2012 the savings we made were in the majority below brand contribution, in fixed cost.

In addition, the performance of the third party brands that we distribute only in the licensed wholesale business has negatively impacted overall performance and accounted for half of the total revenue decline in the business unit this year. Overall volume and value market share of our own brands has grown slightly during the year in both carbonates and stills.

France	52 weeks ended 30 Sep 2012 £m	52 weeks ended 30 Sep 2011 £m	% change Actual Exchange Rate	% change Constant Exchange Rate
Volume (million litres)	278.3	286.0	(2.7)	(2.7)
ARP per litre	89.4p	85.6p	4.4	10.9
Revenue	248.8	244.7	1.7	8.0
Brand contribution	59.2	62.0	(4.5)	1.4
Brand contribution margin	23.8%	25.3%	(150)bps	(150)bps

Note: France revenue and cost of sales both include the value for the 'sugar tax' and therefore at brand contribution this has a nil impact.

Britvic France delivered a strong year on year ARP performance. This was achieved through a combination of price increases and pack size changes. These were implemented to offset the impact of substantial raw material inflation, which was higher in France than across the rest of the group, due to the nature of the product base. Brand contribution margin was down as the benefit of the increase in ARP was fully absorbed by raw material inflation along with the timing lag of the

price increase. Furthermore the marketing investment behind Teisseire Fruit Shoot did not result in the expected revenue and profit growth, due to the recall.

During the year, we took the decision to withdraw the Fruité juice brand from some retailers, where we were unable to agree acceptable commercial terms. This impacted our volume delivery, but had a minimal impact on profit.

Our syrups business has driven category growth, with Teisseire and Moulin de Valdonne growing our overall market share of the syrups category in both volume and value terms. Within juice we made good progress on growing the Pressade brand, capitalising on its organic and local origins. The Pressade brand continues to grow ahead of the market.

Fixed Costs	52 weeks ended 30 Sept 2012 £m	52 weeks ended 2 Oct 2011 £m	% change Actual Exchange Rate
Non-brand A&P	7.8	8.0	2.5
Fixed supply chain	100.3	111.1	9.7
Selling costs	118.0	121.7	3.0
Overheads and other	103.2	94.1	(9.7)
Total	329.3	334.9	1.7
Total A&P investment	*62.5*	*62.8*	*0.5*
*A&P as a % of net revenue**	*5.1%*	*5.0%*	*(10)bps*
*(*excludes 3rd Party revenue)*			

Reported fixed costs decreased by 1.7% which includes the cost of the Fruit Shoot recall. The underlying fixed cost base was a 3.9% reduction as a result of the strong and effective management of the cost base.

Group A&P as a percentage of sales has increased by 10bps, and the absolute spend was in line with last year.

Exceptional And Other Items

In the period Britvic accounted for a net cost of £6.9m of pre-tax (£5.5m post tax) exceptional and other costs. These include:

Exceptional items relating to GB of £4.9m (net cost):

- Costs associated with the relocation of the group head office and the separation of functional support structures between group and the GB business unit.

Exceptional items relating to Ireland of £1.7m (net gain):

- Ireland pension gain arising as a result of the agreement to address the funding deficit of the Ireland defined benefits pension plan and lower future pension provisions. The curtailment gain recognised under IAS (International Accounting Standards) 19 'Employee Benefits' arises from the removal of the guaranteed pension indexation.

- Impairment of SAP implementation costs in Ireland. Given the material market decline in Ireland and resulting scale reduction in our business, the original benefits have equally reduced and the economic value of the SAP asset is no longer consistent with the future value to be generated. Consequently in line with IAS 36 'Impairment of assets' we have written off the remaining value of the programme.

- Ireland restructuring cost, largely relating to redundancy costs.

Corporate exceptional items of £3.1m (net cost):

- Advisory fees relating to a potential acquisition that was ultimately not progressed.

- Advisory fees relating to the potential merger of Britvic plc and A.G. Barr p.lc.

Fair value and other movements £0.6m (net cost):

- Within exceptional and other items we include the fair value movement of financial instruments where hedge accounting cannot be applied. This is made up of two items, a number of share swaps to satisfy our employee incentive share schemes and an interest-rate swap.

Interest

The net finance charge before exceptional and other items for the 52 week period for the group was £28.3m compared with £29.9m in the same period in the prior year. The lower interest charge reflects the full year benefit of the refinanced bank facility, secured in March 2011.

Taxation

The 52 week tax charge of £21.5m before exceptional and other items represents an effective tax rate of 25.5%, a decrease on last year 52 week actual of 0.4% primarily due to the lower current tax rate in the UK, offset by a temporary increase in the French tax rate.

Earnings per Share

Basic earnings per share (after exceptional and other items) as defined by IFRS for the period is 23.8p compared with the basic EPS of 24.3p for 2011.

Adjusted earnings per share for the period, before exceptional and other items and adding back acquisition related amortisation, was 27.2p, down 17.8% on a constant currency basis. 2011 reported EPS was 33.7p.

Dividends

As previously announced on 14 November, the Board has proposed a second interim dividend of 12.4p pence, in lieu of the final dividend, making a full year dividend of 17.7p. The second interim dividend will be paid on 18 January 2013 to shareholders on the register on 7 December 2012.

In addition, as disclosed on 14 November, the Board has proposed a special interim dividend of 10.0p per share, conditional upon the merger with A.G. Barr p.l.c. becoming effective, in lieu of the dividend in relation to the period from 1 October 2012 until the effective date, and in recognition of the combined group's dividend policy. This will be paid after the effective date to shareholders on the register at the scheme record time.

Cash Flow and Net Debt

Underlying free cash flow, defined above, was £62.1m in 2012 and £59.3m in 2011.

At 30 September 2012, the group’s non-adjusted net debt was £511.7m compared to £530.2m at 2 October 2011. The adjusted net debt (taking into account the foreign exchange movements on

the derivatives hedging our U.S. Private Placement debt) at 30 September 2012 is £446.7m compared to £452.0m last year.

Capital Employed

Non-current assets were down in the period, £645.0m compared to £680.3m in the prior period, primarily due to a decrease in intangibles.

Depreciation decreased in the period by £1.2m to £34.4m. Current assets also decreased from £384.4m to £380.8m primarily as a result of a decrease in inventory. Current liabilities have decreased from £390.0m to £371.9m driven principally by a decrease in trade and other payable.

ROIC has decreased to 16.4% from 18.5%, reflecting the impact on profits of the Fruit Shoot recall. The ROIC has been re-stated for prior year as it now includes the reduction in the asset base taken in Ireland in 2010 and the results and assets of Britvic France, both of which were previously excluded from the measure to ensure a like for like comparison.

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, but do not meet the requirements of IAS39 for hedge accounting. Movements in the fair value of these derivatives are therefore recorded in the profit and loss account.

At 30 September 2012, the group's non-adjusted net debt of £511.7m (excluding derivative hedges) consisted of £560.8m of private placement notes, £0.8m of finance leases and £2.3m of loans and unamortised issue costs. This was netted off with £47.6m of surplus cash.

Pensions

The group principal pension scheme for GB employees, the BPP (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 as determined by the Trustee, agreed by the Company and certified by an independent actuary in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. As a result of this 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.

As a result of the first tranche of the agreement, Britvic Scottish Limited Partnership (Britvic SLP) and Britvic Property Partnership ('Britvic Property') were established by the group and properties were then transferred to Britvic Property at a value of £28.6m and leased back to Britvic Soft Drinks Limited. Britvic SLP holds an investment in Britvic Property.

During the year, BPP entered into a second tranche of the pension funding partnership structure. This tranche involved the sale and leaseback of certain group brands which were transferred to Britvic Brands LLP ('Britvic Brands') at a value of £72.4m and licensed back to Britvic Soft Drinks Limited. Britvic SLP holds an investment in Britvic Brands.

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 £105.0m. At that point the group may be required to transfer this amount in cash to the BPP.

Britvic SLP, Britvic Brands and Britvic Property 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 is accounted for by the group as contributions when paid. The properties transferred to Britvic Property continue to be included within the group's property, plant and equipment on the balance sheet. The group retains operational flexibility over the transferred properties and brands, including the ability to substitute the properties and brands held by Britvic Property and Britvic Brands respectively.

In addition to the expected partnership income of at least £5.0m per annum, the group will make payments to the BPP of £7.5m by 31 December 2012 and £15.0m per annum by 31 December of each year from 2013 to 2017.

During the year £10.0m of additional contributions were paid to the BPP, of which £5.0m was paid by the group and £5.0m relates to income received from the pension funding partnership structure.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2012 was £10.3m (2011: £5.8m).

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

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 relation to the Britvic Ireland Pension Plan (BIPP), during the year, the Trustee received approval from the Irish Pension Board for two significant changes to the BIPP, being the removal

of the guaranteed annual 3% pension increase for pensions in payment and the introduction of a salary cap of €50k for future service accrual. As part of the changes, Britvic agreed to pay the cost on pension levy plan assets introduced by the Irish government in 2011. The removal of the guaranteed pension increase has resulted in the recognition of a curtailment gain of €25.2m (£21.3m) which has been recognised as an exceptional item. The changes significantly improve the funding position of the BIPP.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the consolidated income statement for 2012 was £0.3m (2011: £0.6m).

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 30 September 2012 by Towers Watson (BPP) and Invesco (BIPP) and Buck (BNIPP).

Included within the pension liability on the consolidated balance sheet is an accrual of £1.8m (2011: £1.4m) for retirement indemnities in respect of Britvic France. This liability is considered to be immaterial and no further disclosure is included within this note.

Corporate Responsibility

In the past year, Britvic has continued its work to integrate the principles of Corporate Responsibility (CR) into the business.

To this end, the Corporate Responsibility Committee further refined its approach and with the agreement of the Executive Committee introduced a Business Sustainability strategy. This focuses on three key pillars and objectives:

1) People – to be trusted and respected in our communities

2) Planet – to ensure our future supply of resources whilst minimising the group's impacts on the environment

3) Profit – to achieve continued profitable business growth

The strategy is designed to meet all stakeholder requirements and ensure that the group always behaves responsibly with strong governance and a robust risk management process, whilst maximising shareholder value. In the past year, the business has made significant progress across all three pillars of the strategy.

Under the 'People' banner, the group is committed to having a positive impact on both its employees and the communities in which it operates.

Globally, the group supports a clean water project in Ethiopia and UNICEF's emergency relief fund. Locally the group supports a number of charities and actively encourages its employees to get involved through volunteering.

In GB, Britvic has continued to support those young people at risk of dropping out of the school system and becoming NEETS (not in employment, education and training). For example, in partnership with Barnardos, the group created a training programme to help build confidence in young people and encourage them to stay in education. The programme was successfully trialled at the Beckton factory site and the intention is to roll this out to further sites next year.

Another key element of the focus on 'People' has been to encourage employees to live healthier lifestyles through the "wellness@work" programme. Activity included organised exercise and healthy eating challenges, the provision of showers at many sites to encourage active travel, and joint activity through staff canteens to promote healthy options. Additionally, the group ran free health assessments at a number of sites and is rolling these out across the remainder of sites this year.

In GB, the group has continued to support the public health agenda with commitments to the government's Responsibility Deal and Change4Life programme, while Britvic Ireland supported the government's Live Well initiative. In addition, both juicy drench and SoBe V Water were reformulated with natural Stevia extract which has reduced calorie levels.

Through its brands the group continued to promote healthy and active lifestyles through marketing programmes. Britvic Ireland sponsors rugby through the Ballygowan range and Britvic France sponsors the Tour de France through its Teisseire brand.

Within the 'Planet' area, the business continued to make significant progress on reducing its environmental impact, particularly in the areas of water use, energy consumption and waste. Britvic has implemented numerous environmental initiatives across sites, such as waste prevention reviews, equipment insulation and rinse water recovery systems. In the GB Beckton factory site, this system is expected to save 33 million litres of water annually.

The group also acknowledges the importance of ensuring the future supply of materials and is actively working with suppliers to understand its environmental impacts within the supply chain and address potential related risks. An output of this was the sustainable fruit strategy which focuses on the sustainable procurement of fruit.

As part of its focus on profit, Britvic successfully demonstrated how commercial initiatives can deliver a positive social impact. As part of the Transform your Patch campaign, Britvic teamed up with the environmental regeneration charity, Groundwork, to regenerate more than 180 outdoor spaces. Transform Your Patch was one of the most ambitious community-led regeneration schemes to take place in the UK. Promoted across the portfolio, every soft drink purchased of any of the participating brands represented a $1cm^2$ piece of land that was transformed.

Full details of Britvic's CR programme will be published in the group's annual CR Report in early 2013.

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 Energy brands. In France the portfolio includes the leading syrup brand Teisseire as well as Moulin de Valdonne, Pressade and Fruit Shoot. 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.

- 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. Britvic Ireland operates across all the main sales channels, with key customers including Musgraves, Tesco, Dunnes and BWG. Britvic France products are distributed by all take-home grocery customers. Key customers include Carrefour, Galec, Auchan and Intermarche.

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 below represent the principal uncertainties that may impact on our ability to effectively deliver our strategy in the future (note - this is not intended to be a complete list of all of the risks that could impact Britvic, there may be other risks, that should they materialise, could have a material impact on the group).

(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.

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 best as possible. New employees of the company are enrolled into a defined contribution scheme that limits future liabilities. The largest of Britvic's defined benefit schemes, for GB employees, was closed to future accrual in April 2011 (closed to new members in 2002). This scheme is now partially funded by a Pension Funding Partnership and funding requirements have been agreed to 2017.

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. Contaminated or faulty products.

Risk – A faulty or contaminated product is supplied to the market.

Mitigation – Britvic has robust quality control measures and processes in place to maintain the high quality of its products supplied at all times. These have been further strengthened in response to the Fruit Shoot recall required during 2012.

(B) Risks Relating To The Market

1. The macro-economic environment

Risk – Continued economic downturn, government regulatory changes and uncertainty in the economy impacts consumer confidence resulting in reduced spend on soft drinks. In addition, wider economic factors could have an impact on Britvic, in particular increasing counterparty credit risk.

Mitigation – The soft drinks category is reasonably resilient and Britvic offers a range of everyday value products to meet the consumer need for reduced spending. Britvic monitors consumer spending trends and develops products designed to meet the spending requirements of its consumers. Britvic closely monitors and manages its exposure to counterparty credit risk.

2. 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. Britvic closely monitors consumer trends in order to anticipate changes in preferences and match its offerings to these trends.

3. 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.

4. 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.

5. Increasing energy costs.

Risk – Energy costs fluctuation results in unforeseen increases in costs.

Mitigation – Britvic has contracts for some of its energy supply with pre-agreed prices, and price increase mechanisms in line with market, partially mitigating this risk. In addition, Britvic has taken steps to improve its energy efficiency to reduce its energy requirements.

CONSOLIDATED INCOME STATEMENT
For the 52 weeks ended 30 September 2012

		52 Weeks Ended 30 September 2012			52 Weeks Ended 2 October 2011		
		Before exceptional & other items	Exceptional & other items*	Total	Before exceptional & other items	Exceptional & other items*	Total
	Note	£m	£m	£m	£m	£m	£m
Revenue		**1,256.4**	**-**	**1,256.4**	1,290.4	-	1,290.4
Cost of sales		**(624.6)**	**-**	**(624.6)**	(627.3)	-	(627.3)
Gross profit		**631.8**	**-**	**631.8**	663.1	-	663.1
Selling and distribution costs		**(353.3)**	**-**	**(353.3)**	(371.4)	-	(371.4)
Administration expenses		**(165.8)**	**(4.8)**	**(170.6)**	(156.7)	(23.1)	(179.8)
Operating profit / (loss)	6	**112.7**	**(4.8)**	**107.9**	135.0	(23.1)	111.9
Finance costs	9	**(28.3)**	**(2.1)**	**(30.4)**	(29.9)	(2.1)	(32.0)
Profit / (loss) before tax		**84.4**	**(6.9)**	**77.5**	105.1	(25.2)	79.9
Taxation	10	**(21.5)**	**1.4**	**(20.1)**	(27.2)	5.7	(21.5)
Profit / (loss) for the period attributable to the equity shareholders		**62.9**	**(5.5)**	**57.4**	77.9	(19.5)	58.4

	Note	2012	2011
Earnings per share			
Basic earnings per share	11	**23.8p**	24.3p
Diluted earnings per share	11	**22.4p**	23.0p
Adjusted basic earnings per share**	11	**27.2p**	33.7p
Adjusted diluted earnings per share**	11	**26.5p**	32.9p

* See note 5.

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

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 30 September 2012

	Note	**52 Weeks Ended 30 September 2012 £m**	52 Weeks Ended 2 October 2011 £m
Profit for the period attributable to the equity shareholders		**57.4**	58.4
Actuarial gains on defined benefit pension schemes	23	**9.2**	45.1
Deferred tax on actuarial gains on defined benefit pension schemes		**(7.9)**	(16.7)
Current tax on additional pension contributions		**4.6**	4.3
(Losses)/gains in the period in respect of cash flow hedges	26	**(17.0)**	5.8
Amounts recycled to the income statement in respect of cash flow hedges	26	**9.5**	(3.7)
Deferred tax in respect of cash flow hedges accounted for in the hedging		**2.1**	(0.5)
Exchange differences on translation of foreign operations	26	**(3.9)**	(1.6)
Tax on exchange differences accounted for in the translation reserve		**4.0**	1.5
Other comprehensive income for the period net of tax		**0.6**	34.2
Total comprehensive income for the period attributable to the equity shareholders		**58.0**	92.6

CONSOLIDATED BALANCE SHEET
As at 30 September 2012

	Note	2012 £m	2011 £m
Assets			
Non-current assets			
Property, plant and equipment	13	**236.6**	243.8
Intangible assets	14	**305.2**	337.9
Other receivables	16	**3.6**	5.6
Other financial assets	26	**92.1**	93.0
Pension asset	23	**7.5**	-
		645.0	680.3
Current assets			
Inventories	17	**73.8**	88.5
Trade and other receivables	18	**257.4**	250.0
Other financial assets	26	**0.1**	2.9
Cash and cash equivalents	19	**49.5**	43.0
		380.8	384.4
Non-current assets held for sale	20	**-**	0.7
Total assets		**1,025.8**	1,065.4
Current liabilities			
Trade and other payables	24	**(357.2)**	(370.1)
Bank overdrafts	19	**(1.9)**	-
Interest bearing loans and borrowings	22	**(0.6)**	-
Other financial liabilities	26	**(4.4)**	(4.3)
Current income tax payable		**(7.8)**	(15.6)
		(371.9)	(390.0)
Non-current liabilities			
Interest bearing loans and borrowings	22	**(558.7)**	(573.2)
Deferred tax liabilities	10e	**(34.1)**	(23.0)
Pension liability	23	**(11.2)**	(45.1)
Other financial liabilities	26	**(10.9)**	(9.7)
Other non-current liabilities	27	**(1.9)**	(1.9)
		(616.8)	(652.9)
Total liabilities		**(988.7)**	(1,042.9)
Net assets		**37.1**	22.5
Capital and reserves			
Issued share capital	21	**48.5**	48.3
Share premium account		**17.7**	15.0
Own shares reserve		**(0.8)**	(1.0)
Share scheme reserve		**4.2**	7.8
Hedging reserve		**3.6**	9.0
Translation reserve		**22.5**	22.4
Merger reserve		**87.3**	87.3
Retained losses		**(145.9)**	(166.3)
Total equity		**37.1**	22.5

The financial statements were approved by the Board of Directors and authorised for issue on 26 November 2012. They were signed on its behalf by:

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 52 weeks ended 30 September 2012

	Note	**2012**	2011
		£m	£m
Cash flows from operating activities			
Profit before tax		**77.5**	79.9
Finance costs	9	**30.4**	32.0
Other financial instruments		**(1.4)**	10.2
Impairment of property, plant and equipment and intangible assets		**14.9**	0.5
Depreciation	13	**34.4**	35.6
Amortisation	14	**9.5**	12.9
Share based payments		**3.0**	3.8
Net pension charge less contributions	23	**(31.1)**	(27.9)
Decrease / (increase) in inventory		**10.9**	(4.4)
Increase in trade and other receivables		**(2.0)**	(24.1)
(Decrease) / increase in trade and other payables		**(2.8)**	22.8
Loss on disposal of tangible and intangible assets		**1.5**	4.6
Income tax paid		**(12.5)**	(20.9)
Net cash flows from operating activities		**132.3**	125.0
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**2.2**	0.6
Purchases of property, plant and equipment		**(43.9)**	(37.7)
Purchases of intangible assets		**(5.4)**	(11.9)
Acquisition of subsidiary net of cash acquired		**-**	(4.5)
Net cash flows used in investing activities		**(47.1)**	(53.5)
Cash flows from financing activities			
Finance costs		**(0.1)**	(3.9)
Interest paid		**(28.5)**	(27.2)
Issue of US$ notes		**-**	113.9
Interest bearing loans drawn down / (repaid)		**(1.0)**	(123.4)
Issue of shares		**2.0**	2.3
Purchase of own shares		**(9.3)**	(3.3)
Dividends paid to equity shareholders	12	**(42.5)**	(40.3)
Net cash flows used in financing activities		**(79.4)**	(81.9)
Net increase/(decrease) in cash and cash equivalents		**5.8**	(10.4)
Cash and cash equivalents at beginning of period		**43.0**	54.0
Exchange rate differences		**(1.2)**	(0.6)
Cash and cash equivalents at the end of the period	19	**47.6**	43.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 30 September 2012

	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 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
Profit for the period	-	-	-	-	-	-	-	57.4	**57.4**
Other comprehensive income	-	-	-	-	(5.4)	0.1	-	5.9	**0.6**
	-	-	-	-	(5.4)	0.1	-	63.3	**58.0**
Issue of shares	0.2	2.7	(2.4)	-	-	-	-	-	**0.5**
Own shares purchased for share schemes	-	-	(9.3)	-	-	-	-	-	**(9.3)**
Own shares utilised for share schemes	-	-	11.9	(5.6)	-	-	-	(2.0)	**4.3**
Movement in share based schemes	-	-	-	2.0	-	-	-	-	**2.0**
Current tax on share based payments	-	-	-	-	-	-	-	0.6	**0.6**
Deferred tax on share based payments	-	-	-	-	-	-	-	1.0	**1.0**
Payment of dividend	-	-	-	-	-	-	-	(42.5)	**(42.5)**
At 30 September 2012	**48.5**	**17.7**	**(0.8)**	**4.2**	**3.6**	**22.5**	**87.3**	**(145.9)**	**37.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

The operating companies of the group are disclosed within note 31.

The financial statements were authorised for issue by the Board of Directors on 26 November 2012.

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 32.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

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 Consolidated Income Statement in the period of de-recognition.

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

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

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

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

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

Intangible assets

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Intangible assets (continued)

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 Consolidated Income Statement in those expense categories consistent with the function of the impaired asset.

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

Inventories and work in progress

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

Financial assets

The group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, which is normally the transaction price, plus directly attributable transaction costs for those financial assets not subsequently measured at fair value through profit or loss. The group assesses at each 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 Consolidated Income Statement when loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Derivative financial instruments and hedging

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

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

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

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

Cash flow hedges

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

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

Net investment hedges

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

Fair value hedges

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

Derecognition of financial instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Share-based payments

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

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

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

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 utilised losses incurred in overseas jurisdiction.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

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 Consolidated 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.

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 Consolidated Income Statement during the period in which the settlement or curtailment occurs.

Any net pension assets arising are assessed for restrictions.

Defined contribution plans

Under defined contribution plans, contributions payable for the period are charged to the Consolidated Income Statement as an operating expense.

Employee benefits

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

Leases

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

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 Consolidated Income Statement, except when hedge accounting is applied and for differences in monetary assets and liabilities that form part of the Groups net investment in a foreign operation. These are taken in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit and loss.

Foreign operations

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Own shares

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

Exceptional and other items

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

- 'Exceptional' items include those significant items of income and expense which, because of the 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.

3. Accounting policies (continued)

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 23.

Impairment of goodwill and intangible assets with indefinite lives

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

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.

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 22 and 26.

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 28.

3. Accounting policies (continued)

New standards adopted in the current period

During the period, the group adopted a number of interpretations and amendments to standards 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 – Offsetting of assets and liabilities	1 January 2013
IFRS 9	Financial Instruments – Classification and measurement	1 January 2015
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 27	IAS 27 (revised 2011) – Separate financial statements	1 January 2013
IAS 32	Amendment to IAS 32 – Offsetting of assets and liabilities	1 January 2014
Other		
Annual improvements	Annual improvements 2011	1 January 2013

The Directors do not anticipate that the adoption of these standards, which will be adopted in line with the effective date 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. The directors consider that this change will not have a material impact on the Group consolidated results. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segmental reporting

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

- GB Stills – United Kingdom excluding Northern Ireland
- GB Carbs – United Kingdom excluding Northern Ireland
- 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 30 September 2012	GB Stills £m	GB Carbs £m	International £m	Total GB & International £m	Ireland £m	France £m	Adjustments £m	Total £m
Revenue								
- External	321.7	517.9	29.3	868.9	138.7	248.8	-	1,256.4
- Inter-segment***	15.0	9.6	-	24.6	8.0	0.8	(33.4)	-
	336.7	**527.5**	**29.3**	**893.5**	**146.7**	**249.6**	**(33.4)**	**1,256.4**
Brand contribution	**141.2**	**188.7**	**8.3**	**338.2**	**44.6**	**59.2**	**-**	**442.0**
Non-brand advertising & promotion *								(7.8)
Fixed supply chain**								(100.3)
Selling costs**								(118.0)
Overheads and other costs*								(103.2)
Operating profit before exceptional & other items								**112.7**
Finance costs before exceptional & other items								(28.3)
Exceptional & other items								(6.9)
Profit before tax								**77.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segmental reporting (continued)

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**

* 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segmental reporting (continued)

Geographic information

Revenues from external customers

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

	2012 £m	2011 £m
United Kingdom	900.4	913.4
Republic of Ireland	107.2	132.3
France	248.8	244.7
Total revenue	**1,256.4**	**1,290.4**

Non-current assets

	2012 £m	2011 £m
United Kingdom	260.1	262.6
Republic of Ireland	104.8	128.7
France	181.3	196.0
Total	**546.2**	**587.3**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Exceptional and other items

		2012	2011
		£m	£m
Net pension gain*	**(a)**	**21.1**	13.2
Asset impairments*	**(b)**	**(14.9)**	-
Advisory fees	**(c)**	**(3.1)**	-
Restructuring costs*	**(d)**	**(7.9)**	(25.0)
Head office relocation*	**(e)**	**(1.5)**	(1.3)
Onerous leases*	**(f)**	**0.2**	-
Write off of unamortised financing fees**	**(g)**	**-**	(1.5)
Other fair value movements***	**(h)**	**(0.8)**	(10.6)
Total exceptional and other items before tax		**(6.9)**	(25.2)

* Included within administration expenses in the consolidated income statement.

**Included within finance costs in the consolidated income statement.

***For 2012, a gain of £1.3m (2011: £10.0m) within administration expenses and £2.1m (2011: £0.6m) included within finance costs in the consolidated income statement.

a) For 2012 this includes an Ireland pension curtailment gain of £21.3m recognised under IAS19 Employee Benefits (note 23) arising from the removal of the guaranteed pension indexation and a £0.4m past service gain, offset by £0.6m consultancy costs related to the second tranche of the pension funding partnership structure. For 2011 this included a pension curtailment gain of £17.7m arising due to the closure to future accrual of the defined benefit section of the BPP. Offsetting the gain in 2011 was a one off transitional payment of 10% of final salary to pension members of £2.9m and consultancy costs of £1.6m.

b) In 2012, the asset impairments relate to the impairment of SAP implementation costs in Ireland. The original benefits have reduced against a backdrop of market decline in Ireland and the economic value is no longer consistent with the future value to be generated.

c) This relates to advisory fees for a potential acquisition that was not progressed and the potential merger of Britvic plc and A.G.Barr p.l.c.

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

The 2012 costs principally relate to:

- Redundancy costs arising in the Ireland segment;
- Redundancy and restructuring costs relating to the final elements of the separation of support structures between group and GB and
- Costs relating to the outsourcing of the customer operations technical service.

The 2011 costs principally related 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.

e) Head office relocation relates to costs associated with the transfer of the Britvic head office from Chelmsford to Hemel Hempstead which took 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 2012, there is a credit against the onerous lease provision relating to rental received from a sublet in the year.

g) Following the successful refinancing of the group's committed bank facility in March 2011, the unamortised 2009 refinancing fees of £1.5m were 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Operating profit / (loss)

This is stated after charging:

	2012 £m	2011 £m
Cost of inventories recognised as an expense	**624.6**	627.3
Including: write-down of inventories to net realisable value	**3.6**	2.3
Research and development expenditure written off	**0.6**	0.6
Net foreign currency exchange differences	**2.4**	(0.1)
Depreciation of property, plant and equipment	**34.4**	35.6
Amortisation of intangible assets	**9.5**	12.9
Operating lease payments – minimum lease payments	**21.4**	16.6

7. Auditor's remuneration

	2012 £m	2011 £m
Audit of the group financial statements	**0.2**	0.2
Audit of subsidiaries	**0.4**	0.4
Total audit	**0.6**	0.6
Audit related assurance services	**-**	-
Other assurance services	**-**	0.1
All taxation advisory services	**0.2**	0.1
Corporate finance services (excluding amounts included above in tax advisory and other assurance services)	**1.2**	-
Other non-audit services not covered above	**1.3**	0.2
Total non-audit services	**2.7**	0.4
Total fees	**3.3**	1.0

8. Staff costs

	2012 £m	2011 £m
Wages and salaries*	**125.4**	147.3
Social security costs	**19.0**	19.8
Net pension income (note 23) **	**(7.3)**	(6.4)
Expense of share based compensation (note 28)	**3.0**	4.7
	140.1	165.4

* £6.4m (2011: £13.3m) of this is included within 'restructuring costs' in exceptional and other items (note 5).

** 2012 pension income includes a curtailment gain of £21.3m in relation to changes in the Ireland defined benefit pension plan which is in exceptional and other items (note 5).

2011 pension income included a curtailment gain of £17.7m arising in relation to the BPP which was included within exceptional and other items (note 5).

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

	2012 £m	2011 £m
Directors' emoluments	**1.5**	1.3
Aggregate gains made by directors on exercise of options	**0.7**	0.3
Amounts receivable under long term incentive plans	**-**	-

	2012 No.	2011 No.
Number of directors accruing benefits under defined benefit schemes	**-**	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Staff costs (continued)

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

	2012	2011
Distribution	**370**	407
Production	**1,465**	1,516
Sales and marketing	**1,038**	1,114
Administration	**464**	495
	3,337	3,532

9. Finance costs

	2012 £m	2011 £m
Bank loans, overdrafts and loan notes	**28.3**	31.4
Fair value movement on interest rate swap (see note 26)	**2.1**	0.6
Total finance costs	**30.4**	32.0

10. Taxation

a) Tax on loss on ordinary activities

	2012		
	Before exceptional & other items £m	**Exceptional & other items £m**	**Total £m**
Income statement			
Current income tax			
Current income tax (charge) / credit	**(13.0)**	**3.2**	**(9.8)**
Amounts underprovided in previous years	**(2.1)**	**(0.3)**	**(2.4)**
Total current income tax (charge) / credit	**(15.1)**	**2.9**	**(12.2)**
Deferred income tax			
Origination and reversal of temporary differences	**(6.8)**	**(1.5)**	**(8.3)**
Amounts overprovided in previous years	**0.4**	**-**	**0.4**
Total deferred tax charge	**(6.4)**	**(1.5)**	**(7.9)**
Total tax (charge) / credit in the income statement	**(21.5)**	**1.4**	**(20.1)**
Statement of comprehensive income			
Current tax on additional pension contributions			**4.6**
Deferred tax on actuarial losses on defined benefit pension schemes			**(7.9)**
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve			**2.1**
Tax on exchange differences accounted for in the translation reserve			**4.0**
Total tax credit in the statement of comprehensive income			**2.8**
Statement of changes in equity			
Current tax on share options exercised			**0.6**
Deferred tax on share options granted to employees			**1.0**
Total tax credit in the statement of changes in equity			**1.6**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Taxation (continued)

a) Tax on loss on ordinary activities (continued)

	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)

b) Reconciliation of the total tax charge

The tax expense in the consolidated income statement is higher (2011: lower) than the standard rate of corporation tax in the UK of 25% (2011: 27%). The differences are reconciled below:

			2012
	Before exceptional & other items £m	**Exceptional & other Items £m**	**Total £m**
Profit / (loss) before tax	**84.4**	**(6.9)**	**77.5**
Profit / (loss) multiplied by the UK average rate of corporation tax of 25%	**(21.1)**	**1.7**	**(19.4)**
Permanent differences	**1.2**	**(0.6)**	**0.6**
Impact of change in UK tax rate on deferred tax liability	**2.0**	**0.2**	**2.2**
Tax underprovided in previous years	**(1.7)**	**(0.3)**	**(2.0)**
Overseas tax rates	**(1.9)**	**0.4**	**(1.5)**
	(21.5)	**1.4**	**(20.1)**
Effective income tax rate	**25.5%**		**25.9%**

			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)
Tax relief on share-based payments	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%

c) Unrecognised tax items

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised total £3.8m (2011: £13.0m). 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 £nil (2011: £0.2m) has not been recognised in respect of tax losses.

10. Taxation (continued)

d) Impact of rate change

Finance Act 2012 enacted reductions in the UK corporation tax rates from 25% to 24% from 1 April 2012 and to 23% from 1 April 2013. The effect of the new rate is to reduce the deferred tax provision by a net £1.7m, comprising a credit of £2.2m to the consolidated income statement and to reduce the amount within the Consolidated Statement of Comprehensive Income by £0.5m.

An additional change to the main rate of UK Corporation Tax is proposed, to reduce the rate to 22% by 1 April 2014. This change had not been substantively enacted at the balance sheet date and consequently is not included in these financial statements. The effect of the proposed reduction would be to reduce the UK net deferred tax liability by £1.0m.

During the period, the French Government announced a temporary 2 year 5% surcharge to the corporate tax liabilities of French companies whose turnover exceeds €250m from 1 January 2012. The effect of the new rate is to increase the deferred tax provision by a net £0.1m, comprising a charge of £0.1m to the consolidated income statement.

e) Deferred tax

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

	2012	2011
	£m	£m
Deferred tax liability		
Accelerated capital allowances	**(9.8)**	(17.5)
Acquisition fair value adjustments	**(17.8)**	(20.2)
Other temporary differences	**(0.1)**	(0.1)
Pensions	**(19.5)**	-
Deferred tax liability	**(47.2)**	(37.8)
Deferred tax asset		
Employee incentive plan	**3.6**	3.7
Pensions	**-**	7.4
Unutilised losses incurred in overseas jurisdictions	**4.4**	1.9
Other temporary differences	**5.1**	1.8
Deferred tax asset	**13.1**	14.8
Net deferred tax liability	**(34.1)**	(23.0)

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:

	2012	2011
	£m	£m
Net deferred tax assets	**-**	-
Net deferred tax liabilities	**(34.1)**	(23.0)
	(34.1)	(23.0)

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

	2012	2011
	£m	£m
Employee incentive plan	**(1.1)**	(0.5)
Accelerated capital allowances	**7.8**	2.2
Post employment benefits	**(19.0)**	(3.4)
Acquisition fair value adjustments	**0.9**	0.9
Unutilised losses incurred in overseas jurisdictions	**3.1**	1.5
Other temporary differences	**0.4**	4.0
Deferred tax (charge)/credit	**(7.9)**	4.7

£1.5m of the deferred tax charge in the current period relates to exceptional items (2011: credit of £1.7m).

11. Earnings per share

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

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

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

	2012	2011
	£m	£m
Basic earnings per share		
Profit for the period attributable to equity shareholders	**57.4**	58.4
Weighted average number of ordinary shares in issue for basic earnings per share	**241.6**	240.4
Basic earnings per share	**23.8p**	24.3p
Diluted earnings per share		
Profit for the period attributable to equity shareholders	**57.4**	58.4
Weighted average number of ordinary shares in issue for diluted earnings per share	**256.6**	254.1
Diluted earnings per share	**22.4p**	23.0p

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

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

In addition, adjusted diluted earnings per share have been modified to exclude the impact of share options that have been granted but not yet vested.

		2012	2011
	Note	**£m**	£m
Adjusted basic earnings per share			
Profit for the period attributable to equity shareholders		**57.4**	58.4
Add: Net impact of exceptional and other items		**5.5**	19.5
Add: Intangible assets amortisation (acquisition related)	14	**2.9**	3.1
		65.8	81.0
Weighted average number of ordinary shares in issue for basic earnings per share		**241.6**	240.4
Adjusted basic earnings per share		**27.2p**	33.7p
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		**65.8**	81.0
Weighted average number of ordinary shares in issue for diluted earnings per share		**248.8**	246.4
Adjusted diluted earnings per share		**26.5p**	32.9p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Dividends paid and proposed

	2012 £m	2011 £m
Declared and paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2011: 12.6p per share (2010: 12.0p per share)	**29.9**	28.3
Interim dividend for 2012: 5.3p per share (2011: 5.1p per share)	**12.6**	12.0
Dividends paid	**42.5**	40.3
Proposed		
Second interim dividend in lieu of final dividend for 2012: 12.4p per share (2011: 12.6p per share)	**30.1**	29.9

In addition, as disclosed on 14 November 2012, the board has proposed a special interim dividend of 10.0p per share, conditional upon the merger with AG Barr p.l.c. becoming effective, in lieu of the dividend in relation to the period from 1 October 2012 until the effective date, and in recognition of the combined group's dividend policy. This will be paid after the effective date to shareholders on the register at the scheme record time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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**
Exchange differences	(1.4)	(0.6)	(2.9)	(0.1)	(5.0)
Additions	3.5	0.4	20.2	15.5	39.6
Disposals at cost	(0.9)	-	(12.1)	(7.5)	(20.5)
Depreciation eliminated on disposals	0.1	-	11.0	6.3	17.4
Depreciation charge for the year	(2.1)	(0.7)	(19.6)	(12.0)	(34.4)
Impairment	-	-	-	(4.3)	(4.3)
At 30 September 2012 net of accumulated depreciation and impairment	**59.1**	**27.8**	**101.7**	**48.0**	**236.6**
At 30 September 2012					
Cost (gross carrying amount)	77.9	39.9	255.1	166.6	539.5
Accumulated depreciation and impairment	(18.8)	(12.1)	(153.4)	(118.6)	(302.9)
Net carrying amount	**59.1**	**27.8**	**101.7**	**48.0**	**236.6**
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

In 2011, 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 23). These secure the future income stream to the pension plan. At 30 September 2012 these properties have a net book value of £26.2m, of which £21.1m is freehold land and buildings and £5.1m is leasehold land and buildings.

Finance leases

The net book value of freehold land and buildings and plant and machinery includes £0.2m and £0.3m respectively (2011: £0.3m and £0.5m respectively) in respect of assets held under finance leases. The assets are pledged as security for the finance lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Intangible assets

	Trademarks	Franchise rights	Customer lists	Software costs	Goodwill	Total
	£m	£m	£m	£m	£m	£m
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)**
Cost as at 2 October 2011, net of accumulated amortisation	**99.9**	**22.6**	**40.3**	**32.3**	**142.8**	**337.9**
Exchange differences	(7.4)	(1.6)	(2.9)	(0.2)	(5.9)	**(18.0)**
Additions	-	-	-	5.4	-	**5.4**
Amortisation charge for the period	-	(0.7)*	(2.2)*	(6.6)	-	**(9.5)**
Impairment	-	-	-	(10.6)	-	**(10.6)**
At 30 September 2012	**92.5**	**20.3**	**35.2**	**20.3**	**136.9**	**305.2**
At 30 September 2012						
Cost (gross carrying amount)	120.1	23.6	47.2	56.0	198.9	445.8
Accumulated amortisation and impairment	(27.6)	(3.3)	(12.0)	(35.7)	(62.0)	(140.6)
Net carrying amount	**92.5**	**20.3**	**35.2**	**20.3**	**136.9**	**305.2**
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

* See Note 11

Trademarks

Britvic Ireland and Britvic France

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Intangible assets (continued)

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 30 September 2012 these intangible assets have a remaining useful life of 30 years. The franchise agreement itself has a contract life less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the contract is highly probable.

Customer lists

Britvic France

Customer lists recognised on the acquisition of Britvic France relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 20 years. At 30 September 2012 these intangible assets have a remaining useful life of 18 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 30 September 2012 these intangible assets have a remaining useful life of between 5 and 15 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 30 September 2012 these intangible assets have a remaining useful life of up to 5 years.

Goodwill

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

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

15. Impairment testing of intangible assets

Carrying amount of goodwill and trademarks with indefinite lives

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

	2012 £m	2011 £m
Goodwill		
Orchid	**6.0**	6.0
Tango	**8.9**	8.9
Robinsons	**38.6**	38.6
Britvic Soft Drinks business ("BSD")	**7.8**	7.8
Water business	**1.7**	1.7
Britvic Ireland	**15.8**	17.0
Britvic France	**58.1**	62.8
	136.9	142.8

	2012 £m	2011 £m
Trademarks with indefinite lives		
Britvic Ireland		
Britvic	**6.0**	6.4
Cidona	**5.3**	5.7
Mi Wadi	**8.1**	8.8
Ballygowan	**2.2**	2.4
Club	**13.5**	14.6
	35.1	37.9
Britvic France		
Teisseire	**45.4**	49.1
Moulin de Valdonne	**3.7**	4.0
Pressade	**4.3**	4.6
Fruité	**4.0**	4.3
	57.4	62.0
Total Trademarks	**92.5**	99.9

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

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

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

Method of impairment testing

Annual impairment reviews of goodwill and intangible assets are undertaken and are determined from value in use calculations for each cash-generating unit and brands using cash flow projections based on the latest financial budgets prepared by senior management and approved by the Board of Directors.

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:

	At 30 September 2012	At 2 October 2011
Britvic GB	11%	11%
Britvic Ireland	11%	11%
Britvic France	12%	12%

Cash flows beyond a one year period are extrapolated based on senior management forecasts for the following four years. Beyond this, a terminal multiplier is applied to the year five cash flows based on growth and discount rates as described below. Senior management expectations are formed in line with performance to date and experience, as well as available external market data.

15. Impairment testing of intangible assets (continued)

Method of impairment testing (continued)

Key assumptions used in value in use calculations

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

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

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

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

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

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

Results and conclusions

The excess of the recoverable amount over the carrying value for intangibles at 30 September 2012 are shown below.

		2012
	Carrying value	Excess of recoverable amount over carrying amount
	£m	£m
Goodwill		
Orchid	6.0	2.9
Tango	8.9	92.2
Robinsons	38.6	1,068.4
Britvic Soft Drinks ("BSD")	7.8	2,166.0
Water business	1.7	62.7
Britvic Ireland	15.8	0.7
Britvic France	58.1	6.1
	136.9	**3,399.0**

		2012
	Carrying value £m	Excess of recoverable amount over carrying amount £m
Trademarks with indefinite lives		
Britvic Ireland		
Britvic	6.0	1.3
Cidona	5.3	4.0
Mi Wadi	8.1	25.6
Ballygowan	2.2	7.6
Club	13.5	37.1
	35.1	**75.6**
Britvic France		
Teisseire	45.4	318.3
Moulin de Valdonne	3.7	36.6
Pressade	4.3	0.5
Fruite	4.0	1.8
	57.4	**357.2**
Total Trademarks	**92.5**	**432.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Impairment testing of intangible assets (continued)

Results and conclusions (continued)

The intangibles for which the excess of the recoverable amount over the carrying value are susceptible to impairment from a reasonably possible change in the assumptions are shown below.

Britvic Ireland Goodwill

The key assumption to which the calculation of value in use for Britvic Ireland is most sensitive is the discount rate.

Sensitivity analysis	2012
Change in discount rate required to reduce recoverable amount to carrying amount	0.1%

Britvic France Goodwill

The key assumptions to which the calculation of value in use for Britvic France is most sensitive are the discount rate and volume growth rate.

Sensitivity analysis	2012
Change in discount rate required to reduce recoverable amount to carrying amount	0.2%
Adverse change in sales volume to reduce recoverable amount to carrying amount	0.4%

Britvic France Pressade Trademark

The key assumptions to which the calculation of value in use for the Pressade Trademark is most sensitive are the discount rate and the volume growth rate.

Sensitivity analysis	2012
Discount rate to reduce recoverable amount to carrying amount	0.4%
Adverse change in sales volume to reduce recoverable amount to carrying amount	0.5%

There have been no impairments of goodwill or intangible assets with indefinite lives during the period.

In both Britvic Ireland and Britvic France, management have taken a prudent view on growth rates which are less than forecast by the International Monetary Fund. In addition, potential future cash-flow benefits have been identified and then could significantly reduce these sensitivities.

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 (2011: £nil).

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. No indicators of impairment have been identified in the current year and accordingly no impairments have been recognised in respect of customer lists (2011: £nil).

Software costs

During 2012, there has been an impairment of SAP implementation costs in Ireland. The original benefits have reduced against a backdrop of market decline in Ireland and the economic value is no longer with the consistent with the future value to be generated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Other receivables (non-current)

	2012	2011
	£m	£m
Operating lease premiums	**2.3**	2.3
Prepayments	**1.3**	3.1
Other	**-**	0.2
Total other receivables (non-current)	**3.6**	5.6

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

17. Inventories

	2012	2011
	£m	£m
Raw materials	**22.2**	28.6
Finished goods	**42.5**	49.2
Consumable stores	**7.2**	6.1
Returnable packaging	**1.9**	4.6
Total inventories at lower of cost and net realisable value	**73.8**	88.5

18. Trade and other receivables (current)

	2012	2011
	£m	£m
Trade receivables	207.7	209.1
Other receivables	19.7	10.8
Prepayments	30.0	30.1
	257.4	250.0

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the group operates. As at 30 September 2012, trade receivables at nominal value of £2.5m (2011: £1.2m) were impaired and fully provided against. Movements in the provision for impairment of receivables were as follows:

	Total
	£m
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**
Charge for period	**1.9**
Utilised	**(0.5)**
Unused amounts reversed	**(0.1)**
At 30 September 2012	**2.5**

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 30 September 2012, the ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30 – 60 days	60 – 90 days	90 – 120 days	> 120 days
	£m	£m	£m	£m	£m	£m	£m
2012	**207.7**	**196.5**	**6.7**	**0.3**	**2.0**	**0.5**	**1.7**
2011	209.1	194.1	12.0	0.8	0.5	0.5	1.2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Cash and cash equivalents

	2012	2011
	£m	£m
Cash at bank and in hand	**49.5**	43.0
Cash and cash equivalents	**49.5**	43.0
Bank overdrafts	**(1.9)**	-
Cash and cash equivalents in the statement of cash flows	**47.6**	43.0

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 30 September 2012 the group had available £400.0m (2011: £400.0m) 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.

20. Non-current assets held for sale

	2012	2011
	£m	£m
Net transfer from property, plant and equipment	**-**	0.7

During the first half of the year a property with net book value of £0.4m was held for sale in Britvic GB. The sale of the property completed on 13 September 2012 resulting in a profit of £0.4m. There was no gain or loss on transfer from property, plant and equipment to non-current assets held for sale.

The transfer in the prior year related to a property held for sale in Britvic France. The sale of the property completed on 10 November 2011 resulting in a profit of £0.2m. There was no gain or loss on transfer from property, plant and equipment to non-current assets held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Issued share capital

The issued share capital as at 30 September 2012 comprised 242,344,551 ordinary shares of £0.20 each (2011: 241,400,052 ordinary shares), totalling £48,468,910 (2011: £48,280,010).

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.

	2012	2011
	£m	£m
Issued, called up and fully paid ordinary shares		
242,344,551 (2011: 241,400,052) ordinary shares of £0.20 each	**48.5**	48.3

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

52 weeks ended 30 September 2012	**No of shares issued**	**Value £**
6 December 2011	27,148	5,430
14 December 2011	500,000	100,000
8 February 2012	32,577	6,515
10 February 2012	14,116	2,823
15 February 2012	31,204	6,241
27 March 2012	48,912	9,783
5 September 2012	46,805	9,361
11 September 2012	24,660	4,932
19 September 2012	19,077	3,815
26 September 2012	200,000	40,000
	944,499	**188,900**

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**

Of the issued and fully paid ordinary shares, 217,994 shares (2011: 258,683 shares) are treasury shares. This equates to £3,599 (2011: £51,737) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 28.

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

22. Interest bearing loans and borrowings

	2012 £m	2011 £m
Current		
Finance leases	**(0.3)**	-
Bank loans	**(0.3)**	-
Total current	**(0.6)**	-

	2012 £m	2011 £m
Non-current		
Finance leases	**(0.5)**	(1.2)
Bank loans	**(1.1)**	(2.2)
Private placement notes	**(560.8)**	(574.4)
Less unamortised issue costs	**3.7**	4.6
Total non-current	**(558.7)**	(573.2)
Total interest bearing loans and borrowings	**(559.3)**	(573.2)

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

	2012 £m	2011 £m
Finance leases	**(0.8)**	(1.2)
2007 Notes	**(269.9)**	(278.6)
2009 Notes	**(171.8)**	(174.3)
2010 Notes	**(114.5)**	(116.5)
Accrued interest	**(4.6)**	(5.0)
Bank loans	**(1.4)**	(2.2)
Capitalised issue costs	**3.7**	4.6
	(559.3)	(573.2)

Analysis of changes in interest-bearing loans and borrowings

	2012 £m	2011 £m
At the beginning of the period	**(573.2)**	(569.9)
Net loans repaid	**0.7**	123.4
Repayment of finance leases	**0.3**	-
Issue of 2010 / 2009 Notes	**-**	(113.9)
Issue costs	**-**	3.9
Amortisation and write off of issue costs	**(0.9)**	(2.9)
Net translation loss / fair value adjustment	**13.5**	(12.6)
Accrued interest	**0.3**	(1.2)
At the end of the period	**(559.3)**	(573.2)
Derivatives hedging balance sheet debt*	**65.0**	78.2
Debt translated at contracted rate	**(494.3)**	(495.0)

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Interest bearing loans and borrowings (continued)

Bank loans

The bank loans classified as non-current are repayable by December 2018 (2011: December 2012 and 2018).

Loans outstanding at 30 September 2012 attract interest at an average rate of 4.16% for euro denominated loans (2011: 5.09%). There were no sterling denominated loans outstanding at 30 September 2012 (2011: 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 (USPP). 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 or semi-annual interest payments in US dollars and sterling under these notes. The 2007 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 26).

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.

Britvic plc makes semi-annual interest payments in US dollars under these notes. 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 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, with the exception of series A, 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 26).

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%

The 2009 USPP cross currency swaps converted an amount of US dollar borrowings into a floating rate euro liability. To mitigate exposure to changes in euro interest rates on a portion of this liability, €75.0m of interest rate swaps were transacted into a fixed rate Euro liability with an effective date of December 2010. These interest rate swaps do not form part of an effective hedge relationship.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. 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.

Britvic plc makes semi-annual interest payments in US dollars and sterling under these notes. 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 fixed 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 26).

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%

The 2010 USPP cross currency swaps converted an amount of US dollar borrowings into a floating rate sterling liability. To mitigate exposure to interest rates on a portion of this liability, £20m of 3-year interest rate swaps were transacted with an effective date of December 2011. These interest rate swaps do not form part of an effective hedge relationship.

Covenants on all 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. Change of control waivers have been sought and received from the company's bankers in relation to the company's banking arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Pensions

The group principal pension scheme for GB employees, the BPP (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 as determined by the Trustee, agreed by the Company and certified by an independent actuary in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. As a result of this 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.

As a result of the first tranche of the agreement, Britvic Scottish Limited Partnership (Britvic SLP) and Britvic Property Partnership ('Britvic Property') were established by the group and properties were then transferred to Britvic Property at a value of £28.6m and leased back to Britvic Soft Drinks Limited. Britvic SLP holds an investment in Britvic Property.

During the year, BPP entered into a second tranche of the pension funding partnership structure. This tranche involved the sale and leaseback of certain group brands which were transferred to Britvic Brands LLP ('Britvic Brands') at a value of £72.4m and licensed back to Britvic Soft Drinks Limited. Britvic SLP holds an investment in Britvic Brands.

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 £105m. At that point the group may be required to transfer this amount in cash to the BPP.

Britvic SLP, Britvic Brands and Britvic Property 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 is accounted for by the group as contributions when paid. The properties transferred to Britvic Property continue to be included within the group's property, plant and equipment on the balance sheet. The group retains operational flexibility over the transferred properties and brands, including the ability to substitute the properties and brands held by Britvic Property and Britvic Brands respectively.

In addition to the expected partnership income of at least £5m per annum, the group will make payments to the BPP of £7.5m by 31 December 2012 and £15m per annum by 31 December of each year from 2013 to 2017.

During the year £10.0m of additional contributions were paid to the BPP, of which £5.0m was paid by the group and £5.0m relates to income received from the pension funding partnership structure.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2012 was £10.3m (2011: £5.8m).

Britvic's business in GB also has a secured unfunded unregistered retirement benefit scheme called The Britvic Executive Top Up Scheme (BETUS) which provides benefits for members who have historically exceeded the Earnings Cap, or the Lifetime Allowance whilst members of the defined benefit section of the BPP. BETUS closed to future accrual on 10 April 2011 which coincided with the closure of the defined benefit section of the BPP.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 relation to the Britvic Ireland Pension Plan (BIPP), during the year, the Trustee received approval from the Irish Pension Board for two significant changes to the BIPP, being the removal of the guaranteed annual 3% pension increase for pensions in payment and the introduction of a salary cap of €50k for future service accrual. As part of the changes, Britvic agreed to pay the cost on pension levy plan assets introduced by the Irish government in 2011. The removal of the guaranteed pension increase has resulted in the recognition of a curtailment gain of €25.2m (£21.3m) which has been recognised as an exceptional item. The changes significantly improve the funding position of the BIPP.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the consolidated income statement for 2012 was £0.3m (2011: £0.6m).

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 30 September 2012 by Towers Watson (BPP), Invesco (BIPP) and Buck (BNIPP).

Included within the pension liability on the consolidated balance sheet is an accrual of £1.8m (2011: £1.4m) for retirement indemnities in respect of Britvic France. This liability is considered to be immaterial and no further disclosure is included within this note.

23. Pensions (continued)

Principal Assumptions

Financial Assumptions

	2012	**2012**	**2012**	2011	2011	2011
	%	**%**	**%**	%	%	%
	ROI	**NI**	**GB**	ROI	NI	GB
Discount rate	**4.20**	**4.70**	**4.85**	5.35	5.20	5.60
Rate of compensation increase	**3.00**	**3.60**	**n/a**	3.00	4.00	n/a
Expected long term return on plan assets	**4.85**	**5.21**	**5.61**	5.90	6.71	5.83
Pension increases	**0.00**	**1.65-2.05**	**1.80-2.75**	3.00	3.00	2.30-3.40
Inflation assumption	**2.00**	**2.00**	**2.90**	2.00	3.00	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:

	2012	**2012**	**2012**	2011	2011	2011
	Years	**Years**	**Years**	Years	Years	Years
	ROI	**NI**	**GB**	ROI	NI	GB
Current pensioners (at age 65) – males	**23.1**	**21.0**	**22.1**	22.7	20.9	22.0
Current pensioners (at age 65) – females	**24.7**	**23.8**	**24.7**	24.4	23.7	24.5
Future pensioners currently aged 45 (at age 65) – males	**25.8**	**22.8**	**24.3**	25.6	22.7	24.2
Future pensioners currently aged 45 (at age 65) – females	**26.9**	**25.3**	**27.0**	26.7	25.2	26.9

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 BPP at 31 March 2010.

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 consolidated income statement and balance sheet. The main assumptions are the discount rate, the rate of inflation and the assumed mortality rate. The following table provides an estimate of the potential impact of each of these variables on the principal pension plans.

Assumption	**Change in assumption**	**Impact on ROI plan liabilities**	**Impact on NI plan liabilities**	**Impact on GB plan liabilities**
Discount rate	Increase/Decrease by 0.1%	Decrease/Increase by £1.3m	Decrease/Increase by £0.5m	Decrease/Increase by £9.9m
Inflation rate	Increase/Decrease by 0.1%	Decrease/Increase by £0.6m	Decrease/Increase by £0.2m	Increase/Decrease by £9.8m
Mortality rate	Increase in life expectancy by one year	Increase by £1.0m	Increase by £0.6m	Increase by £14.1m

23. Pensions (continued)

Net benefit income / (expense)

	ROI £m	NI £m	GB £m	2012 Total £m
Current service cost	**(0.9)**	**(0.2)**	**-**	**(1.1)**
Interest cost on benefit obligation	**(3.4)**	**(1.3)**	**(26.5)**	**(31.2)**
Expected return on plan assets	**2.5**	**1.2**	**25.9**	**29.6**
Curtailment gain	**21.3**	**-**	**-**	**21.3**
Net income / (expense)	**19.5**	**(0.3)**	**(0.6)**	**18.6**

	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

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 2012 has been recognised under IAS19 Employee Benefits arising from the removal of the guaranteed pension indexation.

The ROI curtailment gain in 2011 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 2011 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	2012 Total £m
Actual return on scheme assets	**6.4**	**2.4**	**55.6**	**64.4**
Less: Expected return on scheme assets	**(2.5)**	**(1.2)**	**(25.9)**	**(29.6)**
	3.9	**1.2**	**29.7**	**34.8**
Other actuarial losses	**(12.3)**	**(0.4)**	**(12.9)**	**(25.6)**
Actuarial (losses)/gains taken to the statement of comprehensive income	**(8.4)**	**0.8**	**16.8**	**9.2**

	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

23. Pensions (continued)

Net (liability)/asset

	ROI £m	NI £m	GB £m	2012 Total £m
Present value of benefit obligation	**(53.6)**	**(26.8)**	**(503.9)**	**(584.3)**
Fair value of plan assets	**47.2**	**23.8**	**511.4**	**582.4**
Net (liability)/asset	**(6.4)**	**(3.0)**	**7.5**	**(1.9)**

	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)

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

	ROI £m	NI £m	GB £m	2012 Total £m
At 2 October 2011	**(64.4)**	**(25.4)**	**(481.2)**	**(571.0)**
Exchange differences	**4.7**	**-**	**-**	**4.7**
Curtailment gain	**21.3**	**-**	**-**	**21.3**
Current service cost	**(0.9)**	**(0.2)**	**-**	**(1.1)**
Member contributions	**(0.4)**	**-**	**-**	**(0.4)**
Interest cost on benefit obligation	**(3.4)**	**(1.3)**	**(26.5)**	**(31.2)**
Benefits paid	**1.8**	**0.5**	**16.7**	**19.0**
Actuarial losses	**(12.3)**	**(0.4)**	**(12.9)**	**(25.6)**
At 30 September 2012	**(53.6)**	**(26.8)**	**(503.9)**	**(584.3)**

	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)

23. Pensions (continued)

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

	ROI £m	NI £m	GB £m	2012 Total £m
At 2 October 2011	**44.5**	**20.3**	**462.5**	**527.3**
Exchange differences	**(3.6)**	**-**	**-**	**(3.6)**
Expected return on plan assets	**2.5**	**1.2**	**25.9**	**29.6**
Actuarial gains	**3.9**	**1.2**	**29.7**	**34.8**
Employer contributions	**1.3**	**1.6**	**10.0**	**12.9**
Member contributions	**0.4**	**-**	**-**	**0.4**
Benefits paid	**(1.8)**	**(0.5)**	**(16.7)**	**(19.0)**
At 30 September 2012	**47.2**	**23.8**	**511.4**	**582.4**

	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

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

	ROI £m	NI £m	GB £m	2012 Total £m	2012 Total %
Equities & real estate	**28.4**	**11.7**	**271.5**	**311.6**	**54**
Bonds and gilts	**18.8**	**11.9**	**236.6**	**267.3**	**46**
Cash	**-**	**0.2**	**3.3**	**3.5**	**-**
Total	**47.2**	**23.8**	**511.4**	**582.4**	**100**

	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

23. Pensions (continued)

Analysis of expected return on assets by categories of scheme assets

	ROI	NI	GB	2012 Total	2012 Total
	£m	£m	£m	£m	%
Equities & real estate	**2.0**	**0.8**	**16.5**	**19.3**	**65**
Bonds and gilts	**0.5**	**0.3**	**9.2**	**10.0**	**34**
Cash	**-**	**0.1**	**0.2**	**0.3**	**1**
Total	**2.5**	**1.2**	**25.9**	**29.6**	**100**

	ROI	NI	GB	2011 Total	2011 Total
	£m	£m	£m	£m	%
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

History of experience gains and losses

	2012	2011	2010	2009	2008
	£m	£m	£m	£m	£m
Fair value of schemes assets	**582.4**	527.3	523.8	461.9	424.5
Present value of defined benefit obligations	**(584.3)**	(571.0)	(641.0)	(547.0)	(448.4)
Deficit in the schemes	**(1.9)**	(43.7)	(117.2)	(85.1)	(23.9)
Experience adjustments arising on plan liabilities	**-**	1.5	36.7	2.0	3.3
Experience adjustments arising on plan assets	**(34.8)**	(26.7)	27.2	(2.7)	(98.9)

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 £49.2m (2011: loss of £58.4m). 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 £1.0m are expected to be paid into the defined benefit pension schemes during the 2013 financial year.

Additional contributions of £14.0m are expected to be paid into the defined benefit pension schemes during the 2013 financial year, of which £9.0m is expected to be paid by the group and £5.0m by the partnership.

24. Trade and other payables (current)

	2012	2011
	£m	£m
Trade payables	**230.9**	235.9
Other payables	**8.5**	8.7
Accruals and deferred income	**92.2**	89.0
Other taxes and social security	**25.6**	36.5
	357.2	370.1

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

25. Financial risk management objectives and policies

Overview

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

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

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

Interest rate risk

The group's 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 30 September 2012 after taking into account the effect of these instruments, approximately 86% of the group's borrowings are at a fixed rate of interest (2011: 82%).

Interest rate risk table

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

	Increase / (decrease) in basis points	Effect on profit /loss before tax £m	Effect on equity £m
2012			
Sterling	**200**	**(0.2)**	**24.5**
	(200)	**0.2**	**(27.6)**
Euro	**200**	**1.6**	**7.0**
	(200)	**(1.8)**	**(8.4)**
2011			
Sterling	200	0.4	28.9
	(200)	(0.1)	(32.8)
Euro	200	3.5	6.8
	(200)	(2.3)	(8.2)

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 30 September 2012 the group has hedged 69% (2011: 67%) 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).

25. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

	Increase / (decrease) in currency rate %	Effect on profit before tax £m	Effect on equity £m
2012			
Sterling / euro	**10**	**(0.6)**	**5.1**
	(10)	**0.6**	**(5.1)**
Sterling / US dollar	**10**	**-**	**0.9**
	(10)	**-**	**(0.9)**
Euro / US dollar	**10**	**-**	**0.9**
	(10)	**-**	**(0.9)**
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)

Credit risk

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

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

Commodity price risk

The main commodity price risk arises in the purchases of prime materials, being 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 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
2012	**10**	**1.5**
	(10)	**(1.5)**
2011	10	1.9
	(10)	(1.9)

25. Financial risk management objectives and policies (continued)

Liquidity risk

The group monitors its risk of a shortage of funds using rolling cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations. The objective of the group's liquidity policy is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts and long term private placement issuance. The bank loans entered into under the £400m bank facility are unsecured however £1.4m of outstanding Britvic France bank loans are secured. At 30 September 2012, £0.3m of the group's debt will mature in less than one year (2011: none).

The table below summarises the maturity profile of the group's financial liabilities at 30 September 2012 based on contractual undiscounted payments:

2012	**Less than 1 year £m**	**1 to 5 years £m**	**> 5 years £m**	**Total £m**
Secured bank loans	0.3	0.9	0.2	1.4
Private placement notes	27.4	331.2	320.1	678.7
Derivatives hedging private placement notes - payments	18.5	243.4	265.2	527.1
Derivatives hedging private placement notes - receipts	(24.8)	(271.6)	(286.3)	(582.7)
	21.1	303.0	299.0	623.1
Interest rate swap - payments	1.6	3.5	-	5.1
Interest rate swap - receipts	(0.8)	(1.5)	-	(2.3)
	0.8	2.0	-	2.8
Trade and other payables	324.3	-	-	324.3
Finance leases	0.3	0.5	-	0.8
Other financial liabilities	4.4	-	-	4.4
	351.2	**306.4**	**299.2**	**956.8**

2011	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Secured 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**

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

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

All bank loans outstanding at year end were secured loans from inception

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Financial risk management objectives and policies (continued)

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.

2012	Assets £m	Liabilities £m
Level 1	**-**	**-**
Level 2		
- Derivatives used for hedging	**92.2**	**(6.9)**
- Financial instruments at fair value through profit or loss	**-**	**(8.4)**
Level 3	**-**	**-**
Total	**92.2**	**(15.3)**

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)

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 29. 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 30 September 2012 the adjusted net debt / EBITDA ratio was 2.8 (2011: 2.4).

26. 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 2012 £m	**Fair value 2012 £m**	Book value 2011 £m	Fair value 2011 £m
Financial assets				
Cash and cash equivalents	**49.5**	**49.5**	43.0	43.0
Cross currency interest rate swaps*	**92.1**	**92.1**	93.0	93.0
Forward currency contracts**	**0.1**	**0.1**	1.8	1.8
Foreign exchange swaps**	**-**	**-**	1.1	1.1
	141.7	**141.7**	138.9	138.9
Financial liabilities				
Interest-bearing loans and borrowings (bank loans and private placement notes):				
Fixed rate borrowings	**(549.2)**	**(598.9)**	(563.4)	(616.7)
Floating rate borrowings	**(9.3)**	**(9.3)**	(8.6)	(8.6)
Bank overdrafts	**(1.9)**	**(1.9)**	-	-
Finance leases	**(0.8)**	**(0.8)**	(1.2)	(1.2)
Forward currency contracts***	**(1.9)**	**(1.9)**	(0.3)	(0.3)
FX Swaps ***	**(0.2)**	**(0.2)**	-	-
Cross currency interest rate swaps****	**(5.0)**	**(5.0)**	(2.4)	(2.4)
Interest rate swaps****	**(3.5)**	**(3.5)**	(1.4)	(1.4)
Forward rate agreements***	**-**	**-**	(0.1)	(0.1)
Share swaps***	**(2.3)**	**(2.3)**	(3.9)	(3.9)
Share swaps****	**(2.4)**	**(2.4)**	(5.9)	(5.9)
	(576.5)	**(626.2)**	(587.2)	(640.5)

* 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.

Derivatives not designated as part of hedge relationships

Interest rate swaps

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

From the 2010 USPP issuance an amount of $55m was swapped into a 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.

26. Derivatives and hedge relationships (continued)

Derivatives not designated as part of hedge relationships (continued)

Forward rate agreements

To mitigate exposure to floating interest rates at the next interest rate fixing on a portion of the 2009 floating rate euro liability, a series of forward rate agreements with a notional totalling €30m were transacted with an effective date of December 2012.

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 2012 and 2013.

FX swaps

As part of operational cash management €83m of euro / sterling FX swaps were in existence at 30 September 2012 (2011: €108m).

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:

	2012 £m	2011 £m
Consolidated Balance Sheet		
Non-current assets: Other financial assets		
Fair value of the 2007 USD GBP cross currency fixed interest rate swaps[1]	**49.9**	61.6
Fair value of the 2009 USD GBP cross currency floating interest rate swaps[3]	**27.1**	29.6
Fair value of the 2009 GBP euro cross currency floating interest rate swaps[2]	**11.1**	0.6
Fair value of the 2010 USD GBP cross currency floating interest rate swaps[3]	**1.6**	1.2
Fair value of the 2010 GBP euro cross currency fixed interest rate swaps[2]	**2.4**	-
	92.1	93.0
Current assets: Other financial assets		
Fair value of forward currency contracts[1]	**0.1**	1.8
Fair value of foreign exchange swaps	**-**	1.1
	0.1	2.9
Current liabilities: Other financial liabilities		
Fair value of forward currency contracts[1]	**(1.9)**	(0.3)
Fair value of share swaps	**(2.3)**	(3.9)
Fair value of forward rate agreements	**-**	(0.1)
Fair value of foreign exchange swaps	**(0.2)**	-
	(4.4)	(4.3)
Non-current liabilities: Other financial liabilities		
Fair value of the 2010 GBP euro cross currency fixed interest rate swaps[2]	**-**	(1.1)
Fair value of the 2010 USD GBP cross currency fixed interest rate swaps[1]	**(5.0)**	(1.3)
Fair value of share swaps	**(2.4)**	(5.9)
Fair value of interest rate swaps	**(3.5)**	(1.4)
	(10.9)	(9.7)

[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

26. Derivatives and hedge relationships (continued)

There have been no significant changes to derivative contracts designated as part of effective hedge relationships in the period. As at the 30 September 2012 these hedging relationships are categorised as follows:

Cash flow hedges

Forward currency contracts

At 30 September 2012, the group held 68 (2011: 72) US dollar and 38 (2011: 51) 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 2013 and have been assessed as part of effective cash flow hedge relationships. At the period end there is a net unrealised loss of £1.8m (2011: net unrealised gain of £1.5m), with a related deferred tax asset of £0.4m (2011: related deferred tax liability of £0.4m), 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**
2012		
£ / US$13.8m	**Oct 12 to Sep 13**	**$1.57/£**
£ / €64.3m	**Oct 12 to Sep 13**	**€1.22/£**
€ / US$14.0	**Oct 12 to Mar 13**	**$1.27/€**
2011		
£ / US$ 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

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 30 September 2012. The fair value of the 2007 cross currency interest rate swap instruments at 30 September 2012, included within 'Non-current assets: Other financial assets' on the balance sheet, was £49.9m (2011: £61.6m). The movement in the fair value has been taken to Consolidated Statement of Comprehensive Income. A total gain of £8.7m (2011: loss £3.6m) has been recycled to the Consolidated income statement in the year to match the foreign exchange gain on the 2007 Notes. Within equity there is a net unrealised gain of £8.4m (2011: net unrealised gain of £11.4m) with a related deferred tax liability of £1.9m (2011: deferred tax liability of £2.9m) 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 30 September 2012. The fair value of these instruments at 30 September 2012, included within 'Non-current liabilities: Other financial liabilities' on the balance sheet, was £5.0m (2 October 2011: £1.3m). The movement in fair value has been taken to consolidated statement of comprehensive income. A total of £2.5m (2 October 2011: £0.7m) has been recycled to the consolidated income statement to match the foreign exchange loss on the 2010 Notes. Within equity there is a net unrealised loss of £1.9m (2 October 2011: net unrealised loss of £0.7m) with a related deferred tax asset of £0.4m (2 October 2011: deferred tax asset of £0.2m) in respect of the 2010 cross currency interest rate swap instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. 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 30 September 2012. The fair value of the swap instruments at 30 September 2012, included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet, was £27.1m (2 October 2011: £29.6m).

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 30 September 2012. The fair value of the swap instruments at 30 September 2012, included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet was £1.6m (2 October 2011: Non-current assets: Other financial assets £1.2m).

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 30 September 2012, is an asset of £11.1m (2 October 2011: asset of £0.6m) included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet (2011: included within 'Non-current assets: Other financial assets'). No ineffectiveness has been recognised in the consolidated income statement (2011: £nil).

2010 GBP euro cross currency interest rate swaps

These instruments swap fixed sterling liabilities arising from the 2010 USD GBP cross currency fixed interest rate swaps 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 30 September 2012, is an asset of £2.4m (2 October 2011: liability of £1.1m) included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet. No ineffectiveness has been recognised in the consolidated income statement (2011: £nil).

26. 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.

	2012 £m	2011 £m
Consolidated statement of comprehensive income		
Amounts recycled to the income statement in respect of cash flow hedges		
Forward currency contracts*	**(1.7)**	(0.7)
2007 cross currency interest rate swaps**	**8.7**	(3.6)
2010 cross currency interest rate swaps**	**2.5**	0.6
	9.5	(3.7)
Gains/(losses) in the period in respect of cash flow hedges		
Forward currency contracts	**(1.6)**	2.8
2007 cross currency interest rate swaps	**(11.7)**	3.6
2010 cross currency interest rate swaps	**(3.7)**	(0.6)
	(17.0)	5.8
Exchange differences on translation of foreign operations		
Movement on 2009 GBP euro cross currency interest rate swaps	**10.5**	1.0
Movement on 2010 GBP euro cross currency interest rate swaps	**3.5**	0.1
Exchange movements on translation of foreign operations	**(17.9)**	(2.7)
	(3.9)	(1.6)

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

27. Other non-current liabilities

	2012 £m	2011 £m
Firm Commitment	**1.9**	1.9

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

28. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 30 September 2012, including national insurance of £0.4m (2011: £0.5m) and dividend equivalents of £1.0m (2011: £0.4m), is £3.0m (2011: £4.7m). This 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 discretionary 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 £50 (2011: £75) per four week pay period. Employees are entitled to receive the annual free share award, where granted by the group, provided they are employed by the company on the last day of each financial year and on the award date. 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	
	2012	2011
Annual free shares award	**-**	484,343
Matching shares award – 1 free share for every ordinary share purchased	**281,662**	346,267

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% pa 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% (2011: 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 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 as at 2 October 2011	8,764,386	314.8
Granted during the period	2,175,767	331.6
Exercised during the period	(244,499)	233.1
Forfeited during the period	(246,138)	406.4
Lapsed during the period	(9,496)	347.0
Outstanding at 30 September 2012	**10,440,020**	**318.0**
Exercisable at 30 September 2012	**4,659,273**	**258.1**

The weighted average share price at the date of exercise for share options exercised during the period was 362.2p (2011: 459.3p).

The share options outstanding as at 30 September 2012 had a weighted average remaining contractual life of 6.7 years (2011: 7.1 years) and the range of exercise prices was 221.0p – 464.6p (2011: 221.0p – 464.6p).

The weighted average fair value of options granted during the period was 58.2p (2011: 82.8p).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Share-based payments (continued)

The following table lists the inputs to the model used in respect of the award granted during the 52 weeks ended 30 September 2012. The comparative shows the inputs to the model used in respect of the award granted during the 52 weeks ended 2 October 2011.

	2012	2011
Dividend yield (%)	**3.6**	4.8
Expected volatility (%)	**27.9**	27.5
Risk-free interest rate (%)	**0.8**	1.9
Expected life of option (years)	**5.0**	5.0
Share price at date of grant (pence)	**329.8**	475.0
Exercise price (pence)	**331.6**	464.6

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

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 18 companies) over a three year performance period. The awards will not vest unless the company's position in the comparator group is at least median. At median 25% (2011: 25%) will vest, rising on a straight-line basis to 100% vesting at upper quartile.

For the award granted during the 52 weeks ended 30 September 2012, the ROIC performance condition requires the company's ROIC to be at least 22.3% (2011: for the award granted during the 52 weeks ended 2 October 2011, 22.7%) over the three year performance period for the award to vest in full. If ROIC is 21.5% (2011: 21.9%) over the performance period, 25% (2011: 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 solely 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% (2011: 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 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
Granted during the period	-	14,997	-
Vested during the period*	(532,156)	(916,249)	(532,157)
Outstanding at 30 September 2012	**52,625**	**194,176**	**52,622**

* The share price on the date of vesting was 329.8p (2011: 462.0p).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Share-based payments (continued)

	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 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
Granted during the period	481,128	1,001,479	481,128
Forfeited during the period	(62,591)	(313,138)	(62,591)
Outstanding at 30 September 2012	**1,117,815**	**2,030,366**	**1,117.815**

There were no nil cost options exercisable at 30 September 2012 (2011: Nil).

The nil cost options outstanding as at 30 September 2012 had a weighted average remaining contracted life of 8.2 years (TSR condition) (2011: 8.5 years), 8.0 years (EPS condition) (2011: 8.4 years) and 8.2 years (ROIC condition) (2011: 8.5 years).

The weighted average fair value of nil cost options granted during the period was 194.2p (TSR condition) (2011: 258.6p), 323.0p (EPS condition) (2011: 413.0p) and 322.7p (ROIC condition) (2011: 413.0p).

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.

The following table lists the inputs to the models used in respect of the award granted during the 52 weeks ended 30 September 2012.

	Nil cost options subject to TSR condition	Nil cost options and shares 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 (%)	3.6	3.6	3.6
Expected volatility (%)	27.9	N/A	N/A
Share price at date of grant (pence)	329.8	329.8	329.8

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. Notes to the consolidated cash flow statement

Analysis of net debt

	2011	Cash flows	Exchange Differences	Other movement	**2012**
	£m	£m	£m	£m	**£m**
Cash at bank and in hand	43.0	7.7	(1.2)	-	**49.5**
Bank overdrafts	-	(1.9)	-	-	**(1.9)**
Debt due within one year	-	-	-	(0.6)	**(0.6)**
Debt due after more than one year	(573.2)	1.0	13.5	-	**(558.7)**
	(530.2)	6.8	12.3	(0.6)	**(511.7)**
Derivatives hedging the balance sheet debt*	78.2	-	(13.2)	-	**65.0**
Adjusted net debt	(452.0)	6.8	(0.9)	(0.6)	**(446.7)**

	2010	Cash flows	Exchange Differences	Other movement	**2011**
	£m	£m	£m	£m	**£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)**
	(515.9)	3.0	(13.2)	(4.1)	**(530.2)**
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)**

* 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 £nil (2011: £3.9m). This has been included in the ‘Finance costs’ in the Consolidated Statement of Cash Flows.

30. Commitments and contingencies

Operating lease commitments

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

			2012
	Land and buildings	**Other**	**Total**
	£m	**£m**	**£m**
Within one year	**3.1**	**10.3**	**13.4**
After one year but not more than five years	**13.4**	**17.0**	**30.4**
After more than five years	**44.0**	**0.2**	**44.2**
	60.5	**27.5**	**88.0**

			2011
	Land and buildings	Other	Total
	£m	£m	£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
After more than five years	42.0	1.1	43.1
	59.6	25.7	85.3

Finance lease commitments

Future minimum lease payments under finance leases are as follows:

	2012	2011
	£m	£m
Within one year	**0.3**	-
After one year but not more than five years	**0.5**	1.2
More than five years	**-**	-
	0.8	1.2

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 30 September 2012, the group has commitments of £3.3m (2011: £16.9m) relating to the acquisition of new plant and machinery.

Contingent liabilities

The group had no material contingent liabilities at 30 September 2012 (2011: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. 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 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
Britvic Irish Holdings Limited	Holding company	Republic of Ireland	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 North America LLC	Marketing and distribution of Soft drinks	USA	100
Britvic France SNC	Holding partnership	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

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.

	2012	2011
	£m	£m
Short-term employee benefits	3.0	2.8
Post-employment benefits	0.6	0.5
Share-based payment	0.4	1.1
	4.0	4.4

See note 8 for details of Directors' emoluments

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

32. 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 30 September 2012, the Consolidated Balance Sheet is showing a net assets position of £37.1m (2 October 2011: net assets of £22.5m).

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 with £491m of long term Private Placement Notes with maturity dates between 2014 and 2022 and a £400m bank facility maturing in March 2016. Details are provided in note 22.