24/7
A day in the life of Britvic
Annual Report 2010
BRITVIC
plc

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OUR PERFORMANCE AT A GLANCE

GROUP REVENUE*

2009	£978.5m
2010	£1,121.1m

+14.6%

GROUP EBITA*

2009	£118.3m
2010	£139.1m

+17.6%

GROUP EBIT MARGIN*

2009	11.2%
2010	11.6%

+40BPS

UNDERLYING ROIC**

2009	17.9%
2010	22.4%

+450BPS

ADJUSTED EARNINGS PER SHARE

2009	33.7p
2010	39.8p

+18.1%

DIVIDEND PER SHARE

2009	15.0p
2010	16.7p

+11.3%

* 52 week basis, all other 2010 figures are on a 53 week base

** Excludes the first time impact of Britvic France and the impact of intangible asset impairments in Ireland in 2010

OVERVIEW

ABOUT US

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

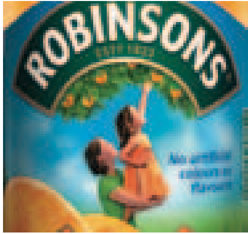
Britvic is the largest supplier of branded still soft drinks in Great Britain (GB), and the number two supplier of branded carbonated soft drinks in GB. The company leverages its leading brand portfolio including Robinsons, Tango, Drench, J_2O and Fruit Shoot as well as PepsiCo brands such as Pepsi and 7UP which Britvic produces and sells in GB and Ireland under exclusive PepsiCo agreements.

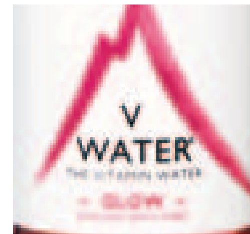
Britvic is an industry leader in the island of Ireland with brands such as MiWadi and Ballygowan, and in France with brands such as Teisseire and Fruité.

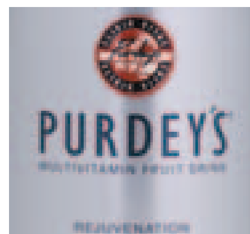
Britvic is growing its reach into other territories through export, licensing and franchising. Britvic's management team has successfully developed the business through a clear strategy of organic growth and international expansion based on creating and building scale brands. Britvic is listed on the London Stock Exchange under the code BVIC.

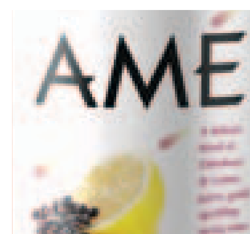
Its market capitalisation as at 3 October 2010 was £1.2bn.

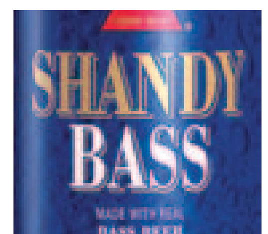
OVERVIEW
OUR BRAND PORTFOLIO











J2O

3PM
CHRISTMAS AT HOME IN TONBRIDGE

OVERVIEW

WHERE WE ARE

FRANCE

PRODUCTION SITES
1 Crolles
2 La Roche Sur Foron
3 Chateau Thebaud
4 Nissan Lez Enserune

IRELAND

OFFICES
1 Dublin

FACTORIES
1 Dublin
2 Ballygowan

GREAT BRITAIN

OFFICES
1 Chelmsford
2 Solihull
3 Tamworth

FACTORIES
4 Beckton
5 Huddersfield
6 Leeds
7 Norwich
8 Rugby
9 Widford

DISTRIBUTION CENTRE
10 Lutterworth

IRELAND
1
2
GREAT BRITAIN
6
5
3
10
2
8
7
9
1
4

9AM
ON-THE-GO IN PHOENIX PARK, DUBLIN

OVERVIEW
OUR PEOPLE

EMPLOYEES

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

We are extremely proud of the high Employee Engagement scores we achieve within Britvic and we conduct an annual survey where we regularly out-perform other external benchmark companies. Our overall employee engagement score across GB and Ireland for 2010 is 77, based on an extremely high response rate from 89% of employees. Particular highlights from the most recent survey where we achieved scores of 80+ include a strong level of employee satisfaction that our senior managers are successfully leading and developing the business, great pride in working for Britvic, good employee understanding of our strategic objectives and a firm belief that employees are treated with fairness and respect.

EMPLOYEE WELLBEING

Throughout the past year, we have focused in GB on making improvements to work-life balance, improving our safety record and supporting a healthier workforce.

We measure our performance on work-life balance through our annual employee opinion survey. In 2010, the statement "I am able to balance the demands of my work and home life" achieved an improved score which was due, in part, to the use of technology that supports more mobile ways of working. This enables us to improve communication and engagement and gives employees the opportunity and control to work flexibly in terms of both location and hours.

Additionally, to further our commitment to providing a safe working environment, we established an on-line training campaign targeting driver safety. This along with our standard safety measures has resulted in a reduction of our Accident Frequency Rate by 30.9% compared with the year before.

To support the health of employees and their families, we also provide a benefits package, which includes the provision of private healthcare and an employee assistance programme. Other wellbeing benefits include discounted gym membership, and a cycle to work scheme, which was requested by employees and has seen a good level of success so far, with 5% of the workforce opting in.

Finally, we are in the process of developing an employee wellbeing programme, which will link with the principles of Change4Life and focus on healthy eating, exercise and general health education. This is due to launch early 2011.

PEOPLE ENABLEMENT

As Britvic operates across multiple sites in England, as well as within Ireland and France, we have recently been focused on providing the right tools and support for our employees to work in more mobile and flexible ways.

Enabling people to work more effectively in any location, whether that is a Britvic site, from home or when travelling and meeting with customers has been achieved through the use of remote broadband access and sharepoint technology, as well as blackberry phones that allow email access on the move.

This has proved extremely useful, especially during adverse weather conditions when people are able to continue working but without the risk of hazardous driving. We are also making increasing use of wireless technology within our sites as well as video-conferencing to make it easier for our people to stay connected and work effectively.

OVERVIEW

STRATEGY FOR GROWTH

Britvic has a strategy for growth through both organic growth in Great Britain and international expansion.

GB ORGANIC GROWTH

Will be driven by:

Market volume growth of 2 to 3%

- Soft drink consumption in GB lags behind similar-climate European countries. It is an expandable consumption category where the volume consumed can be increased by meeting the "occasionality" needs of consumers
- Cohorting: As people grow older they take their consumption habits with them
- Population growth: The UK population is forecast to exceed 70m by 2033

Developing cold-drink distribution

- Britvic has distribution growth opportunities in all of the channels that it operates within GB
  - As an example market share in the Impulse channel is below 10%. Britvic has developed an "on-the-go" portfolio to compete more effectively in this channel

Innovation adding 1 to 2% to revenue in a full year

- Britvic plans to launch two major innovations each year and a number of supporting launches

Growing average realised price 1% each year

- Through both channel and brand mix
- Improving promotional effectiveness
- Headline cost price increases

INTERNATIONAL EXPANSION

Can be achieved by:

Mergers and acquisitions in Europe

Exporting of our brands through Britvic International

Licensing and franchising of our wholly-owned brands outside of Europe

- Wholly-owned brands such as Fruit Shoot and Robinsons have potential to be licensed / franchised in markets outside of Europe
- Britvic has recently signed a manufacturing and distribution agreement for Fruit Shoot in Australia
- A franchise agreement has been in place since 2009 for Fruit Shoot in the southern U.S. states of Alabama, Georgia and Florida

11AM
SHOPPING IN BIOT, FRANCE

CHAIRMAN'S STATEMENT

2010 has been a transformational year for Britvic following our acquisition of Fruité Entreprises in May. This represents our second major acquisition as a public company and our first in mainland Europe. We look forward to developing our business in France and 2011 promises to be an exciting year for our French colleagues.

In our main operating territories of Great Britain ("GB"), France and Ireland the consumer backdrop has continued to be challenging. In spite of this we have seen our underlying business generate revenue growth of 5.9% (excluding France and the impact of the 53rd week) and improve its operating margin by 60bps. Adjusted (exceptional and other items and amortisation) earnings per share grew by 18.1% and we are proposing a final dividend of 12p, which will make a full year dividend of 16.7p, an increase of 11.3% on 2009.

In GB we outperformed the soft drinks market, growing both our stills and, particularly, our carbonates portfolios. Our relationship with PepsiCo was further strengthened this year with the launch of Mountain Dew Energy, a powerful global brand. Over the years we have successfully developed this partnership, and we now collaborate with PepsiCo to produce well-known brands such as Pepsi, 7UP, Lipton Ice Tea, Gatorade, V Water as well as Mountain Dew Energy. This and the launch of the better value 600ml no added sugar pack have been key drivers of the carbonates performance this year. In stills we have seen our 2009 launches of Juicy drench and Lipton Ice Tea crystallise into significant growth with much-improved availability for the consumer. In fact, Juicy drench has been the most successful new soft drink in the GB impulse channel in the last three years.

The challenges faced in Ireland are well-documented and our business has not been immune to the changes taking place there. Following the acquisition of the business in 2007 we have faced unprecedented economic headwinds and the market we now operate in is very different to the one when we acquired. In response to this we have taken the decision to write-down the carrying value of the assets through an exceptional non-cash charge to the Income Statement and review the ongoing business structure. Long-term the strength of the brands we acquired and our market position will make a major contribution to the group but in the short-term the outlook is mixed.

As we integrate and invest in our new French business we will deliver the €17m synergies announced in May. Spring 2011 will see the national launch of Fruit Shoot under the Teisseire brand in France, and our Britvic International division will also launch Teisseire Fruit Shoot in Belgium soon. The exciting licensing and franchising developments for Fruit Shoot in Australia and the U.S. detailed in the Business Review, are a key component of our international expansion strategy.

Our portfolio in each of our territories is being developed and we have strong innovation plans across GB, Ireland and France in 2011. We continue to build a compelling portfolio and offer consumers an engaging experience whether it is in a pub, on-the-go or buying in-store.

2011 seems certain to be another year of consumer and cost-price uncertainty but also another year of progress for Britvic. In the 5 years since flotation we have doubled our earnings per share, internationalised the business,diversified into new brands and we have cemented our relationship with PepsiCo. These are all substantial achievements, especially as they straddle the worst recession in 50 years. On behalf of the board I would like to thank all of our employees for their passion for the business and the determination to succeed and I am sure they will continue to do so.

Gerald Corbett
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

In 2010 our GB business delivered revenue growth in both our carbonates and stills portfolios, and our International division again drove double-digit revenue growth. The combined GB and International business is up 8.6% by revenue on last year.

The four building blocks for revenue growth in GB continued to underpin our performance in 2010:

- Market volume growth of 2-3% in an average year
  - Actual GB market growth of 2.3%
- Innovation expected to add 1-2% to the GB top line over a full year
  - 2010 saw this figure exceeded
- Driving on-the-go distribution
  - On-the-go value share up 0.6% this year (Source: Nielsen MAT October 2010)
- ARP up by at least 1% in an average year
  - An average increase of 1.2% over the last two years in GB.

The increasingly important Britvic International business unit saw revenue growth of 15.2%, driven by an expanded portfolio, plus account wins in the export and travel sectors. Margins continue to expand, and we have unveiled exciting new franchising developments for the Fruit Shoot brand in both the U.S. and Australia.

2010 proved to be a challenging year for businesses in Ireland and we were not immune to this pressure. The Irish soft drinks market continued to decline in value and this impacted Britvic Ireland at both a revenue and profit level. As a result of these long-term changes to the market the board has decided to take a £104.2m write-down on the carrying value of intangible and property assets. In addition, we are reviewing the scale and go-to-market effectiveness of operations in Ireland, and will report on the outcome of this review in due course. We remain fully committed to the Irish business and firmly believe the strength of our portfolio will deliver growth when market recovery begins.

In the last year we have seen Britvic expand its operations into mainland Europe with the acquisition of Fruité Entreprises SA in May. We believe this to be an excellent acquisition for Britvic and given the strong post-acquisition trading, that was in line with our expectations, we look forward to developing the Britvic France business over the next twelve months and beyond.

THE SOFT DRINKS MARKET

2010 saw a return to growth for the GB take-home market following the 0.9% volume decline in 2009. The GB take-home market was up 2.3% in volume and 6.3% in value. Both carbonates and stills experienced similar levels of volume growth but carbonates drove the value growth with an impressive 9.2% improvement on last year.

Within carbonates the cola, fruit and glucose/stimulant sub-categories all enjoyed growth. Glucose/stimulant again saw double-digit growth, up 17.7% on last year. Encouragingly all carbonate sub-categories delivered value growth in the year.

Nearly all stills sub-categories in GB enjoyed growth in 2010. For example, squash, and juice drinks saw strong value growth of 5.6% and 7.4% respectively. Dairy was the only stills sub-category in value decline, albeit by only 0.1%.

Once again it is branded soft drinks that have driven GB market growth in 2010 as private label share continues to decline.

The GB Pub & Club soft drinks market faced continuing challenges in the year, with a quarterly and MAT (to July) volume decline of 5.0%. The football World Cup failed to deliver a favourable impact, and the uncertain consumer environment looks set to continue within this channel into 2011.

In France market value grew by 3.8%, with all categories except flavoured water in growth. Britvic France currently materially operates only in the syrup and pure juice categories, which were up by 3.3% and 3.8% in value respectively.

As Irish consumers seek value in their spending the larger grocers and European discounters have enjoyed growth. The combination of this shift in spending habits and the increasingly competitive landscape can be highlighted by the total grocery market data where volumes are up 4.3% but value is down 5.4%. In the last year we have seen significant shifts in consumer-shopping behaviours. Channels that have traditionally been a strength of the Irish business such as the licensed and convenience channels have continued to decline, losing value ahead of volume.

BRITVIC'S STRATEGY EXECUTION

Management action this year has continued to focus on five main areas:

1. SUPPORTING AND GROWING OUR CORE GB BRANDS

Brand creation and development are at the heart of what we do at Britvic. Britvic GB's six core brands are Pepsi, 7UP, Robinsons squash, Tango, Fruit Shoot and J_2O, and they are the key profit drivers of our current GB business and therefore the brands to which we allocate greatest resource. Other supporting brands help to leverage customer relationships with scale and account wins. We continue to invest in our strong portfolio of brands through both innovation and media, to ensure that they are preferred by consumers. Examples of our successful core GB brand performances are shown below:

- Pepsi continued to grow its share of the cola category this year, gaining both volume and value share in all of the regular, diet and Max variants. The campaign based around the FIFA football World Cup finals saw another engaging consumer campaign that was the platform to gain share despite the brand not being a primary sponsor of the tournament. The successful introduction of the upsized 600ml carbonates pack for the non-sugar variants led to significant growth in volume, revenue, rate of sale and points of distribution for the brand.
- Robinsons maintained its position as the number one squash in GB, growing in both volume and value. 2010 saw the 75th anniversary of its association with Wimbledon tennis and consumer campaigns that leveraged this heritage and our recently established association with the pantomime season.
- The Fruit Shoot brand remains the number one kids drink brand (Source: Nielsen MAT to October 2010) with its range offering kids and parents a choice of variants and pack sizes to meet all occasions. The addition of the premium offering, My-5, attracted shoppers and parents who were engaged with the high-juice and quality attributes of the proposition.
- Both Tango and 7UP enjoyed double-digit market value growth this year reflecting our strength within the fruit carbonates category. The introduction of the 600ml pack for both brands, the reintroduction of the 440ml can for Tango and relevant campaigns for the consumer helped to deliver this growth.

2. INNOVATION AND PRODUCT LAUNCHES

The 2010 innovation stream saw the introduction of a new brand, brand extensions and new pack formats designed to deliver ARP, revenue and margin accretion.

The iconic North American brand Mountain Dew was introduced with a new energy formulation developed specifically for the UK consumer. Initially only available in 500ml for the "on-the-go" occasion it has been especially successful, driving 70% of forecourt glucose-energy growth and 90% of overall glucose/stimulant category growth (Source: Synovate 12 weeks to Aug 2010). Although it is still early in its development it has surpassed our high expectations and we are very optimistic for its prospects in 2011.

The 600ml pack for the low / no sugar carbonates brands, referenced earlier, was introduced to provide a bigger bottle with better value across Pepsi Max, Diet Pepsi, Tango and 7UP-Free. This has been well received and has played a major part in driving our carbonates ARP and revenue growth.

The J_2O brand has been extended with the introduction of the White Blend sub-brand. The formulation has been specially developed for the "with-food" occasion and recently won a Gold Award at The Publican Licensees' Choice Awards in the "Best New Drink" category which covers both alcoholic and non-alcoholic drinks.

Robinsons squash saw the development of "Select", aimed at older consumers with a range of more exotic flavour combinations. This new 850ml pack has again supported our aim of growing ARP and margin through innovation.

This year has seen a focus on the nurture of our innovation launches from 2008 and 2009. Lipton Ice Tea, Juicy drench and Robinsons Be Natural continue to grow and establish themselves with consumers. As an example, Juicy drench has become the most successful soft-drink launch within the Impulse channel in the last three years (Source: Nielsen March 2010).

The Gatorade brand has not fully met our expectations, and learning from this, we are undertaking a substantial relaunch of the brand in 2011, with a refocus on packaging, flavour profiles and brand equity.

3. BRITVIC INTERNATIONAL

Our International business has seen particular success in recent years with our products available in over 50 countries. Britvic International is now embarking on a three-pronged growth strategy across export, travel and licensing/franchising.

Its performance in the year was driven by an expanded portfolio including J_2O, Tango and drench, plus account wins in the export and travel sectors such as Virgin Atlantic. Margins continue to expand, and we have unveiled exciting new franchising developments for the Fruit Shoot brand in both the U.S. and Australia.

As part of its licensing and franchising ambitions, we have recently entered into a long-term manufacturing and distribution agreement with Bickford's Australia for Fruit Shoot, a brand that is increasingly demonstrating that it has worldwide potential. Bickford's is an Adelaide-based manufacturer of premium soft drink brands. Bickford's has complete national go-to-market capability and has a proven track record of building premium brands. Bickford's therefore represents an ideal partner for Britvic in this market.

Under the agreement, Bickford's will manufacture, market and sell the brand, with Britvic supplying key juice and flavour ingredients. Specific formulations and packaging solutions have been designed for the Australian market, following extensive market research.

Britvic will also be making financial contributions to the A&P campaign to deliver consumer awareness and increase demand, consistent with the approach taken in Europe.

There is a well established and clearly defined kids' drink category in Australia. Our long-term ambition is to establish Fruit Shoot as one of the leading brands in the category, with the express intention of adding value to a category that has, certainly in the recent past, been promotionally led.

Over the past couple of years, we have also been trialling Fruit Shoot in the South-Eastern U.S. with Buffalo Rock, one of the largest independent Pepsi bottlers in the US, as part of a long-term distribution arrangement.

We are also very excited about further trialling and distribution of Fruit Shoot on the Eastern Seaboard of the U.S. in recent months with an additional bottling partner. We have been in discussion about the brand with a number of bottlers in the U.S. this year and a strong trial performance has ensured a positive response. We anticipate that the recent success will lead to a full commercial roll-out in these additional states in 2011. This performance bodes well for further expansion and engagement with other bottlers and, importantly, the potential for the local manufacture of Fruit Shoot.

Britvic has a portfolio of brands which have the potential to create value on a wider platform and we are committed to exploiting these opportunities through developing local relationships with suitable bottling partners around the world.

Finally, the exciting forthcoming full launch of Fruit Shoot in Belgium, launched under the Teisseire brand as an export-based operation, has the potential to match the success of the brand in the Netherlands. We will disclose further details of this launch in due course.

4. BRITVIC IRELAND

The economic challenges in Ireland are well documented and have had a material impact on the performance of the Ireland business unit. Both revenue and margin have come under severe pressure as retailers and manufacturers respond to the changing consumer environment.

We believe some of these factors will have a longer-term impact on the market and this has led us to write-down the carrying value of intangible assets and properties by £104.2m as a non-cash exceptional charge. Management has been focused on ensuring that we have the appropriate business model in place to deliver future growth and ensure we are in the right shape to take advantage of the opportunities that will develop in the medium-term. We will announce details on this new significant go-to-market structure in due course.

5. THE ACQUISITION OF FRUITÉ ENTREPRISES SA

In May 2010 we successfully concluded the acquisition of Fruité Entreprises SA and its brands such as Teisseire – a syrup, or dilutables brand that is as familiar to French households as Robinsons is in GB. This represents our first acquisition in mainland Europe and creates the opportunity to develop both the existing French brands as well as introduce new brands. The renamed Britvic France business produces both syrups and pure juices under the Teisseire, Moulin de Valdonne, Pressade and Fruité brands as well as having a significant private-label business. In the French market private label has a bigger role to play than in GB and gives us the economies of scale to compete effectively.

The integration and trading since acquisition have performed in line with our high expectations, and we remain confident of delivering the announced €17m of synergies by 2013. The French management team have been retained and bring with them years of experience of selling soft drinks in France, and we are delighted to welcome our new colleagues to the Britvic group.

SUMMARY

We have delivered continued strong growth across our core GB and International businesses, consolidating our brands' leading positions in the sub-categories where they compete. The rapidly growing International division has now entered an exciting new phase in its development, and we are confident that we start the 2011 financial year with a fresh and relevant go-to-market structure in Ireland. With the acquisition of Britvic France, we are now established as a leading European soft drinks business that continues to build on its proven track record of growth.

Paul Moody
Chief Executive

PRICE
MATCH
ROBINSONS
NO ADDED SUGAR

2PM

DOING THE FAMILY SHOP IN, RICKMANSWORTH

FINANCIAL REVIEW

The following discussion is based on Britvic's results for the 52 weeks ended 26th September 2010 ("the period") compared with the same period last year, and all numbers exclude exceptional and other items. Therefore the benefit of the 53rd week in 2010 is excluded.

KEY PERFORMANCE INDICATORS

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

- Volume growth – increase in number of litres sold by the group relative to prior period.
- Average Realised Price (ARP) – average revenue per litre sold.
- Revenue growth – increase in sales achieved by the group relative to prior period.
- Brand contribution margin – revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product, divided by revenue. Such costs include brand specific advertising and promotion costs, raw materials, and marginal production and distribution costs. Management uses the brand contribution margin to analyse Britvic's financial performance, because it provides a measure of contribution at brand level.
- Operating profit margin – operating profit before exceptional and other items, divided by revenue. As a more appropriate measure, the group will focus on EBITA as its operating profit measure from 2011 and will report each business unit's performance down to the brand contribution level. EBITA will be reported only at a group level.
- Underlying free cash flow – is defined as net cash flow excluding movements in borrowings, dividend payments, exceptional and other items and the acquisition of Britvic France.
- Underlying return on invested capital (ROIC) – ROIC is a performance indicator used by management and defined as operating profit after tax before exceptional and other items as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the group and excluding any deferred tax balances and effective hedges relating to interest-bearing liabilities. The measure also excludes the first-time impact of Britvic France and the impact of intangible asset impairments in Ireland in 2010.

OVERVIEW

Britvic produced 2.0bn litres of soft drinks in 2010.

In that period the group grew underlying volumes by 7.4% to 1.9bn litres and underlying revenue by 5.9% to £1.0bn. ARP in the GB business grew by 0.2p whilst in Ireland it fell by 3.7p.

Operating profit (EBIT) before exceptional and other items for the period was up 18.1% to £129.6m in part due to the acquisition of Britvic France. The acquisition of Britvic France contributed £85.2m to revenue with the acquisition being completed ahead of the key summer trading period.

Britvic's guidance on operating profit margin now takes account of the acquired Britvic France, and is therefore now defined as an average 0.5% per annum increase in the group EBITA margin over the medium term. This is in line with previous group EBIT margin improvement guidance.

GB STILLS	52 weeks ended 26 Sep 2010 £m	52 weeks ended 28 Sep 2009 £m	% change
Volume (million litres)	514.4	496.8	3.5
ARP per litre	70.5p	70.5p	-
Revenue	362.7	350.2	3.6
Brand contribution	169.0	156.5	8.0
Brand contribution margin	46.6%	44.7%	190bps

In GB stills the volume growth of 3.5% meant an outperformance of the stills take-home market which grew by 2.5%. A flat ARP sees revenue growth of 3.6% to £362.7m. Performance highlights included:

- Fruit Shoot maintaining its position as the number one kids soft drink;
- Juicy drench continuing to establish itself in its first full year;
- Robinsons reinforcing its position as the number one squash brand, and;
- The launch of Robinsons Select and Fruit Shoot My-5, adding new consumers to the brands.

Our GB stills portfolio outperformed the market by 1.0%, with particular growth from Fruit Shoot and Robinsons. ARP was flat partly due to channel mix, though the strength of Robinsons, a lower than average ARP brand, had the biggest impact on overall ARP. With a rise in the brand contribution margin by 190bps, we saw overall brand contribution up 8.0%, with value protected. Part of this margin success was due to the significant below-the-line investment we continued to make in our go-to-market capability this year.

GB CARBONATES	52 weeks ended 26 Sep 2010 £m	52 weeks ended 28 Sep 2009 £m	% change
Volume (millions litres)	1,097.4	995.7	10.2
ARP per litre	42.7p	41.8p	2.2
Revenue	468.4	416.7	12.4
Brand contribution	183.5	151.2	21.4
Brand contribution margin	39.2%	36.3%	290bps

We delivered a volume outperformance of the market of over 8% in 2010 in GB carbonates. Alongside this, we achieved an overall ARP growth of 2.2% and this combination of volume and pricing growth means we drove revenue growth of 12.4%.

Brand contribution of £183.5m represents growth of 21.4% on the previous year, with the brand contribution margin accelerating by 290bps, in part due to the success of our on-the-go strategic plan and innovations launched earlier this year. This was all despite the ongoing pressures from the Pubs and Clubs channel and a football-led promotional summer. The revenue and market share success in the year did not come at the expense of value or profitability.

The margin growth of 290bps was in part due to the substantial investment we have made below-the-line in direct selling costs and overheads. This has included continued investment in our customer management team, supporting business functions as well as increasing investment at the point of purchase.

INTERNATIONAL	52 weeks ended 26 Sep 2010 £m	52 weeks ended 27 Sep 2009 £m	% change
Volume (million litres)	35.0	28.8	21.5
ARP per litre	73.7p	77.8p	(5.3)
Revenue	25.8	22.4	15.2
Brand contribution	9.0	7.6	18.4
Brand contribution margin	34.9%	33.9%	100bps

2010 was another year of double-digit revenue growth for Britvic International. This increasingly important part of the group saw revenue growth of 15.2%, with a particularly strong volume performance, driven by an expanded portfolio and account wins in the export and travel sectors, such as Virgin Atlantic. ARP was diluted mainly due to the one-off impact of the scale introduction of water brands into the airline sector.

As we establish our presence in core markets, the margin continues to expand, this time by a further 100 basis points. As part of the integration of our French business the Britvic International division will manage the export element of our French brand portfolio.

We are actively exploring other franchise and export opportunities across the world as noted in the Business Review above, principally with Fruit Shoot and Robinsons propositions, and we continue to invest ahead of growth in this area.

IRELAND	52 weeks ended 30 Sep 2010 £m	52 weeks ended 30 Sep 2009 £m	% change
Volume (million litres)	229.1	226.1	1.3
ARP per litre	58.4p	62.1p	(6.0)
Revenue	179.0	189.2	(5.4)
Brand contribution	64.1	70.7	(9.3)
Brand contribution margin	35.8%	37.4%	(160)bps
EBITA	8.4	13.5	(37.8)
EBIT	6.8	11.8	(42.4)

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. EBITA and EBIT are disclosed this year for the last time to show the impact of the synergies generated from the acquisition of Britvic Ireland in 2007

It has been another tough year for the Irish soft drinks market, though this year's Britvic Ireland volume growth of 1.3% is in stark comparison to last year's 10.7% fall. The structural category deflation seen this year, as well as unprecedented levels of promotion in the market, have had an impact at both a pricing and margin level.

As a result of the shrinking Ireland market, we have utilised the spare capacity in our Irish assets to produce stock for the GB business, principally the Mountain Dew Energy and Robinsons brands.

We have regularly kept the carrying value of Irish tangible and intangible assets under review and, reflective of a rebased business model and market, we are recognising a one-off, exceptional non-cash impairment charge of £104.2m this year. This charge includes a significant write-down of the value of goodwill, intangible assets such as trade names and commercial relationships, plus write-downs for properties.

FRANCE	28 May 2010 to 30 Sep 2010 £m
Volume (million litres)	104.5
ARP per litre	81.5p
Revenue	85.2
Brand contribution	24.1
Brand contribution margin	28.3%

Fruité Entreprises SA was acquired by Britvic on 28th May 2010 for a consideration of €237.0m, funded through a combination of debt and equity. Since that time, the company traded strongly through favourable summer weather conditions, and generated £85.2m of revenue. Partly due to the substantial element of private label sales, the brand contribution margin is lower than the group average, though the delivery of the previously stated €17m of cost and revenue synergies by 2013 will benefit the French margin.

FIXED COSTS	52 weeks ended 26 Sep 2010 £m	52 weeks ended 27 Sep 2009 £m	% change
Non-brand A&P	(10.4)	(8.1)	(28.4)
Fixed supply chain	(94.9)	(87.3)	(8.7)
Selling costs	(116.2)	(102.6)	(13.3)
Overheads and other	(98.6)	(78.3)	(25.9)
Total	(320.1)	(276.3)	(15.9)
Total A&P investment	(56.7)	(52.6)	(7.8)
A&P as a % of net revenue*	5.3%	5.7%	(40)bps

* excludes third party revenue

Fixed costs increased by 15.9% in the period, though the ex-France increase is a reduced 9.8%. There have been a number of drivers of the increase, with the following examples:

- We have continued to invest in the below-the-line costs to support the growth in the top-line and margin. This year we have continued investment in direct selling costs, and this investment in customer management resource and point-of-purchase spend has been crucial to the success in GB.
- Within overheads there is an increase in the cost of performance incentives, foreign exchange movements and Irish pension costs. We will again invest for growth in 2011 around group capability, appropriate structures and global ambitions for Britvic International.

Another strong top-line performance meant that A&P as a percentage of sales has fallen. It is also worth noting that the private label element of Britvic France's sales drives a lower percentage spend, though the GB business has again invested a higher pound spend on A&P this year, this time by a further £3.2m, with the GB percentage remaining level at 5.6%. Britvic has certainly benefitted from a stronger return on A&P in recent years by using more effective channels such as viral and digital media.

Strong brands need strong investment, and the focus of our marketing strategy has evolved towards marketing at the point of purchase, with investment in customer and channel marketing activity increasing by 70% since 2007.

EXCEPTIONAL AND OTHER ITEMS

During the 53 week period, Britvic incurred pre-tax exceptional and other costs and profits which netted to £137.9m in total, with cash exceptional items comprising £13.1m. The main exceptional and other items include:

- The £89.6m write-down in the carrying value of Britvic Ireland's intangible assets;
- The £14.6m write-down in the carrying value of Britvic Ireland's property assets;
- The £11.4m write-down in the carrying value of several non-core GB brands. Our focus on Mountain Dew Energy as our lead glucose/stimulant brand means that the small GB Red Devil brand will not be a growth brand of the future. In light of this we have written-down the value of this brand that was acquired in 2002. Also we have written-down the value of the Amé and Aqua Libra brands that we acquired from Orchid drinks some years ago;
- Britvic Ireland restructuring costs of £5.7m;
- Britvic France acquisition and integration costs of £8.5m.

INTEREST

The net finance charge before exceptional and other items for the 52 week period for the group was £25.0m compared with £23.6m in the same period in the prior year. A low interest environment and another year of reduction in ex-France net debt have been outweighed by the debt-based funding of the French acquisition in May 2010.

TAXATION

The 52 week tax charge of £27.8m before exceptional and other items represents an effective tax charge of 26.6%, an increase on the last year actual of 0.8% primarily due to the profit mix effect from the performance of Britvic Ireland, as well as the higher tax regime in France.

ADJUSTED EARNINGS PER SHARE

Adjusted basic EPS for the period (53 week basis), excluding exceptional and other items and amortisation, was 39.8p, up 18.1% on the same period last year of 33.7p. Basic EPS (after exceptional and other items) for the period was (21.4)p compared with the actual 21.8p for the same period last year.

DIVIDENDS

The board is recommending a final dividend for 2010 of 12.0p per share. Together with the interim dividend of 4.7p per share paid on 2nd July 2010, this gives a total dividend for the year of 16.7p per share, an increase of 11.3% on the dividend paid last year. Subject to approval at the AGM, the total cost of the dividend for the financial year is estimated to be £40.0m and the final dividend will be paid on 11th February 2011 to shareholders on record as at 10th December 2010.

CASH FLOW AND NET DEBT

Underlying free cash flow, defined above, was £67.8m in 2010, only £1.9m behind the prior year number despite the adverse working capital effect of a 53rd week.

Additional contributions were made to the defined benefit pension schemes of £13.2m in the year as part of the ongoing programme agreed with Trustees.

At 3 October 2010, the group's non-adjusted net debt was £515.9m compared to £411.0m at 27th September 2009, impacted by the debt element of the Fruité acquisition. The adjusted net debt (taking into account the foreign exchange movements on the derivatives hedging our U.S. Private Placement debt) at 3 October 2010 is £451.2m.

CAPITAL EMPLOYED

Non-current assets increased in the period from £576.1m to £680.0m due in the main to the acquisition of Britvic France, offset by the asset write-downs in Ireland, but also underlying capital expenditure, and an increase in the fair value of derivatives hedging the balance sheet debt.

Depreciation increased in the period by £2.8m to £32.9m. The increase on the prior year relates primarily to the acquisition of Britvic France. Current assets also increased from £272.3m to £366.1m. At the same time current liabilities increased from £303.3m to £366.4m driven principally by an increase in trade and other payables.

Underlying ROIC, which excludes France and the impairment of Ireland, has improved to 22.4% from 17.9% in 2009. Overall ROIC, including the part-year contribution from France and the impairment of the Irish asset base, has improved by 40bps to 18.3%.

SHARE PRICE AND MARKET CAPITALISATION

At 3 October 2010 the closing share price for Britvic plc was 481.2p. The group is a member of the FTSE 250 index with a market capitalisation of approximately £1.2bn on 3 October 2010.

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.

At 3 October 2010, the group's non-adjusted net debt of £515.9m (excluding derivative hedges) consisted of £126.3m drawn under the group's committed bank facilities, £445.7m of private placement notes and £1.5m of finance leases. This was netted off with around £54.0m of surplus cash and £3.6m of issue costs of loans.

In September 2010, the group reached agreement with a number of investors in the U.S. private placement market to raise an additional $175m equivalent of funding for terms of between 7 and 12 years. This funding is subject to documentation and due diligence which is scheduled to be completed in December 2010. Where this funding is dollar-denominated this is hedged using cross-currency interest rate swaps to meet the group's desired funding profile and to manage the associated foreign currency risk to the profit and loss account.

PENSIONS

The group principal pension scheme, the Britvic Pension Plan (BPP), has both a defined benefit and a defined contribution section. The defined benefit section of the BPP was closed to new members on 1st August 2002, and since this date new employees have been eligible to join the defined contribution section of the BPP. The latest formal actuarial valuation for contribution purposes was carried out as at 31st March 2007 with a further valuation carried out at 31st March 2010 currently being finalised. The amount recognised as an expense in relation to the BPP defined contribution scheme in the income statement for 2010 was £3.6m (2009:£2.9m).

In September 2010, the group announced that it was entering into consultation with GB employees about a proposal to close the defined benefit section of the BPP to future accrual for active members with effect from 10th April 2011.

In Northern Ireland, the Britvic Northern Ireland Pension Plan (BNIPP) was closed to new members on 28th February 2006, and since this date new employees have been eligible to join a Stakeholder Plan with Legal & General. The latest actuarial valuation was carried out as at 31st December 2008, and as a result shortfall contributions of £90,000 per month until 31st December 2010, and £125,000 per month from 1st January 2011 to 31st December 2019 are being paid in accordance with the Recovery Plan.

In the Republic of Ireland (ROI), employees continued to participate in a number of C&C Group pension funds following the acquisition until transferring into two newly formed pension plans called the Britvic Ireland Defined Contribution Pension Plan and the Britvic Ireland Defined Benefit Pension Plan (BIPP) on 1st September 2008. Both Plans are held under Trust and operated by Britvic Ireland Pension Trust Limited as Trustee. The first formal actuarial valuation was carried out at 31st December 2009 and is still being finalised.

The amount recognised as an expense in relation to the Irish Defined Contribution Schemes in the Income Statement for 2010 was £0.4m (2009: £0.3m).

CORPORATE RESPONSIBILITY

Corporate Responsibility ("CR") is increasingly central to the way that Britvic runs its business, not just in terms of recognising and minimising the impacts of our manufacturing operations, but also in acknowledging that through our brands and their connections with people, we are well placed to help address public issues.

Below is a snapshot of how we have performed against the targets listed in our last Corporate Responsibility Report. A comprehensive overview of our achievements last year can be found in the 2010 Corporate Responsibility Report published on the 11th December 2010. It is available in hard copy or on our company website at www.britvic.com.

Since our last report, we have evolved our strategy in a way that we believe will enable us to be more focused on the areas in which we can have the most impact.

The new strategy is also intended to fully embed CR into the business. As such, it has been developed by means of an engagement programme.

We have been able to summarise this new strategic view in three words: Progressive, Sustainable and Responsible.

WHAT WILL THIS MEAN IN PRACTICE?

As a progressive business, Britvic will increasingly seek to harness the power of its brands to help address relevant social and environmental issues. Britvic is a brand-led and marketing-driven company, and we believe that we are in a good position to influence consumer behaviour – for example, through the promotion of healthy lifestyles and sustainable attitudes in areas such as the recycling of packaging.

Creating a sustainable business means what it says. Britvic's business operations require large amounts of energy – directly in our own manufacturing and distribution, and indirectly throughout our supply chain. Our packaging uses valuable resources – glass, plastics and metals such as steel and aluminium. These all contribute to our carbon footprint. Without water, Britvic could not operate or make its brands and so we need to use all of these resources wisely. A sustainable business is one that invests and innovates to minimise its impacts in order to ensure that it has a long-term future.

Britvic itself employs more than 2,000 people across Great Britain, and our business supports many thousands more individuals and their families throughout the world. We are responsible for their welfare and for the health of the communities in which they live and in which we operate. Our new strategy seeks to make a positive contribution to the lives of our employees and the communities around us.

Remove 5000 tonnes of packaging by December 2010 based on 07/08 volumes

Complete rPET trial using UK only recycled content by 2010

Complete trials on more energy efficient chillers and dispense equipment by 2010

Achieve full compliance from packaging and ingredients suppliers to our Ethical Trading Policy and complete planned audits by December 2010

Complete evaluation of accreditation options for fruit available in commercial quantities by end of 2010

Promote healthy and enriched lifestyles through marketing initiatives and working with partners

Improve work-life-balance as measured by our Employee Opinion Survey

Further reduce accident frequency rate across the business by 10%

Improve occupational health services through increased support for musculoskeletal problems

Reduce CO_2 emissions by 20% by 2010 compared to 1990 (by tonne of product) and aspire to 30% by 2020

Send zero food and waste to landfill by 2015

Contribute to an industry-wide absolute target to reduce water use by 20% by 2020 compared to 2007

Achieve full compliance by indirect suppliers to our Ethical Trading Policy by December 2014

Increase community investment in line with three year strategy

BUSINESS REVIEW

BUSINESS RESOURCES

Britvic is one of the leading branded soft drinks businesses in Europe. 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 and in France. Britvic is rapidly growing its reach into other geographies through export, licensing and franchising.

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, Britvic, Cidona, MiWadi and Energise Sport, as well as the rights to the Pepsi and 7UP brands. In France the portfolio includes the leading syrup brand Teisseire as well as Moulin de Valdonne, Fruité and Pressade.
- 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 carbonates portfolio in 2010 with Mountain Dew Energy, having been appointed in recent years as the exclusive GB bottler of Gatorade, Lipton Ice Tea and V Water.
- A strong customer base. For example, in the British 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 pub sector and leisure and catering channels. Through Britvic International, the group has built on the success of the Robinsons and Fruit Shoot brands by introducing these products into markets outside GB.
- Britvic also has a well-invested and flexible group production capability and distribution network that enables its soft drinks to be made available to consumers across its operating territories.

BUSINESS REVIEW

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.

(A) RISKS RELATING TO THE GROUP

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

Risk – A major retailer, on-trade or off-trade, 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. Any 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. Any 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 GB Defined Benefit Scheme for existing members has been proposed for closure from April 2011.

6. Inadequate IT disaster recovery plans.

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

Mitigation – Britvic has out-sourced the management of its data centre to a professional provider with both a robust disaster recovery and business continuity planning capable of meeting both its current needs and those as it continues to grow.

7. Failure to deliver the proposed synergies in France.

Risk – Failure to deliver the cost and revenue synergies from the acquisition of Fruité Entreprises SA;

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

(B) RISKS RELATING TO THE MARKET

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

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

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

2. Potential impact of regulatory developments.

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

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

(C) RISKS RELATING TO THE ORDINARY SHARES

There are risks arising out of an investment in Ordinary Shares because of:

1. Actions by the Group's competitors.

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

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

2. U.S. Holders potentially not being able to exercise pre-emptive rights.

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

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

BEN GORDON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ben Gordon was appointed a Non-Executive Director on 15 April 2008. He is also a member of the Audit, Nomination and Remuneration Committees. Ben is currently the Chief Executive of Mothercare plc and was formerly Senior Vice President and Managing Director, Disney Store, Europe and Asia Pacific. He has also held senior management positions with WH Smith group in the UK and the USA and L'Oreal S.A. in France. Ben has an MBA from INSEAD.

MICHAEL SHALLOW
INDEPENDENT NON-EXECUTIVE DIRECTOR

Michael Shallow was appointed a Non-Executive Director on 24 November 2005 and chairs the Audit Committee. He is also a member of the Nomination and Remuneration Committees. In addition, Michael is a Non-Executive Director of Domino's Pizza UK & IRL plc and served as Non-Executive Director of Spice plc from 2006 until it's acquisition by Cinven in December 2010. Michael was Finance Director of Greene King plc from 1991 to 2005 and, prior to that, he was an associate partner with Accenture.

PAUL MOODY
CHIEF EXECUTIVE

Paul Moody became Chief Executive upon the company's flotation in December 2005 and is responsible for the day-to-day running of the business. Prior to that he had held a number of senior roles including Managing Director and Chief Operating Officer. Paul Moody joined Britvic in 1996 as Director of Sales for grocery multiples (supermarkets) having previously worked for Golden Wonder and Pedigree Pet Foods. Paul Moody is also currently a Non-Executive Director of Johnson Service Group PLC, Chairman of business4Life, and immediate Past President of the British Soft Drinks Association.

GERALD CORBETT
NON-EXECUTIVE CHAIRMAN

Gerald Corbett has been Non-Executive Chairman of the company since 24 November 2005. He chairs the Nomination Committee and is a member of the Remuneration Committee. Gerald is also Chairman of Moneysupermarket.com Group PLC and of the Royal National Institute of the Deaf . He is also a Non-Executive Director of Numis Corporation Plc and is currently the High Sheriff of Hertfordshire. He was Chairman of the Woolworths Group plc from 2001 to 2007, Chief Executive of Railtrack plc from 1997 to 2000, Group Finance Director of Grand Metropolitan plc from 1994 to 1997 and was Group Finance Director of Redland plc between 1987 and 1994. He was a Non-Executive Director of the property group MEPC plc from 1995 to 1998 and Burmah Castrol plc from 1998 to 2000.

GOVERNANCE
BOARD OF DIRECTORS

JOHN GIBNEY
GROUP FINANCE DIRECTOR

John Gibney was appointed Finance Director in 1999 and is responsible for finance, IT, legal, estates, risk management and business transformation. Prior to joining Britvic, John Gibney was Senior Corporate Finance & Planning Manager for Bass PLC, and prior to that role, Finance Director and subsequently Deputy Managing Director of Gala Clubs.

JOANNE AVERISS
NON-EXECUTIVE DIRECTOR

Joanne Averiss was appointed a Non-Executive Director on 18 November 2005 and is the PepsiCo Nominee Director. Joanne Averiss has been a member of the PepsiCo legal department since 1990, holding a series of positions in the UK and the US and most recently acting as the Head of Legal (UK and Europe) for PepsiCo International's food and snack beverages division. She is also a Trustee and Chair of the Mesen Educational Trust.

BOB IVELL
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Bob Ivell was appointed a Non-Executive Director on 24 November 2005 and is the company's Senior Independent Director. He chairs the Remuneration Committee and is a member of the Audit and Nomination Committees. Bob is currently the Chairman of David Lloyd Leisure. During the 1980s Bob was the Managing Director of Beefeater. He was also on the board of Scottish & Newcastle plc as Chairman of the Retail Division between 1999 and 2004 and was Executive Chairman of Regent Inns PLC between 2004 and 2008.

GOVERNANCE
DIRECTORS' REPORT
For the 53 weeks ended 3 October 2010

The directors are pleased to present their report and the consolidated financial statements of the company and its subsidiaries for the 53 weeks ended 3 October 2010.

PRINCIPAL ACTIVITIES
The group trades principally as a manufacturer and distributor of soft drinks.

BUSINESS REVIEW
A detailed review of the group's activities and of future plans is contained within the Chairman's Statement on page 14, and the Chief Executive's Review and Business Review on pages 15 to 29. The information contained in those sections fulfils the requirements of the Business Review, as required by Section 417 of the Companies Act 2006 and should be treated as forming part of this report.

RESULTS AND DIVIDENDS
The group's loss for the 53 weeks ended 3 October 2010 before taxation attributable to the equity shareholders amounted to £28.8 million (2009: profit of £66.2 million) and the loss after taxation amounted to £48.2 million (2009: profit of £46.8 million).

An interim dividend of 4.7 pence (2009: 4.1 pence) per ordinary share was paid on 2 July 2010.

The directors are proposing a final dividend for the 53 weeks ended 3 October 2010 of 12 pence (2009: 10.9 pence) per ordinary share. This will be paid on 11 February 2011 to shareholders on the register at close of business on 10 December 2010, subject to shareholder approval.

DIRECTORS
The following were directors of the company during the 53 weeks ended 3 October 2010: Gerald Corbett, Paul Moody, Joanne Averiss, John Gibney, Ben Gordon, Bob Ivell and Michael Shallow.

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

The Articles give the directors power to appoint and replace directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the board. The Articles also require directors to retire and submit themselves for election to the first Annual General Meeting following appointment and to retire at the Annual General Meeting held in the third calendar year after election or last re-election. However, in order to comply with provision B of the UK Corporate Governance Code published by the FRC in June 2010 (the 'New Code') all of the directors will submit themselves for re-election at the forthcoming Annual General Meeting. Their biographical details are set out on pages 30 and 31 of this report.

DIRECTORS' INTERESTS
The directors' interests in ordinary shares of the company are shown within the Directors' Remuneration Report on pages 40 to 47. No director has any other interest in any shares or loan stock of any group company.

Other than Joanne Averiss, who is a director of a number of PepsiCo's subsidiaries, no director was or is materially interested in any contract other than his or her service contract, subsisting during or existing at the end of the 53 weeks ended 3 October 2010 which was significant in relation to the group's business. Further details of Joanne Averiss' appointment are set out on page 35 in the Corporate Governance section of the Annual Report.

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

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

DIRECTORS' REMUNERATION
The Remuneration Committee, on behalf of the board, has adopted a policy that aims to attract and retain the directors needed to run the group successfully. The Directors' Remuneration Report is shown on pages 40 to 47.

ANNUAL GENERAL MEETING
Details of the company's forthcoming Annual General Meeting are set out in a separate circular which has been sent to all shareholders with this report.

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

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

EQUAL OPPORTUNITIES

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

DISABLED PERSONS

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

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

SUPPLIER PAYMENT POLICY

It is group policy to agree terms and conditions for its business transactions with all suppliers. Payment is made in accordance with these terms provided the supplier meets its obligations. The average number of days of payments outstanding for the group at 3 October 2010 was 48 (2009: 49).

POLITICAL CONTRIBUTIONS

During the 53 weeks ended 3 October 2010, the group and its subsidiaries made no political contributions (2009: Nil).

CHARITABLE DONATIONS

During the 53 weeks ended 3 October 2010, the group and its subsidiaries donated £310,421.28 for charitable purposes (2009: £376,842). This included cash and product donations directly to charitable organisations and other investment in support of community programmes (employee volunteering).

MAJOR SHAREHOLDERS

Information provided to the company pursuant to the Financial Services Authority (FSA) Disclosure and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the company's website. As at 1 December 2010, the company has been notified under DTR 5 of the following significant holdings of voting rights in its ordinary shares:

	Number of ordinary shares	Percentage of voting rights	Nature of holding
Black Rock Investment Management (UK) Limited *	26,618,172	11.09%	Indirect
Standard Life Investments Limited	14,219,548	5.92%	Direct & Indirect
FMR LLC (Fidelity)	12,744,726	5.31%	Indirect
Newton Investment Management Limited	11,992,631	5.00%	Indirect
PepsiCo, Inc.	10,739,120	4.97%	Direct
AXA, S.A.	10,714,188	4.94%	Direct & Indirect
JP Morgan Asset Management Holdings Inc.	10,409,762	4.80%	Indirect
Legal & General Group Plc	8,633,246	3.99%	Direct
Global AEGON Asset Management Group	9,185,432	3.83%	Direct & Indirect
Aviva plc & Subsidiaries	6,484,618	3.00%	Direct

* Holding includes 23,585,870 ordinary shares (representing 9.83% of the 11.09% of total voting rights shown in the above table) which would be held by Black Rock Investment Management (UK) Limited, if all financial instruments notifiable under DTR 5.3.1(1)(b) were triggered in full.

SHARE CAPITAL

As at 3 October 2010, the company's issued share capital comprised a single class of shares referred to as ordinary shares. 21,780,153 ordinary shares were allotted and issued under a non-pre-emptive placing (the 'Placing') on 21 May 2010 and used to part-fund Britvic's expansion into Western Europe's dilutables and pure juice markets, via the acquisition of Fruité Entreprises SA, announced at the same time as the group's interim results on 18 May 2010. The shares, ranked pari passu in all respects with existing ordinary shares, were placed with investors at a price of 430 pence per share, representing, in aggregate, 9.9 per cent of the issued share capital at the time of the Placing. 406,083 and 300,000 ordinary shares were also allotted and issued to the Trustee of the Britvic Share Incentive Plan at par value on 9 April and 19 August 2010, respectively, to enable the Trustee to meet its obligations under the Share Incentive Plan. Full details of the ordinary share capital can be found in note 22 to the financial statements which should be treated as forming part of this report.

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

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

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

Resolution 16, which will be proposed as a Special Resolution at the 2011 Annual General Meeting, will give the company authority to use its available cash resources to acquire up to 23,990,000 of its own shares in the market for either cancellation or to hold them as treasury shares. The directors will only use this power after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels, and the overall position of the company. The directors will only purchase such shares after taking into account the effects on earnings per share and the benefits for shareholders.

IFG Trust (Jersey) Limited, as trustee of the Britvic Employee Benefit Trust (the 'Trustee'), holds 0.10% of the issued share capital of the company, as at 1 December 2010, on trust for the benefit of the Executive Directors, senior executives and managers of the group. A dividend waiver is in place in respect of the Trustee's holding. The Trustee is not permitted to vote on any unvested shares held in the trust unless expressly directed to do so by the company.

Under the rules of the Britvic Share Incentive Plan (the 'Plan') eligible employees are entitled to acquire shares in the company. Plan shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustees'). Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustees no vote is registered. In addition, the Trustees do not vote on any unawarded shares held under the Plan as surplus assets. As at 1 December 2010, Equiniti Share Plan Trustees Limited held 2.41% of the issued share capital of the company.

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

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

The company's Articles of Association may only be amended by a Special Resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles at the 2011 Annual General Meeting.

FINANCIAL RISK MANAGEMENT

It is the group's objective to manage its financial risk so as to minimise the adverse fluctuations in the financial markets on the group's reported profitability and cash flows. The specific policies for managing each of the group's main financial risk areas are detailed in the Treasury Management section of the Business Review on page 24.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

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

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

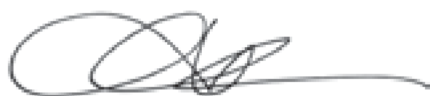
GOING CONCERN

In presenting the financial statements on a going concern basis, the directors have considered both the business activities and principal risks and uncertainties as set out in the Overview and Business Review on pages 1 to 29. In addition, the directors have considered the following factors: the group's ability to generate cash flows, the financial resources available to it, headroom under bank covenants, and exposure to credit risk. Based on the group's cash flow forecasts and projections, the board is satisfied that the group will be able to operate within the level of its facilities for the foreseeable future. For this reason the group continues to apply the going concern basis in preparing its financial statements.

AUDITORS

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

By Order of the board



Emma Thomas
Company Secretary
1 December 2010

GOVERNANCE
CORPORATE GOVERNANCE REPORT

COMBINED CODE COMPLIANCE

The company is committed to high standards of corporate governance and supports the principles laid down in the revised Combined Code on Corporate Governance as issued by the Financial Reporting Council ('FRC') in June 2008 ('the Code') and to the UK Corporate Governance Code published by the FRC in June 2010 (the 'New Code'). This statement describes how the principles of the Code are applied and reports on the company's compliance with the Code's provisions.

The directors consider that the company has been in compliance with the provisions of the Code throughout the 53 weeks ended 3 October 2010 and with certain aspects of the New Code (where relevant) to the date of this report.

THE BOARD

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

THE CHAIRMAN AND CHIEF EXECUTIVE

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

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

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

THE DIRECTORS

The biographical details of the board members are set out on pages 30 and 31. The directors have all occupied, or occupy, senior positions in UK and/or non-UK listed companies and have substantial experience in business. The Non-Executive Directors do not participate in any of the group's pension schemes or in any of the group's bonus, share option or other incentive schemes. At all times there has been a majority of Non-Executive independent directors on the board, in compliance with Code provision A.3.2. All directors must stand for election at the first Annual General Meeting after they are appointed and the Articles of Association provide that all directors will stand for re-election at least every three years. To comply with provision B.7.1 of the New Code, all of the directors will submit themselves for re-election at the forthcoming Annual General Meeting.

ROLE OF THE BOARD

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

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

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

The Company Secretary maintains a record of attendance at board meetings and committee meetings, further details of which are set out on page 37. During the year the Chairman met with the Non-Executive Directors without the Executive Directors present.

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

BOARD PERFORMANCE EVALUATION

The formal annual evaluation of the performance of the board, its committees and individual directors was undertaken during the year. This consisted of an internally run exercise led by the Chairman with the assistance of the Company Secretary. The appraisal questionnaire used in connection with the process was wide-ranging and based on questions outlined in the Code, covering both board and committee performance.

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

INDEPENDENT PROFESSIONAL ADVICE

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

TRAINING AND DEVELOPMENT

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

CONFLICTS OF INTEREST

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

BOARD COMMITTEES

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

THE NOMINATION COMMITTEE

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

THE REMUNERATION COMMITTEE

The Remuneration Committee comprises Gerald Corbett, Ben Gordon, Michael Shallow and Bob Ivell, who acts as its Chairman. It is responsible for: (i) making recommendations to the board on the group's policy on the remuneration of the company's Chief Executive, Chairman, the Executive Directors, the Company Secretary and other members of the Executive Committee; (ii) the determination, within agreed terms of reference, of the remuneration of the Chairman and of specific remuneration packages for each of the Executive Directors and other members of the Executive Committee, including pension rights, any compensation payments and benefits; and (iii) the determination of awards under the company's employee share plans to the Executive Directors, the Company Secretary and other members of the Executive Committee. It meets at least three times a year and during the year met three times. Full details of its activities and of directors' remuneration are set out in the Directors' Remuneration Report on pages 40 to 47. Those pages detail compliance with the legal requirements with regard to remuneration matters. The Chairman of the committee reports the outcome of its meetings to the board.

THE AUDIT COMMITTEE

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

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

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

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

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

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

ATTENDANCE AT MEETINGS

The attendance of directors at board and committee meetings during the 53 weeks ended 3 October 2010 was as follows:

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

SHAREHOLDER RELATIONS

The company is committed to maintaining good communications with shareholders. Senior executives, including the Chairman, Chief Executive and Group Finance Director, have dialogue with individual institutional shareholders in order to develop an understanding of their views which is fed back to the board. Presentations are made to analysts, investors and prospective investors covering the annual and interim results and the company seeks to maintain a dialogue with the various bodies which monitor the company's governance policies and procedures. The Business Review set out on pages 14 to 29 details the financial performance of the company as well as setting out the risks it faces and plans for the future. The Company Secretary generally deals with questions from individual shareholders. All shareholders will have the opportunity to ask questions at the company's AGM on 27 January 2011. At the AGM, the Chairman will give a statement on current trading conditions and the Chairmen of the Nomination, Remuneration and Audit Committees will be available to answer questions. The Chairman will advise shareholders on proxy voting details. In addition, the group's website containing published information and press releases can be found at www.britvic.com

INTERNAL CONTROL

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

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

- Strategic plan achievement, through a regular review of progress towards strategic objectives;
- Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan and taking appropriate management action;
- Capital investment and asset management performance, with detailed appraisal, authorisation and post investment reviews; and
- Principal risks and risk management processes, which accords with the Turnbull guidance published by the FRC in October 2006 and is supported by reports from the Head of Internal Audit and Risk that the significant risks faced by the group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity. The board has delegated the management of risk to the Group Risk Committee, chaired by the Group Finance Director, which reviews the group risk register on a quarterly basis, and reports to the Audit Committee at least twice a year.

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

RISK MANAGEMENT PROCESS

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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

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

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

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

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

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

DISCLOSURE AND TRANSPARENCY RULES

The directors confirm that, to the best of their knowledge:

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

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

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

DIRECTORS' REMUNERATION REPORT

For the year ended 3 October 2010

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

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

MEMBERSHIP OF REMUNERATION COMMITTEE

During the year, the committee consisted wholly of independent Non-Executive Directors plus the company Chairman:

Bob Ivell (Chairman)

Michael Shallow

Ben Gordon

Gerald Corbett

At the invitation of the Chairman of the committee, the Chief Executive Officer and Human Resources Director attend the meetings of the committee except when their own remuneration is under consideration. Details of the attendance by Committee Members at committee meetings are shown in the Corporate Governance Report on page 37.

COMPOSITION AND TERMS OF REFERENCE

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

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

- making recommendations to the board on the group's policy on the remuneration of the company's Chief Executive, Chairman, the Executive Directors and other members of the Executive Committee;
- determining, within agreed terms of reference, the remuneration of the Chairman and the specific remuneration packages for each of the Executive Directors and other members of the Executive Committee, including pension rights, any compensation payments and benefits; and
- determining the level and extent to which awards should be made to the Executive Directors and other members of the Executive Committee under the company's employee share plans. The committee also ensures compliance with the Combined Code in this respect and takes into consideration the wider pay and employment conditions of the employees across the company.

ADVISORS

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

- Paul Moody (Chief Executive);
- John Gibney (Group Finance Director);
- Doug Frost (Human Resources Director); and
- Michael Mountford (Head of Compensation & Benefits).

REMUNERATION OBJECTIVES

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

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

REMUNERATION POLICY AND COMPONENTS OF REMUNERATION

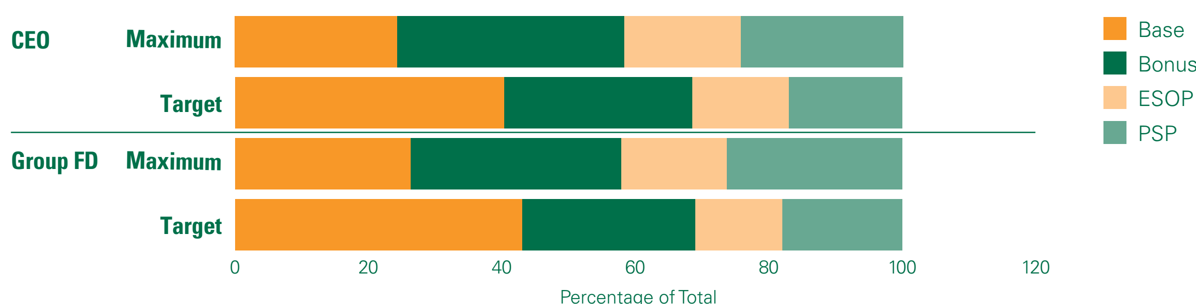
The remuneration policy has been designed to provide market competitive remuneration relative to appropriate peer groups for base salary and incentive opportunity. The table below outlines the purpose for and performance measures attaching to each element of the package.

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

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

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

EXECUTIVE DIRECTOR REWARD ELEMENTS



The committee constantly reviews remuneration policy to ensure that it is sufficiently flexible to take account of future changes in the company's business operations and environment and recognises key developments in remuneration practice and alignment to shareholder interests. The committee believes the remuneration policy described above remains appropriate.

REMUNERATION IN PRACTICE

Base Salary

Salaries are reviewed annually to take account of:

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

Taking into account last year's pay freeze and the above factors, the committee has decided that salaries will increase as shown in the table below.

	Base salary as at 31 January 2010	Base salary as at 31 January 2011	% increase
CEO	£480,300	£500,000	4.1%
Group FD	£309,700	£318,990	3.0%

INCENTIVE PLANS

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

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

SHORT-TERM INCENTIVE PLAN

The committee has decided to maintain the same target and maximum bonus opportunity for Executive Directors in 2010/11 as applied in 2009/10. Targets are approved by the committee at the beginning of the year and are aligned to internal targets and strategic business objectives for 2010/11.

	Target	Maximum	Performance Metrics
CEO	70%	140%	Target bonus is payable for achievement of target PBT, net revenue growth and free cash flow performance. Maximum bonus is payable for the achievement of exceptional performance targets
Group FD	60%	120%	

LONG-TERM INCENTIVES – EXECUTIVE SHARE OPTION PLAN

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

For 2010/11, the committee has decided to maintain the same focus on long-term EPS growth as applied in 2009/10 and believes the current performance range remains sufficiently stretching in the context of the current business outlook and growth strategy of the company.

	Face value[1]	Performance Condition in 2010/11
CEO	300%	EPS growth over the three-year performance period
Group FD	250%	*Threshold vesting* 25% of the grant vests for EPS growth equivalent to RPI +3% per annum. No awards will vest below this level of performance. *Maximum vesting* 100% of the grant vests for EPS growth equivalent to RPI +7% per annum. Vesting is on a straight line between threshold and maximum. Options lapse to the extent that the performance condition is not achieved.

[1] Based on market price at grant

LONG-TERM INCENTIVES – PERFORMANCE SHARE PLAN

Annual grants of performance shares are made at the discretion of the board to senior executives and managers. The awards normally vest at the end of the three-year performance period, to the extent that the performance condition is achieved, and lapse to the extent it is not achieved.

For 2010/11, the committee has decided to maintain the focus on long-term relative TSR and ROIC. The committee believes that maintaining the ROIC performance target provides closer alignment with underlying financial performance than relative TSR growth alone, as well as providing an appropriate balance with the EPS growth targets set under the Executive Share Option Plan. In particular, the committee believes that ROIC directly aligns pay with an appropriate balance between future investment and capital spending plans and the need to maintain appropriate margins in an uncertain trading environment over the next few years.

Following a review of the calibration of the performance conditions relating to the PSP, the committee believes the TSR target used in previous years, and detailed below, remains appropriate. The ROIC range for 2010/11 has been updated as shown in the table overleaf.

	Face value[1]	Performance Condition in 2010/11
CEO	100%	50% of the award was subject to a performance condition of TSR relative to a peer group of 20 companies[2]
Group FD	100%	*Threshold vesting*
		25% of the TSR element of the award vests at median performance
		Maximum vesting
		100% of the TSR element of the award vests at upper quartile
		Vesting is on a straight line between threshold and maximum
		50% of the award was subject to a ROIC performance condition
		Threshold vesting
		25% of the ROIC element of the award vests at three-year average ROIC of 21.9%
		Maximum vesting
		For the ROIC element of the award to vest in full, three-year average ROIC of 22.7% must be achieved or exceeded
		Vesting is on a straight line between threshold and maximum

[1] Based on market price at grant

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

OTHER SHARE PLANS

Executive Directors participate in the Britvic Share Incentive Plan, which is an all-employee tax approved share scheme open to GB based employees. The Plan has 3 parts, all of which the directors participate in:

- Free share awards are made annually at the discretion of the Remuneration Committee. The value of the award is discretionary and the maximum is 3% of reckonable earnings, capped at £3,000.
- Partnership shares are purchased by employees through payroll deductions of between £5 and £115 per pay period.
- Matching shares are provided by the employee to individual purchasing partnership shares on a one for one basis up to a maximum of £75 per pay period.

SHARE OWNERSHIP GUIDELINES

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

Both Executive Directors have current share holdings considerably ahead of this requirement as shown in the Directors' Shareholdings table on page 47.

RETIREMENT BENEFITS

The Executive Directors currently participate in the defined benefit section of the Britvic Pension Plan (the 'Plan') and also the Britvic Executive Top Up Scheme, the company's unfunded supplementary retirement benefits scheme. The normal retirement age for Executive Directors is 60. Bonus payouts and other incentive awards are not pensionable.

Following a review of pension funding, market trends in pension provision and the recent legislative changes to pension provision and the taxation of pension contributions, the company is in consultation with its employees regarding the closure of the defined benefits section of the Plan for future accruals from the start of the next tax year. If implemented, from April 2011 the Executive Directors will be eligible to participate in the defined contribution section of the Plan (to the extent that this is feasible under any new tax arrangements coming into force in April 2011). The intended employee contribution rate is 5% of salary for the Chief Executive and Group Finance Director whilst the intended employer contribution rates are 25% of salary for the Group Finance Director and 28% of salary for the Chief Executive.

In the course of the year the committee intends to review pension arrangements to ensure that they remain appropriate taking into account changes to the taxation of pensions.

OTHER BENEFITS

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

SERVICE CONTRACTS

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

	Effective Date of Contract	Unexpired Term (approx. months)	Notice Period from director (months)	Notice Period from company (months)
Executive Directors:				
Paul Moody	14 December 2005	12[1]	6	12
John Gibney	14 December 2005	12[1]	6	12

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

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

OTHER APPOINTMENTS

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

The Chief Executive's current external appointments are:

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

The Group Finance Director has no such external appointments.

CHAIRMAN'S LETTER OF APPOINTMENT AND BENEFITS

Under his Letter of Appointment, Gerald Corbett was appointed Chairman of the company for an initial three-year term to 14 December 2008. This has been extended until 14 December 2011 subject to annual re-election to be approved from time to time at a shareholders' meeting in accordance with the company's articles of association and the Combined Code.

In 2010/11 the Chairman's remuneration will remain unchanged at £183,750 per annum. The company employs a chauffeur assigned to Mr Corbett.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors do not have service contracts but instead have Letters of Appointment for a three-year term; subject to annual re-election to be approved from time to time at a shareholders' meeting in accordance with the company's articles of association and the Combined Code.

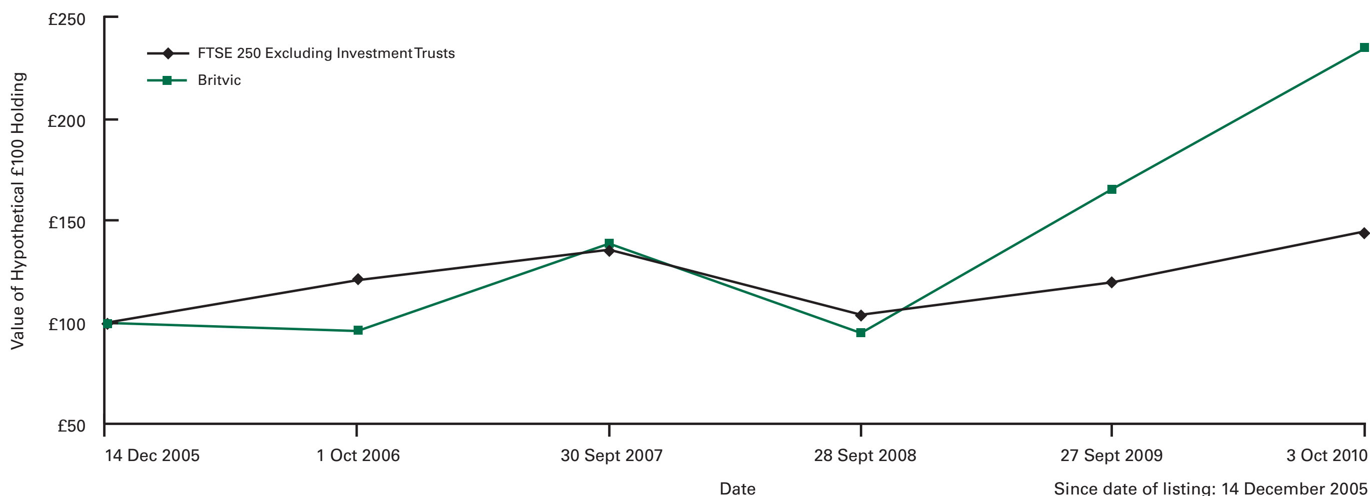
	Effective Date of Contract	Unexpired Term (approx. months)	Notice Period from director (months)	Notice Period from company (months)
Non-Executive Directors:				
Gerald Corbett	14 December 2008	12[1]	12	12
Joanne Averiss	14 December 2008	12[1]	3	3
Ben Gordon	15 April 2008	4	3	3
Bob Ivell	14 December 2008	12[1]	3	3
Michael Shallow	14 December 2008	12[1]	3	3

[1] The Non-Executive Directors' letters of appointment have been extended for a further three-year term to 14 December 2011.

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

The basic fee for Non-Executive Directors in 2010/11 will be £48,000 per annum with additional fees of £8,000 per annum payable to the Senior Independent Director and to the Chairmen of the Board Committees.

PERFORMANCE GRAPH – TOTAL SHAREHOLDER RETURN



The Committee considers the FTSE 250 excluding Investment Trusts Index is a relevant index for Total Shareholder Return and comparison disclosure as it represents a broad equity market index in which the company is a constituent member.

AUDITED INFORMATION

DIRECTORS' REMUNERATION

	Basic Salary and Fees £'000	Taxable Benefits[1] £'000	Performance Related Bonuses[2] £'000	Total 2010 £'000	Total 2009 £'000
Executive Directors:					
Paul Moody	490	22	638	1,150	997
John Gibney	316	23	353	692	606
Non-Executive Directors:					
Gerald Corbett	187	76	–	263	251
Joanne Averiss	46	–	–	46	44
Ben Gordon	46	–	–	46	44
Bob Ivell	62	–	–	62	60
Michael Shallow	54	–	–	54	52

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

[2]. For 2009/10, a bonus of 130.3% of salary for the Chief Executive and 111.7% of salary for the Group Finance Director was earned for [above target performance against PBT and free cash flow but below target performance in net revenue growth. Details of PBT and net revenue are shown on page 51 and free cash flow on page 54.

[3]. The basic salaries and fees shown above reflect the amounts paid in this 53 week financial year.

DIRECTORS' INTERESTS IN SHARE OPTIONS

The Executive Directors participate in the Britvic Executive Share Option Plan (on the terms and subject to the EPS growth performance condition as described on page 90.

Number of Options

	Date of Grant	At Start of Year/date of Appointment	Granted during year	Exercised during year	Lapsed during year	At end of year/date of cessation	Option exercise price (pence)	Date from which exercise-able	Expiry Date
Paul Moody	15/12/05[1]	285,249	–	12,244	–	273,005	245.0	15/12/08	15/12/15
	06/12/06[1]	338,776	–	–	–	338,776	245.0	06/12/09	06/12/16
	05/12/07[1]	246,369	–	–	–	246,369	347.0	05/12/10	05/12/17
	05/12/08[2]	615,068	–	–	–	615,068	221.0	05/12/11	05/12/18
	07/12/09	–	372,326	–	–	372,326	387.0	07/12/12	07/12/19
Total		1,485,462	372,326	12,244	–	1,845,544			
John Gibney	15/12/05[1]	136,610	–	12,244	–	124,366	245.0	15/12/08	15/12/15
	06/12/06[1]	162,245	–	–	–	162,245	245.0	06/12/09	06/12/16
	05/12/07[1]	119,135	–	–	–	119,135	347.0	05/12/10	05/12/17
	05/12/08[2]	330,486				330,486	221.0	05/12/11	05/12/18
	07/12/09[2]	–	200,065	–	–	200,065	387.0	07/12/12	07/12/19
Total		748,476	200,065	12,244	–	936,297			

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

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

The market price of the company's shares on 3 October 2010 was 481.20p and the range of closing prices during the year was 344.10p to 518.00p.

DIRECTORS' INTERESTS IN THE PERFORMANCE SHARE PLAN

The Executive Directors participate in the Britvic Performance Share Plan.

Number of Shares

	Date of award	At Start of Year/date of Appointment	Awarded during year	Vested during year	Lapsed during year	At end of year/date of cessation	Market price at date of award (pence)	Vesting Date
Paul Moody	06/12/06[1]	84,694	–	84,694	–	0	245.0	06/12/09
	05/12/07[1]	61,592	–	–	–	61,592	339.0	05/12/10
	05/12/08[2,4]	205,024	–	–	–	205,024	224.0	05/12/11
	07/12/09[3,4]	–	124,110	–	–	124,110	380.1	07/12/12
Total		**351,310**	**124,110**	**84,694**	**0**	**390,726**		
John Gibney	06/12/06[1]	54,082	–	54,082	–	0	245.0	06/12/09
	05/12/07[1]	39,712	–	–	–	39,712	339.0	05/12/10
	05/12/08[2,4]	132,196	–	–	–	132,196	224.0	05/12/11
	07/12/09[3,4]	–	80,026	–	–	80,026	380.1	07/12/12
Total		**225,990**	**80,026**	**54,082**	**0**	**251,934**		

[1] Awards of performance shares in 2006 and 2007 vest 40% at threshold (TSR performance at median of comparator group of similar companies) and 100% at maximum (TSR at upper quartile of comparator group). The 2006 award vested in full in December 2009.

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

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

[4] The ROIC targets have been restated from those disclosed last year to reflect three-year average ROIC rather than ROIC in the final year of the performance period. The numbers previously quoted were those targeted for the final year. The impact of the impairment recognised in this financial year in respect of the Ireland acquisition will be excluded from analysis of ROIC outcomes under these awards. Details of ROIC are shown on page 20.

DIRECTORS' INTERESTS IN SHARES

	Britvic plc ordinary shares of 20p each	
Executive Directors:	*3 October 2010*	*27 September 2009*
Paul Moody	323,294	322,095
John Gibney	294,220	261,113
Non-Executive Directors:		
Gerald Corbett	103,695	103,695
Joanne Averiss	8,696	8,696
Ben Gordon	11,393	11,393
Bob Ivell	10,870	10,870
Michael Shallow	21,739	21,739

The above shareholdings are all beneficial interests and include 8,985 shares held on behalf of each Executive Director by the Trustee of the company's all-employee Share Incentive Plan which is detailed on page 90.

In the period 3 October 2010 to 1 December 2010 there has been no change in the directors' interests, other than through the monthly purchases in October and November of partnership and matching shares under the Share Incentive Plan, resulting in an increase in the interests held by Paul Moody and John Gibney of 77 shares each.

PENSIONS

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

DIRECTORS' DISCLOSURES AS AT 3 OCTOBER 2010 FOR INCLUSION IN THE DIRECTORS' REMUNERATION REPORT

Name of director	Age (last birthday) at 03/10/10	Accrued pension at 03/10/10 £ p.a.	Increase in accrued pension[1] £ p.a.	Increase in accrued pension[2] £ p.a.	Transfer value of increase in accrued pension[3] £	Transfer value of accrued benefits – 03/10/10 £	Transfer value of accrued benefits – 27/09/09 £	Increase in transfer value over accounting period less directors' contributions £
Paul Moody	53	197,900	13,500	4,900	59,500	3,355,500	2,799,800	531,700
John Gibney	50	177,100	9,400	1,600	8,800	2,652,200	2,219,700	417,000

[1] Absolute increase during accounting period

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

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

[4] The transfer values of benefits have risen from last year due to a combination of the increases in accrued pension over the year, the fact that both executives are now one year older, and the rise in Market Value Adjustment from last year.

On behalf of the board

Bob Ivell
Chairman of the Remuneration Committee
1 December 2010

7PM

AT THE BAR, BERMONDSEY SQUARE, LONDON

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRITVIC PLC

We have audited the group financial statements of Britvic plc for the 53 week period ended 3 October 2010 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities in relation to the financial statements set out on page 38, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 3 October 2010 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the group financial statements; and
- the information given in the Corporate Governance Report set out on pages 35 to 39 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 34, in relation to going concern; and
- the part of the Corporate Governance Report on pages 35 to 39 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

OTHER MATTER

We have reported separately on the parent company financial statements of Britvic plc for the 53 week period ended 3 October 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

Nigel Meredith (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditors
Birmingham
1 December 2010

Notes:

1. The maintenance and integrity of the Britvic plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

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

CONSOLIDATED INCOME STATEMENT

For the 53 weeks ended 3 October 2010

		53 Weeks Ended 3 October 2010			52 Weeks Ended 27 September 2009		
	Note	Before exceptional and other items £m	Exceptional and other items* £m	Total £m	Before exceptional and other items £m	Exceptional and other items* £m	Total £m
Revenue		1,138.6	–	1,138.6	978.8	–	978.8
Cost of sales		(509.2)	(2.4)	(511.6)	(450.9)	–	(450.9)
Gross profit		**629.4**	**(2.4)**	**627.0**	**527.9**	**–**	**527.9**
Selling and distribution costs		(338.2)	–	(338.2)	(294.3)	–	(294.3)
Administration expenses		(156.6)	(134.7)	(291.3)	(123.5)	(20.3)	(143.8)
Operating profit/(loss)	6	**134.6**	**(137.1)**	**(2.5)**	**110.1**	**(20.3)**	**89.8**
Finance costs	9	(25.5)	(0.8)	(26.3)	(23.6)	–	(23.6)
Profit/(loss) before tax		**109.1**	**(137.9)**	**(28.8)**	**86.5**	**(20.3)**	**66.2**
Taxation	10	(29.1)	9.7	(19.4)	(22.3)	2.9	(19.4)
Profit/(loss) for the period attributable to the equity shareholders		**80.0**	**(128.2)**	**(48.2)**	**64.2**	**(17.4)**	**46.8**
Earnings per share							
Basic earnings per share	11			(21.4p)			21.8p
Diluted earnings per share	11			(21.4p)			21.2p
Adjusted basic earnings per share**	11			39.8p			33.9p
Adjusted diluted earnings per share**	11			38.6p			33.0p

* See note 5

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

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 53 weeks ended 3 October 2010

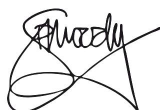
	53 Weeks Ended 3 October 2010 £m	52 Weeks Ended 27 September 2009 £m
(Loss)/profit for the period attributable to the equity shareholders	(48.2)	46.8
Actuarial losses on defined benefit pension schemes	(49.0)	(72.0)
Current tax on additional pension contributions	2.8	2.8
Deferred tax on actuarial losses on defined benefit pension schemes	8.3	16.9
Amounts reclassified to the income statement in respect of cash flow hedges	(3.0)	(34.6)
Gains in the period in respect of cash flow hedges	4.5	33.8
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	(0.3)	–
Tax on exchange differences accounted for in the translation reserve	1.9	–
Exchange differences on translation of foreign operations	(13.7)	17.1
Other comprehensive income for the period net of tax	(48.5)	(36.0)
Total comprehensive income for the period attributable to the equity shareholders	**(96.7)**	**10.8**

CONSOLIDATED BALANCE SHEET

As at 3 October 2010

	Note	2010 £m	2009 £m
Assets			
Non-current assets			
Property, plant and equipment	13	248.6	226.1
Intangible assets	14	341.5	293.1
Other receivables	17	2.3	2.4
Other financial assets	27	81.4	51.9
Deferred tax assets	10e	6.2	2.6
		680.0	576.1
Current assets			
Inventories	18	83.1	52.9
Trade and other receivables	19	228.0	177.9
Other financial assets	27	1.0	1.8
Cash and cash equivalents	20	54.0	39.7
		366.1	272.3
Non-current assets held for sale	21	–	5.1
Total assets		**1,046.1**	**853.5**
Current liabilities			
Trade and other payables	25	(348.9)	(291.6)
Other financial liabilities	27	(1.4)	(0.4)
Current income tax payable		(16.1)	(11.3)
		(366.4)	(303.3)
Non-current liabilities			
Interest bearing loans and borrowings	23	(569.9)	(450.7)
Deferred tax liabilities	10e	(14.1)	(16.9)
Pension liability	24	(118.3)	(85.1)
Other financial liabilities	27	(3.9)	–
Other non-current liabilities	28	(4.2)	–
		(710.4)	**(552.7)**
Total liabilities		**(1,076.8)**	**(856.0)**
Net liabilities		**(30.7)**	**(2.5)**
Capital and reserves			
Issued share capital	22	48.0	43.4
Share premium account		10.6	5.0
Own shares reserve		(1.9)	(4.6)
Share scheme reserve		9.7	7.3
Hedging reserve		7.4	6.2
Translation reserve		22.5	34.3
Merger reserve		87.3	–
Retained losses		(214.3)	(94.1)
Total equity		**(30.7)**	**(2.5)**

The financial statements were approved by the board of directors and authorised for issue on 1 December 2010. They were signed on its behalf by:



Paul Moody
Chief Executive

John Gibney
Finance Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 53 weeks ended 3 October 2010

	Note	2010 £m	2009 £m
Cash flows from operating activities			
(Loss)/profit before tax		(28.8)	66.2
Net finance costs	9	26.3	23.6
Financial instruments		1.5	–
Impairment of property, plant and equipment and intangible assets		116.7	4.2
Depreciation	13	32.9	30.1
Amortisation	14	9.5	8.6
Share based payments		7.8	6.9
Net pension charge less contributions	24	(16.0)	(13.4)
Decrease/(increase) in inventory		1.3	(1.0)
Decrease/(increase) in trade and other receivables		10.4	(18.9)
(Decrease)/increase in trade and other payables		(16.6)	41.8
Loss on disposal of tangible assets		1.3	1.7
Income tax paid		(21.8)	(18.9)
Net cash flows from operating activities		**124.5**	**130.9**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4.7	9.5
Purchases of property, plant and equipment		(40.2)	(38.3)
Purchases of intangible assets		(9.8)	(11.9)
Acquisition of subsidiary net of cash acquired	15	(151.9)	–
Net cash flows used in investing activities		**(197.2)**	**(40.7)**
Cash flows from financing activities			
Finance costs		(1.8)	(4.3)
Interest paid		(23.1)	(20.9)
Issue of US$ notes		149.8	–
Repayment of €100.0m loan		(90.1)	–
Interest bearing loans repaid		(4.9)	(7.3)
Issue of shares		93.4	–
Purchase of own shares		(0.9)	(3.3)
Dividends paid to equity shareholders	12	(34.9)	(27.8)
Net cash flows from financing activities		**87.5**	**(63.6)**
Net increase in cash and cash equivalents		14.8	26.6
Cash and cash equivalents at beginning of period		39.7	12.9
Exchange rate differences		(0.5)	0.2
Cash and cash equivalents at the end of the period	20	**54.0**	**39.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 53 weeks ended 3 October 2010

	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 28 September 2008	43.2	2.5	(7.9)	7.3	7.0	17.2	–	(60.0)	**9.3**
Total comprehensive income for the period	–	–	–	–	(0.8)	17.1	–	(5.5)	**10.8**
Issue of shares	0.2	2.5	(2.6)	–	–	–	–	–	**0.1**
Own shares purchased for share schemes	–	–	(3.3)	–	–	–	–	–	**(3.3)**
Own shares utilised for share schemes	–	–	9.2	(6.9)	–	–	–	(2.3)	**–**
Movement in share based schemes	–	–	–	6.9	–	–	–	–	**6.9**
Current tax on share based payments	–	–	–	–	–	–	–	0.1	**0.1**
Deferred tax on share based payments	–	–	–	–	–	–	–	1.4	**1.4**
Payment of dividend	–	–	–	–	–	–	–	(27.8)	**(27.8)**
At 27 September 2009	**43.4**	**5.0**	**(4.6)**	**7.3**	**6.2**	**34.3**	**–**	**(94.1)**	**(2.5)**
Total comprehensive income for the period	–	–	–	–	1.2	(11.8)	–	(86.1)	**(96.7)**
Issue of shares	4.6	5.6	(4.1)	–	–	–	89.3	–	**95.4**
Transaction costs relating to placement of ordinary shares	–	–	–	–	–	–	(2.0)	–	**(2.0)**
Own shares purchased for share schemes	–	–	(0.9)	–	–	–	–	–	**(0.9)**
Own shares utilised for share schemes	–	–	7.7	(5.3)	–	–	–	(2.4)	**–**
Movement in share based schemes	–	–	–	7.7	–	–	–	–	**7.7**
Current tax on share based payments	–	–	–	–	–	–	–	1.0	**1.0**
Deferred tax on share based payments	–	–	–	–	–	–	–	2.2	**2.2**
Payment of dividend	–	–	–	–	–	–	–	(34.9)	**(34.9)**
At 3 October 2010	**48.0**	**10.6**	**(1.9)**	**9.7**	**7.4**	**22.5**	**87.3**	**(214.3)**	**(30.7)**

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 32.

The financial statements were authorised for issue by the board of directors on 1 December 2010.

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on a going concern basis. For further detail, please refer to note 33.

On conversion to IFRS on 3 October 2005, the group took the following exemptions available under IFRS 1 'First-time Adoption of International Financial Reporting Standards':

a) Not to restate the comparative information disclosed in the 2005 financial statements (being the financial statements for the 52 weeks ended 2 October 2005) in accordance with IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement'.

b) Not to restate business combinations occurring before 4 October 2004.

c) To recognise all actuarial gains and losses on pensions and other post-retirement benefits directly in shareholders' equity at 4 October 2004.

d) Not to apply IFRS 2 'Share-based Payment' to grants of equity instruments on or before 7 November 2002 that had vested prior to 1 January 2005.

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 are presented in sterling.

Basis of consolidation

The consolidated financial information incorporates the financial information of Britvic plc and the entities controlled by the company (its subsidiaries).

The group financial statements consolidate the accounts of Britvic plc and all its subsidiary undertakings drawn up to 3 October 2010 in accordance with IAS 27 'Consolidated and Separate Financial Statements'.

While the original acquisition of Britannia Soft Drinks Limited was accounted for under the merger method, in subsequent financial periods the acquisition method of accounting has been used, under which the results of subsidiary undertakings acquired or disposed of in the year are included in the Consolidated Income Statement from the date of acquisition or up to the date of disposal.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the income statement in the period of acquisition.

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. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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.

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 income statement in the period of derecognition.

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

Goodwill

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

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

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

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

Intangible assets

Trademarks, franchise rights and customer lists

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

The useful lives of intangible assets are assessed to be either definite 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 at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Software costs

Software expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. Acquired computer software licences and software developed in-house are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to seven years.

3. ACCOUNTING POLICIES continued

Impairment of assets

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such 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 and re-evaluates this designation at each financial period end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus directly attributable transaction costs. The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

The group has financial assets that are classified as loans and receivables. The group measures these as follows:

Loans and receivables

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

Derivative financial instruments and hedging

The group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. All derivative financial instruments are initially recognised and subsequently 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.

For the purpose of hedge accounting, 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.

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

Cash flow hedges

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

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the 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 equity remain in equity until the forecast transaction occurs and are then transferred to the income statement or to 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. The group's foreign currency borrowings qualify as hedging instruments that hedge foreign currency net investment balances. Gains or losses on translation of borrowings are recognised in equity. Upon disposal of the associated investment in foreign operations any cumulative gain or loss is recycled through the income statement.

Fair value hedges

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

3. ACCOUNTING POLICIES continued

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Share-based payments

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

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

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

The group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards and has applied IFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2005.

Taxation

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

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

The principal temporary differences arise from accelerated capital allowances, provisions for pensions and other post-retirement benefits, provisions for share-based payments and employee profit share schemes and other short-term temporary differences.

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

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

Pensions and post retirement benefits

The group operates a number of pension schemes. The Britvic Pension Plan ('BPP') has both a defined benefit fund and a defined contribution fund. The defined benefit section of the BPP was closed to new members on 1 August 2002, and since this date new employees have been eligible to join the defined contribution section of the BPP.

As a result of the acquisition of Britvic Ireland on 29 August 2007, in Northern Ireland the group inherited a further pension scheme in which its employees (at the date of the transfer) participated, the C&C Pension Fund. The name of this scheme has subsequently been changed to the Britvic Northern Ireland Pension Plan (BNIPP). The 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. Since 1 September 2008, employees in the Republic of Ireland have been able to participate in two newly formed pension plans called the Britvic Ireland Defined Contribution Pension Plan and the Britvic Ireland Defined Benefit Pension Plan (BIPP).

Under defined benefit pension plans, plan assets are measured at fair value and 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 service cost of providing pension benefits to employees for the period is charged to the income statement. The cost of making improvements to pensions is recognised in the income statement on a straight-line basis over the period during which the increase in benefits vests. To the extent that the improvements in benefits vest immediately, the cost is recognised immediately. These costs are recognised as an expense.

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 benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs.

A charge representing the unwinding of the discount on the plan liabilities during the year is included within administrative expenses.

A credit representing the expected return on the plan assets during the year 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 year.

Actuarial gains and losses 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 in the consolidated statement of comprehensive income.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), 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. Fair value is based on market price information and in the case of quoted securities is the published bid price.

For defined contribution plans, contributions payable for the year are charged to the income statement as an operating expense.

3. ACCOUNTING POLICIES continued

Employee benefits
Wages, salaries, bonuses and paid annual leave are accrued in the year 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 are retained by the lessor are classified as operating leases. 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 the income statement on a straight-line basis over the term of the relevant lease.

Lease incentives received are credited to the income statement on a straight-line basis over the term of the leases to which they relate.

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

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

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

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

Finance costs arising from the outstanding loan balance and finance charges are charged to the income statement using an 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 are presented in pounds sterling. The presentation currency of the consolidated financial statements is the same as the functional currency of the ultimate parent company.

Transactions and balances
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement other than those differences relating to financial instruments treated as a net investment hedge.

These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Foreign operations
The income statement and statement of cash flows of foreign operations are translated at the average rate of exchange during the period. The balance sheet is translated at the rate ruling at the reporting date. Exchange differences arising on opening net assets and arising on the translation of results at an average rate compared to a closing rate are both dealt with through reserves or equity. On disposal of a foreign operation accumulated exchange differences previously recognised in equity 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.

Issued share capital
Ordinary shares are classified as equity.

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

3. ACCOUNTING POLICIES continued

Nature and purpose of other reserves

Share premium account

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

Own shares reserve

The own shares account 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 and the subsequent settlement of any awards that vest either by issue or purchase of the group's shares.

Hedging reserve

The hedging reserve records movements in the fair value of forward exchange contracts and interest rate and cross currency swaps.

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 accounted for as net investment hedges.

Merger reserve

The movement on merger reserve was the result of the non pre-emptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve arising under Section 612-3 of Companies Act 2006. Further details are given in note 22.

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 of. 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 as exceptional items on the face of the income statement those significant items of income and expense which, because of the nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess trends in financial performance more readily. '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 one off in nature and non-cash.

Key judgements and sources of estimation uncertainty

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

Post retirement benefits

The determination of the pension and other post retirement benefits cost and obligation is based on assumptions determined with independent actuarial advice. The assumptions include discount rate, inflation, pension and salary increases, expected return on scheme assets, mortality and other demographic assumptions. These key assumptions are disclosed in note 24.

Impairment of goodwill and intangible assets with indefinite lives

Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash generating units to which the goodwill/intangible asset has been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details, including sensitivity analysis of key assumptions, are given in note 16.

Deferred tax

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

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.

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.

3. ACCOUNTING POLICIES continued

New standards adopted in the current period

IAS 1 (Revised) 'Presentation of financial statements' was adopted by the group on 28 September 2009, effective for financial years beginning on or after 1 January 2009. The group has elected to present two performance statements: an income statement and a statement of comprehensive income. The consolidated financial information has been prepared under the revised disclosure requirements. There was no impact on the results or net assets of the group.

IFRS 8 'Operating Segments', effective for annual periods beginning on or after 1 January 2009, replaced IAS 14 'Segment Reporting'. IFRS 8 requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for resource allocation and assessing performance of the operating segments. Refer to note 4 for information regarding the determination of the group's operating segments.

IFRS 7 (Amended) 'Financial instruments: Disclosure' adopted on 28 September 2009, effective for financial years beginning on or after 1 January 2009, requires enhanced disclosures about fair value measurements and liquidity risk. Adoption of the amendment does not require the restatement of comparative information.

IFRS 3 'Business Combinations (revised)' applies prospectively to all business combinations on or after 28 September 2009. The key features of the revised IFRS 3 include a requirement for acquisition-related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

IAS 27 'Consolidated and Separate Financial Statements (revised)'. The revisions to this standard have not had any impact on the consolidated financial statements.

The group also adopted IFRS 2 'Amendment: Vesting conditions and cancellations' and IAS 39 'Amendments: Eligible hedged items', these did not have a material impact on 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
International Financial Reporting Standards (IFRS)		
IFRS 2	Amendment – Group cash-settled share-based payment transactions	1 January 2010
IFRS 7	Amendment to IFRS 7 – Disclosures – Transfers of financial assets	1 July 2011
IFRS 9	Financial Instruments – Classification and measurement	1 January 2013
International Accounting Standards (IAS)		
IAS 24	Amendment to IAS 24 – Disclosure requirements for government related entities and definition of a related party	1 January 2011
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010
IFRIC 14	Amendment – Prepayments of a minimum funding requirement	1 January 2011

The directors do not anticipate that the adoption of these standards will have a material impact on the group's reported income or net assets in the period of adoption.

4. SEGMENTAL REPORTING

For management purposes, the group is organised into business units and has five operating 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.

The Ireland and France businesses are disclosed as amalgamated reporting segments in accordance with IFRS 8.

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 finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

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

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

52 weeks ended 27 September 2009	GB Stills £m	GB Carbs £m	International £m	Total GB & International £m	Ireland £m	France £m	Adjustments £m	Total £m
Revenue								
– External	350.2	416.7	22.4	789.3	189.5	–	–	978.8
– Inter-segment***	11.2	5.8	–	17.0	1.1	–	(18.1)	–
	361.4	**422.5**	**22.4**	**806.3**	**190.6**	**–**	**(18.1)**	**978.8**
Brand contribution	**156.5**	**151.2**	**7.6**	**315.3**	**70.8**	**–**	**–**	**386.1**
Non-brand advertising and promotion*								(8.1)
Fixed supply chain**								(87.1)
Selling costs**								(102.5)
Overheads and other costs*								(78.3)
Operating profit before exceptional and other items								**110.1**
Finance costs								(23.6)
Exceptional & other items								(20.3)
Profit before tax								**66.2**

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

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

*** Inter-segment revenues are eliminated on consolidation

4. SEGMENTAL REPORTING continued

Geographic information

Revenues from external customers

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

	2010 £m	2009 £m
United Kingdom	899.9	815.5
Other	238.7	163.3
Total revenue	**1,138.6**	**978.8**

Non-current assets

	2010 £m	2009 £m
United Kingdom	260.1	284.2
Republic of Ireland	131.5	237.4
France	200.8	–
Total	**592.4**	**521.6**

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

5. EXCEPTIONAL AND OTHER ITEMS

		2010 £m	2009 £m
Impairments*	(a)	(116.1)	–
Costs in relation to the purchase of Britvic France*	(b)	(8.5)	–
Restructuring costs*	(c)	(5.7)	(16.6)
Onerous leases*	(d)	(3.1)	(2.4)
Cost of incentive schemes directly associated with the flotation*	(e)	–	(0.8)
Costs in relation to the purchase of Britvic Ireland*	(f)	–	(0.5)
Other fair value movements**	(g)	(4.5)	–
		(137.9)	**(20.3)**

* Included within administration expenses in the consolidated income statement

** £2.4m included within cost of sales, £1.3m within administration expenses and £0.8m included within finance costs in the consolidated income statement

a) Impairments can be analysed as follows:

- Impairments of goodwill in the GB segment (Red Devil £5.0m, Orchid £6.4m). Further details are provided in notes 14 and 16.
- Impairments of intangible assets in the Ireland segment (£89.6m). Further details are provided in notes 14 and 16.
- Impairments of land and buildings in the Ireland segment (£14.6m), £0.5m relates to assets previously held for sale. Further details are provided in note 13.
- Impairments of plant and equipment in the GB segment (£0.5m). Further details are provided in note 13.

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

Note 16 details the method for calculating the impairments on intangible assets.

b) Costs relating to the purchase and integration of Britvic France. Primarily these costs relate to advisors fees.

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

The current year costs relate to:

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

The prior year costs relate to:

- Redundancy costs arising in both the GB and Ireland segments;
- Other costs associated with delivering the synergies within the Ireland segment; and
- Impairments of property, plant and equipment relating to the closure of three sites in the Britvic Ireland business. Impairments amount to £4.2m (property, plant and equipment: £1.1m, non-current assets held for sale: £3.1m).

5. EXCEPTIONAL AND OTHER ITEMS continued

d) The onerous leases relate to two sites within the Ireland business segment where, in addition to accruals made in previous years, incremental future lease commitments have been accrued for in the current year based on our experience of the deterioration in the Irish property market during 2009/10. The properties relate to depot space which is no longer required as a result of a project which has delivered the synergies in the Ireland segment. The prior year cost also includes an accrual in respect of the rationalisation of office space in the GB segment.

e) In the prior year, cost of incentive schemes directly associated with the flotation included all-employee share schemes and management incentives. The cost related to a transitional award granted to members of both the senior leadership team and senior management team shortly after flotation, the purpose of which was to compensate these individuals for the loss of existing long-term incentive bonuses which were discontinued upon flotation.

f) In the prior year, costs in relation to the purchase of Britvic Ireland related to the costs incurred in acquiring the business which cannot be included in the cost of the business combination and therefore cannot be capitalised. Costs related to professional fees incurred in respect of establishing new pension schemes in the Britvic Ireland business.

g) Other fair value movements can be analysed as follows:

- The fair value movement of financial instruments where hedge accounting cannot be applied; and
- The amortisation of fair value adjustments applied on the acquisition of Britvic France (see note 15). Specifically this relates to:
  - The fair value movement of financial instruments where hedge accounting cannot be applied; and
  - The amortisation of the inventory fair value adjustment of £2.4m which recognised the profit margin of the inventory acquired as part of the business combination.

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

6. OPERATING PROFIT

This is stated after charging:

	2010 £m	2009 £m
Cost of inventories recognised as an expense	509.2	450.9
Write-down of inventories to net realisable value	2.9	2.6
Research and development expenditure written off	1.7	1.5
Net foreign currency differences	4.0	3.4
Depreciation of property, plant and equipment	32.9	30.1
Amortisation of intangible assets	9.5	8.6
Operating lease payments – minimum lease payments	14.9	16.3

7. AUDITORS' REMUNERATION

	2010 £m	2009 £m
Auditors' remuneration – audit of the group financial statements	0.4	0.3
Other fees to auditors		
– Local statutory audits for subsidiaries	0.1	0.1
– Other services	0.2	–

The fees in the other services category are £0.15m of audit related fees and £0.05m of tax related fees.

8. STAFF COSTS

	2010 £m	2009 £m
Wages and salaries*	123.9	126.8
Social security costs	14.1	11.2
Pension costs (note 24)	12.3	9.5
Expense of share based compensation**	9.4	7.7
	159.7	**155.2**

* £2.6m (2009: £8.8m) of this is included within 'restructuring costs' in exceptional and other items (note 5).

** £nil (2009: £0.8m) of this is included within exceptional and other items (see note 5 and note 29).

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

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

	2010	2009
Distribution	395	525
Production	1,244	1,107
Sales and marketing	983	899
Administration	435	505
	3,057	**3,036**

9. FINANCE COSTS

	2010 £m	2009 £m
Bank loans, overdrafts and loan notes	25.5	23.6
Fair value movement on interest rate swap (see note 5)	0.8	–
Total finance costs	**26.3**	**23.6**

10. TAXATION

a) Tax on loss on ordinary activities

			2010
	Before exceptional and other items £m	Exceptional and other items £m	Total £m
Income statement			
Current income tax			
Current income tax (charge)/credit	(33.2)	2.0	(31.2)
Amounts overprovided in previous years	1.6	0.8	2.4
Total current income tax (charge)/credit	**(31.6)**	**2.8**	**(28.8)**
Deferred income tax			
Origination and reversal of temporary differences	2.6	6.9	9.5
Amounts underprovided in previous years	(0.1)	–	(0.1)
Total deferred tax credit	2.5	6.9	9.4
Total tax (charge)/credit in the income statement	**(29.1)**	**9.7**	**(19.4)**
Statement of comprehensive income			
Current tax on additional pension contributions			2.8
Deferred tax on actuarial losses on defined benefit pension schemes			8.3
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve			(0.3)
Tax on exchange differences accounted for in the translation reserve			1.9
Total tax credit in the statement of comprehensive income			**12.7**
Statement of changes in equity			
Current tax on share options exercised			1.0
Deferred tax on share options granted to employees			2.2
Total tax credit in the statement of changes in equity			**3.2**

10. TAXATION continued

a) Tax on loss on ordinary activities continued

	Before exceptional and other items £m	Exceptional and other items £m	2009 Total £m
Income statement			
Current income tax			
Current income tax (charge)/credit	(24.3)	2.9	(21.4)
Amounts underprovided in previous years	(1.5)	–	(1.5)
Total current income tax (charge)/credit	**(25.8)**	**2.9**	**(22.9)**
Deferred income tax			
Origination and reversal of temporary differences	0.8	–	0.8
Amounts overprovided in previous years	2.7	–	2.7
Total deferred tax credit	3.5	–	3.5
Total tax (charge)/credit in the income statement	**(22.3)**	**2.9**	**(19.4)**
Statement of comprehensive income			
Current tax on additional pension contributions			2.8
Deferred tax on actuarial losses on defined benefit pension schemes			16.9
Total tax credit in the statement of comprehensive income			**19.7**
Statement of changes in equity			
Current tax on share options exercised			0.1
Deferred tax on share options granted to employees			1.4
Total tax credit in the statement of changes in equity			**1.5**

b) Reconciliation of the total tax charge

The tax expense in the income statement is higher (2009: higher) than the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are reconciled below:

	Before exceptional and other items £m	Exceptional and other items £m	2010 Total £m
Profit/(loss) before tax	**109.1**	**(137.9)**	**(28.8)**
Profit/(loss) multiplied by the UK average rate of corporation tax of 28%	(30.5)	38.6	8.1
Expenditure not deductible for income tax purposes	(0.5)	(12.4)	(12.9)
Tax relief on share-based payments	0.1	–	0.1
Tax overprovided in previous years	1.5	0.8	2.3
Overseas tax rates	0.3	(17.3)	(17.0)
	(29.1)	9.7	(19.4)
Effective income tax rate	**26.7%**		**(67.4%)**

	Before exceptional and other items £m	Exceptional and other items £m	2009 Total £m
Profit/(loss) before tax	**86.5**	**(20.3)**	**66.2**
Profit/(loss) multiplied by the UK average rate of corporation tax of 28%	(24.2)	5.7	(18.5)
Expenditure not deductible for income tax purposes	(1.8)	(0.1)	(1.9)
Tax relief on share-based payments	0.2	(0.2)	–
Tax overprovided in previous years	1.2	–	1.2
Overseas tax rates	2.3	(2.5)	(0.2)
	(22.3)	2.9	(19.4)
Effective income tax rate	**25.8%**		**29.3%**

10. TAXATION continued

c) Unrecognised tax items

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised aggregates to £11.6m (2009: £11.7m). 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.

d) Impact of rate change

The Finance (No 2) Act 2010 reduced the main rate of UK Corporation Tax from 28% to 27% from 1 April 2011. The effect of the new rate is to reduce the UK deferred tax asset by a net £0.4m, comprising a credit of £0.5m to the income statement and a charge of £0.9m to the consolidated statement of comprehensive income.

Additional changes to the main rate of UK Corporation Tax are proposed, to reduce the rate by 1% per annum to 24% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements. The effect of these proposed reductions would be to reduce the UK net deferred tax asset by £1.1m. Further UK tax changes, subject to enactment, are a reduction from 1 April 2012 in the rate of capital allowances applicable to plant and machinery and to integral features from 20% to 18% and from 10% to 8% respectively.

Manufacturing relief on profits earned in Ireland is no longer available for the accounting period commencing 4 October 2010. The effect of the removal of the relief is to increase the net deferred tax asset by a net £0.4m, comprising a charge of £0.3m to the Income Statement and a credit of £0.7m to the consolidated statement of comprehensive income.

e) Deferred tax

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

	2010 £m	2009 £m
Deferred tax liability		
Accelerated capital allowances	(19.7)	(20.3)
Acquisition fair value adjustments	(21.3)	(13.3)
Other temporary differences	(3.1)	(4.1)
Employee incentive plan	–	(0.2)
Deferred tax liability	**(44.1)**	**(37.9)**
Deferred tax asset		
Employee incentive plan	6.7	4.0
Post employment benefits	27.5	19.6
Other temporary differences	2.0	–
Deferred tax asset	**36.2**	**23.6**
Net deferred tax liability	**(7.9)**	**(14.3)**

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:

	2010 £m	2009 £m
Net deferred tax assets	6.2	2.6
Net deferred tax liabilities	(14.1)	(16.9)
	(7.9)	**(14.3)**

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

	2010 £m	2009 £m
Employee incentive plan	0.7	0.2
Accelerated capital allowances	1.0	3.9
Post employment benefits	(0.4)	(0.6)
Acquisition fair value adjustments	6.3	–
Other temporary differences	1.8	–
Deferred tax credit	**9.4**	**3.5**

£6.9m of the deferred tax credit in the current period relates to exceptional and other items (2009: none of the deferred tax credit in the prior period related to exceptional and other items).

11. EARNINGS PER SHARE

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

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

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

	2010 £m	2009 £m
Basic earnings per share		
(Loss)/profit for the period attributable to equity shareholders	(48.2)	46.8
Weighted average number of ordinary shares in issue for basic earnings per share	224.9	214.9
Basic earnings per share	**(21.4p)**	**21.8p**
Diluted earnings per share		
(Loss)/profit for the period attributable to equity shareholders	(48.2)	46.8
Weighted average number of ordinary shares in issue for diluted earnings per share	231.8	220.9
Diluted earnings per share	**(21.4p)***	**21.2p**

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

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

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

	2010 £m	2009 £m
Adjusted basic earnings per share		
(Loss)/profit for the period attributable to equity shareholders	(48.2)	46.8
Add: Net impact of exceptional and other items	128.2	17.4
Add: Intangible assets amortisation	9.5	8.6
	89.5	72.8
Weighted average number of ordinary shares in issue for basic earnings per share	224.9	214.9
Adjusted basic earnings per share	**39.8p**	**33.9p**
Adjusted diluted earnings per share		
Profit for the period attributable to equity shareholders before exceptional items and other items and intangible assets amortisation	89.5	72.8
Weighted average number of ordinary shares in issue for diluted earnings per share	231.8	220.9
Adjusted diluted earnings per share	**38.6p**	**33.0p**

12. DIVIDENDS PAID AND PROPOSED

	2010 £m	2009 £m
Declared and paid during the period		
Final dividend for 2009: 10.9p per share (2008: 8.8p per share)	23.6	19.0
Interim dividend for 2010: 4.7p per share (2009: 4.1p per share)	11.3	8.8
Dividends paid	**34.9**	**27.8**
Proposed for approval by the shareholders at the AGM		
Final dividend for 2010: 12.0p per share (2009: 10.9p per share)	**28.7**	**23.5**

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 28 September 2008, net of accumulated depreciation	49.1	31.0	89.7	58.3	228.1
Reclassifications	–	–	0.8	(0.8)	–
Exchange differences	1.3	1.7	3.0	0.8	6.8
Additions	0.5	3.1	17.2	14.4	35.2
Disposals at cost	–	–	(23.5)	(12.8)	(36.3)
Depreciation eliminated on disposals	–	–	13.8	11.1	24.9
Assets re-classified as held for sale – cost**	(1.5)	–	–	–	(1.5)
Assets re-classified as held for sale – depreciation**	0.1	–	–	–	0.1
Depreciation charge for the year	(0.4)	(0.8)	(14.4)	(14.5)	(30.1)
Impairment*	(1.1)	–	–	–	(1.1)
At 27 September 2009, net of accumulated depreciation and impairment	48.0	35.0	86.6	56.5	226.1
Exchange differences	(0.5)	(0.6)	(0.7)	(0.7)	(2.5)
Acquisitions	18.0	–	18.3	0.6	36.9
Additions	1.6	1.0	18.0	17.4	38.0
Disposals at cost	–	–	(12.0)	(14.4)	(26.4)
Depreciation eliminated on disposals	–	–	7.2	13.2	20.4
Assets transferred which were previously held for sale**	4.7	–	–	–	4.7
Depreciation charge for the year	(1.3)	(0.7)	(14.7)	(16.2)	(32.9)
Impairment*	(8.8)	(5.8)	(1.1)	–	(15.7)
At 3 October 2010, net of accumulated depreciation and impairment	**61.7**	**28.9**	**101.6**	**56.4**	**248.6**
At 3 October 2010					
Cost (gross carrying amount)	79.2	40.3	257.9	185.7	563.1
Accumulated depreciation and impairment	(17.5)	(11.4)	(156.3)	(129.3)	(314.5)
Net carrying amount	**61.7**	**28.9**	**101.6**	**56.4**	**248.6**
At 27 September 2009					
Cost (gross carrying amount)	55.4	39.9	234.3	182.8	512.4
Accumulated depreciation and impairment	(7.4)	(4.9)	(147.7)	(126.3)	(286.3)
Net carrying amount	**48.0**	**35.0**	**86.6**	**56.5**	**226.1**

* The impairment in the current period principally relates to the write down of land and buildings within the Britvic Ireland segment, following re-assessment of recoverable amounts as a result of the sustained economic downturn. The impairment to plant and machinery relates to assets in the GB segment. It is not possible to split the impairment between the GB segments due to the nature of the assets being impaired. The prior period impairment relates to the write down of land and buildings following the closure of two sites within the Britvic Ireland segment.

Of the current period impairments, £15.1m are included within exceptional and other items (see note 5) (2009: £1.1m).

These impairments have been calculated based on fair value less costs to sell, where the fair value has been determined by reference to an active market.

** Further details are given in note 21.

Finance leases

The net book value of freehold land and buildings/plant and machinery includes £0.5m/£0.9m respectively (2009: £nil) in respect of assets held under finance leases. The assets are pledged as security for the finance lease liabilities.

14. INTANGIBLE ASSETS

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Total £m
Cost as at 28 September 2008, net of accumulated amortisation	63.1	22.7	13.8	22.8	141.4	263.8
Exchange differences	10.3	3.6	2.2	–	10.7	26.8
Additions	–	–	–	11.2	–	11.2
Disposals at cost	–	–	–	(0.3)	–	(0.3)
Amortisation eliminated on disposals	–	–	–	0.2	–	0.2
Amortisation charge for the period	(0.1)	(0.7)	(0.9)	(6.9)	–	(8.6)
Cost as at 27 September 2009, net of accumulated amortisation	**73.3**	**25.6**	**15.1**	**27.0**	**152.1**	**293.1**
Exchange differences	(4.3)	(1.3)	(0.6)	0.2	(5.4)	(11.4)
Acquisitions (see note 15)	62.4	–	35.2	1.2	61.9	160.7
Additions	–	–	–	9.6	–	9.6
Disposals at cost	–	–	–	(0.6)	–	(0.6)
Amortisation eliminated on disposals	–	–	–	0.6	–	0.6
Amortisation charge for the period	–	(0.8)	(1.4)	(7.3)	–	(9.5)
Impairment (see note 16)	(29.8)	–	(5.1)	–	(66.1)	(101.0)
At 3 October 2010	**101.6**	**23.5**	**43.2**	**30.7**	**142.5**	**341.5**
At 3 October 2010						
Cost (gross carrying amount)	131.5	25.7	51.5	64.7	208.6	482.0
Accumulated amortisation and impairment	(29.9)	(2.2)	(8.3)	(34.0)	(66.1)	(140.5)
Net carrying amount	**101.6**	**23.5**	**43.2**	**30.7**	**142.5**	**341.5**
At 27 September 2009						
Cost (gross carrying amount)	73.4	27.0	16.9	54.3	152.1	323.7
Accumulated amortisation and impairment	(0.1)	(1.4)	(1.8)	(27.3)	–	(30.6)
Net carrying amount	**73.3**	**25.6**	**15.1**	**27.0**	**152.1**	**293.1**

Trademarks

Britvic France

The following trademarks have been recognised on the acquisition of Britvic France (note that all fair values are provisional as detailed in note 15):

- Teisseire (€57.1m);
- Moulin de Valdonne (€4.7m);
- Pressade (€5.4m); and
- Fruité (€5.0m).

All trademarks have been allocated an indefinite life by management.

Britvic Ireland

Trademarks represent those trade names acquired which the group plans to maintain. All trademarks have been allocated an indefinite life by management with the exception of a minor brand that was being amortised over 5 years and has been written off as part of the impairment taken in the current period. A list of the trademarks held in respect of the Britvic Ireland segment is shown in note 16. Certain trademarks have been impaired in the current period, details of which are also provided in note 16.

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

Franchise rights

Franchise rights represent the franchise agreements acquired as part of the Britvic Ireland business combination which provide the long term right to distribute certain soft drinks. These agreements have been allocated a 35 year useful economic life. As at 3 October 2010 these intangible assets have a remaining useful life of 32 years. The franchise agreement itself has a contract life less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the contract is highly probable.

14. INTANGIBLE ASSETS continued

Customer lists

Britvic France

Customer lists recognised on the acquisition of Britvic France relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 20 years.

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 3 October 2010 these intangible assets have a remaining useful life of between 7 and 17 years. Impairments have been taken in the current period in respect of these customer lists, as detailed in note 16.

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 3 October 2010 these intangible assets have a remaining useful life of up to 7 years.

Goodwill

Goodwill is not amortised. Instead it is subject to an impairment review at each reporting date in accordance with IAS 36 'Impairment of Assets'. Details of the impairment losses recognised in the current period are detailed in note 16.

Goodwill was recognised on the acquisition of Britvic France in the current period. Further details are 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. BUSINESS COMBINATIONS

Acquisition of Britvic France

On 28 May 2010, the group acquired 100% of the issued share capital of the companies detailed below for a cash consideration of €186.4m (translated at £160.5m). The acquisition is in line with the strategic direction of the group, specifically to increase its presence in Europe.

Company name	Status	Principal activity
Star Command SAS	Trading	Holding company
Fruité Entreprises SA	Trading	Holding company
Fruité SAS	Trading	Manufacture and sale of juice-based soft drinks
Bricfruit SAS	Trading	Manufacture and sale of juice-based soft drinks
Unisource SAS	Trading	Manufacture and sale of juice-based soft drinks
Teisseire SAS	Trading	Manufacture and sale of syrup-based soft drinks
Teisseire Benelux SA	Trading	Marketing and distribution of syrup-based soft drinks

From the date of acquisition to 3 October 2010, the acquired businesses contributed £85.2m to revenue and £24.1m to brand contribution for the period. Britvic France had an operating cash inflow of £4.4m from acquisition to the year end.

Due to non coterminous year end dates and on the basis that pre-acquisition financial information in relation to Britvic France includes discontinued operations not acquired, it is impracticable to state what the contribution to revenue and net profit would have been if the business combination had been completed on the first day of the financial period.

Due to the timing of the acquisition of Britvic France, the initial fair value/acquisition accounting has been determined provisionally. In accordance with IFRS 3, adjustments to the fair value of assets acquired and liabilities assumed can be made during the twelve months from the date of acquisition. The difference between the fair value of the consideration paid and the fair value of the identifiable net assets acquired is recognised as goodwill. Included in goodwill are certain intangible assets that cannot be individually separated and reliably measured due to their nature. These items include the favourable market presence which Britvic France enjoys, an assembled workforce and anticipated future operating synergies from the combination. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

15. BUSINESS COMBINATIONS continued

	Book value €m	Provisional fair value adjustments €m	Fair value €m	Fair value £m
Intangible assets	81.4	33.3	114.7	98.8
Property, plant and equipment	27.2	15.7	42.9	36.9
Other financial assets	2.3	–	2.3	2.0
Inventories	35.7	1.6	37.3	32.1
Trade and other receivables	73.2	–	73.2	63.0
Cash and cash equivalents	10.0	–	10.0	8.6
Trade and other payables	(86.2)	(0.5)	(86.7)	(74.7)
Pension liability	(1.2)	–	(1.2)	(1.0)
Interest bearing loans and borrowings	(53.4)	–	(53.4)	(46.0)
Other non-current liabilities	(3.8)	–	(3.8)	(3.3)
Other financial liabilities	(0.9)	–	(0.9)	(0.8)
Deferred tax liability	–	(17.6)	(17.6)	(15.1)
Current income tax payable	(1.8)	(0.5)	(2.3)	(1.9)
Net assets acquired	**82.5**	**32.0**	**114.5**	**98.6**
Purchased goodwill			**71.9**	**61.9**
Cost of investment satisfied by cash consideration			**186.4**	**160.5**

Net cash outflow arising on acquisition of shares in Britvic France	£m
Cash consideration	160.5
Cash and cash equivalents acquired	(8.6)
Cash flow on acquisition of shares in Britvic France net of cash acquired	**151.9**

In addition to the cost of investment outlined above, acquisition costs of £5.3m (excluding integration costs) have been incurred in the current period. These have been included within exceptional and other items (see note 5).

The selling shareholders of the Fruité business have contractually agreed to indemnify Britvic plc for specific historic claims being brought against the business. Due to the nature of these items it is not possible to accurately estimate the likely outcome or magnitude of the matters. No provision has been recognised in the consolidated financial statements, however, the group is not exposed as any amounts payable in respect of these items would be fully settled by the vendor.

16. IMPAIRMENT TESTING OF INTANGIBLE ASSETS

Goodwill

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

- Red Devil;
- Orchid;
- Tango;
- Robinsons;
- Britvic Soft Drinks business;
- Water Business;
- Britvic Ireland; and
- Britvic France.

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

Carrying amount of goodwill

	Red Devil £m	Orchid £m	Tango £m	Robinsons £m	BSD £m	Water £m	Britvic Ireland £m	Britvic France £m	**Total £m**
At 3 October 2010	–	6.0	8.9	38.6	7.8	1.7	16.8	62.7	**142.5**
At 27 September 2009	5.0	12.4	8.9	38.6	7.8	1.7	77.7	–	**152.1**

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

Movements in the carrying amounts from the prior year primarily relate to impairment losses in the GB carbs segment for the Red Devil and Orchid trademarks, and to Britvic Ireland.

16. IMPAIRMENT TESTING OF INTANGIBLE ASSETS continued

Trademarks with indefinite lives

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

- Britvic;
- Cidona;
- Mi-Wadi;
- Ballygowan;
- Club; and
- TK.

Carrying amount of trademarks with indefinite lives in the Ireland segment

	Britvic £m	Cidona £m	Mi-Wadi £m	Ballygowan £m	Club £m	TK £m
At 3 October 2010	6.5	5.8	8.9	2.5	14.8	–
At 27 September 2009	10.8	8.7	9.4	28.1	15.6	0.6

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

Carrying amount of trademarks with indefinite lives in the France segment

Additional trademarks with indefinite lives have been recognised as part of the fair value exercise on the acquisition of Britvic France. These are shown in the table below:

	Teisseire £m	Moulin de Valdonne £m	Pressade £m	Fruité £m
At 3 October 2010	49.9	4.1	4.7	4.4
At 27 September 2009	–	–	–	–

Further details are contained within notes 14 and 15.

Method of impairment testing

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

The group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing. The pre-tax discount rate applied to pre-tax cash flow projections is 11 per cent (2009: 11 per cent) for goodwill excluding Britvic Ireland, 10 per cent (2009: 9 per cent) for the Britvic Ireland goodwill and trademarks recognised on the acquisition of Britvic Ireland and 11 per cent for the Britvic France goodwill and trademarks recognised on the acquisition of Britvic France.

Cash flows beyond a one year period are extrapolated based on senior management forecasts. No growth besides inflationary increases is assumed beyond five years. Senior management expectations are formed in line with performance to date and experience, as well as available external market data.

Key assumptions used in value in use calculation

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

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

Discount rates – reflect senior management's estimate of the pre-tax cost of capital. 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 forecast increase in consumer price indices of 2.0 per cent (2009: 3.0 per cent). This has been used in all value in use calculations performed.

16. IMPAIRMENT TESTING OF INTANGIBLE ASSETS continued

Conclusions

Red Devil goodwill

Management no longer consider that the goodwill value carried in respect of Red Devil, within the GB business segment, is appropriate given market trends and the successful launch of Mountain Dew Energy during the period. As a result, the goodwill value of £5.0m has been fully written down in the current period.

Orchid goodwill

Management have revised the future cash flow expectations for the Orchid cash generating unit, within the GB business segment, to reflect the group's strategic portfolio priorities and an impairment loss of £6.4m has been recognised in the current period.

Britvic Ireland goodwill and trademarks with indefinite lives

As a result of the difficult trading conditions experienced in Ireland due to the sustained economic downturn, future cash flow expectations across the cash generating units under the Britvic Ireland business segment have been revised. Impairment losses have been recognised in respect of Britvic Ireland goodwill (£54.7m) and in respect of the Britvic (£3.5m), Cidona (£2.4m), Ballygowan (£23.3m) and TK (£0.5m) trademarks.

With regards to all of the remaining CGUs, there are no reasonably possible changes in key assumptions other than a further, currently unforecast material decline in the prospects for the economies in which the group operates, which would cause the value of the goodwill or any of the intangible assets with indefinite lives to materially fall short of their carrying value.

Intangible assets with finite lives

Trademarks

A trademark in respect of the 'C&C' brand, within the Britvic Ireland business segment, was recognised as part of the fair value exercise on the acquisition of Britvic Ireland. This trademark was being amortised over a 5 year licence period. Use of this trademark has now ceased and as a result its remaining carrying value has been fully written down and an impairment loss of £0.1m has been recognised in the current period.

Franchise rights

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

Customer lists

As part of the fair value exercise regarding the acquisition of Britvic Ireland in 2007, customer list assets with finite lives were recognised. Management have reviewed trading levels with those customers since acquisition and identified a number of material reductions which have been directly attributed to the difficult trading conditions experienced in Ireland due to the sustained economic downturn. Management have therefore proportionately reduced the carrying value of these assets and impairment losses of £5.1m have been recognised in the current period.

No impairment is required for the customer lists recognised on the acquisition of Britvic France.

Recognition of impairment losses

Impairment losses, in respect of intangible assets as detailed above, totalling £101.0m (2009: £nil) have been recognised in the income statement within exceptional administration expenses. £11.4m relates to the GB carbs business segment and £89.6m relates to the Britvic Ireland business segment.

Sensitivity to changes in assumptions

Britvic Ireland goodwill and intangible assets

Management consider that whilst the expectation is that the Irish economy will begin to show some recovery over the medium term, it is possible that it could continue to decline. On this basis the cash flows that have been used for the value in use calculations have been risk adjusted. Based on these risk adjusted cash flows, the table below shows the sensitivity of all the Britvic Ireland impairment losses to each of the principal assumptions used:

Assumption	Change of assumption applied (%)	Increase/(decrease) in impairment losses £m
Discount rate	+1%	8.8
Inflation rate	+1%	(9.0)
Growth rate	–1%	3.7

Orchid goodwill

The table below shows the sensitivity of the Orchid goodwill impairment loss to each of the principal assumptions used:

Assumption	Change of assumption applied (%)	Increase/(decrease) in impairment losses £m
Discount rate	+1%	0.7
Inflation rate	+1%	(0.8)
Growth rate	–1%	0.4

Other

Other than those sensitivities outlined above, there are no further reasonably possible changes in key assumptions which would cause the value of the goodwill or any of the intangibles with indefinite lives to materially fall short of their carrying value.

Any changes in key assumptions relating to the intangibles recognised on the acquisition of Britvic France would be adjusted as part of the fair value adjustments detailed in note 15.

17. OTHER RECEIVABLES (NON CURRENT)

	2010 £m	2009 £m
Operating lease premiums	**2.3**	**2.4**

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

18. INVENTORIES

	2010 £m	2009 £m
Raw materials	22.9	13.4
Finished goods	50.3	29.3
Consumable stores	6.0	5.3
Returnable packaging	3.9	4.9
Total inventories at lower of cost and net realisable value	**83.1**	**52.9**

19. TRADE AND OTHER RECEIVABLES (CURRENT)

	2010 £m	2009 £m
Trade receivables	184.4	145.5
Other receivables	8.8	8.1
Prepayments	34.8	24.3
	228.0	**177.9**

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the group operates. As at 3 October 2010, trade receivables at nominal value of £1.2m (2009: £1.3m) were impaired and fully provided against. Movements in the provision for impairment of receivables were as follows:

	Total £m
At 28 September 2008	1.4
Exchange differences	0.1
Charge for year	1.1
Utilised	(0.9)
Unused amounts reversed	(0.4)
At 27 September 2009	1.3
Exchange differences	–
Acquisition	0.5
Charge for year	0.8
Utilised	(0.6)
Unused amounts reversed	(0.8)
At 3 October 2010	**1.2**

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

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

As at 3 October 2010, the ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total £m	Neither past due nor impaired £m	<30 days £m	30 – 60 days £m	60 – 90 days £m	90 – 120 days £m	> 120 days £m
2010	**184.4**	172.2	7.5	2.1	1.7	0.9	–
2009	**145.5**	134.1	8.2	1.6	0.8	0.8	–

The credit quality of trade receivables that are neither past due nor impaired is considered good. The group does however monitor the credit quality of trade receivables by reference to credit ratings available externally.

20. CASH AND CASH EQUIVALENTS

	2010 £m	2009 £m
Cash at bank and in hand	**54.0**	**39.7**

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 3 October 2010, the group had available £213.0m (2009: £154.7m) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met.

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

21. NON-CURRENT ASSETS HELD FOR SALE

	2010 £m	2009 £m
Net transfer from property, plant and equipment	–	**5.1**

In the prior period, non-current assets held for sale related to three sites within the Britvic Ireland segment which are being disposed of as a result of the ongoing restructuring programme in that business. Due to the continued deterioration of the economy in the Republic of Ireland, conditions for a successful sale have been very challenging in the current period. As such the assets have been transferred back into property, plant and equipment during the current period (see note 13).

22. ISSUED SHARE CAPITAL

The issued share capital as at 3 October 2010 comprised 239,906,178 ordinary shares of £0.20 each (2009: 216,779,996 ordinary shares), totalling £47,981,236 (2009: £43,355,999).

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.

	2010 £m	2009 £m
Authorised		
327,500,000 ordinary shares of £0.20 each	65.5	65.5
Issued, called up and fully paid ordinary shares		
239,906,178 (2009: 216,779,996) ordinary shares of £0.20 each	48.0	43.4

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

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

52 weeks ended 27 September 2009	No of shares issued	Value £
14 July 2009	29,333	5,867
1 September 2009	7,868	1,574
25 September 2009	705,000	141,000
	742,201	**148,441**

22. ISSUED SHARE CAPITAL continued

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

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

Consideration received from the non pre-emptive placing, net of costs incurred, was £91,647,000 which was used in the acquisition of Britvic France.

Of the issued and fully paid ordinary shares, 466,343 shares (2009: 1,410,338 shares) are treasury shares. This equates to £93,269 (2009: £282,068) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 29.

An explanation of the group's capital management process and objectives is set out in note 26.

23. INTEREST BEARING LOANS AND BORROWINGS

	2010 £m	2009 £m
Non-current		
Finance leases	(1.5)	–
Unsecured bank loans	(126.3)	(180.2)
Private placement notes	(445.7)	(274.6)
Less unamortised issue costs	3.6	4.1
Total non-current	**(569.9)**	**(450.7)**

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

	2010 £m	2009 £m
Finance leases	(1.5)	–
2007 Notes	(275.0)	(273.1)
2009 Notes	(167.9)	–
Unsecured bank loans	(125.3)	(178.7)
Accrued interest	(3.8)	(3.0)
Capitalised issue costs	3.6	4.1
	(569.9)	**(450.7)**

Analysis of changes in interest-bearing loans and borrowings

	2010 £m	2009 £m
Current liabilities	–	(11.6)
Non-current liabilities	(450.7)	(402.7)
At the beginning of the period	(450.7)	(414.3)
Acquisition of Britvic France	(46.0)	–
Repayment of €100.0m loan	90.1	–
Issue of 2009 Notes	(149.8)	–
Issue costs	1.2	4.1
Amortisation of issue costs	(1.7)	(1.0)
Unsecured loans	4.9	7.3
Net translation loss	(17.1)	(45.4)
Accrued interest	(0.8)	(1.4)
At the end of the period (non-current liabilities)	(569.9)	(450.7)
Derivatives hedging balance sheet debt*	64.7	44.6
Debt translated at contracted rate	**(505.2)**	**(406.1)**

* 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.

Bank loans

The committed facilities available to the group reduced from £333.3m to £283.3m in May 2010. However an additional £50.0m bi-lateral facility was negotiated at this time preserving the level of committed facilities at £333.3m. These are revolving multi-currency facilities and mature in May 2012.

The unsecured bank loans classified as non-current are repayable in May 2012 (2009: May 2012).

Loans outstanding at 3 October 2010 attract interest at an average rate of 3.04% for euro denominated loans (2009: 1.52%). There were no sterling denominated loans outstanding at 3 October 2010 (2009: 1.50%). Interest on bank loans is re-priced at regular intervals based off LIBOR. For further details, please refer to note 26.

23. INTEREST BEARING LOANS AND BORROWINGS continued

Private placement notes

2007 Notes

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

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

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

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

2009 Notes

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

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

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

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

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

As detailed in the table above, the 2009 USPP cross currency swaps converted an amount of US dollar borrowings into a €147m floating rate euro liability. To mitigate exposure to changes in euro interest rates on this liability, €75m of interest rate swaps were transacted. These 5-year fixed rate swaps have an effective start date in December 2010.

2010 Notes

In September 2010, the company reached agreement with a number of investors in the US private placement market to raise an additional $163m and £7.5m of funding for terms between 7 and 12 years ('the 2010 Notes'). The funding is subject to final documentation and due diligence which is scheduled to be completed in December 2010. The dollar funding has been hedged using forward starting cross currency interest rate swaps to meet the company's desired funding profile and to remove any associated foreign currency risk from the income statement.

24. PENSIONS

The group principal pension scheme, the Britvic Pension Plan (BPP), has both a defined benefit and a defined contribution section. The defined benefit section of the BPP was closed to new members on 1 August 2002, and since this date new employees have been eligible to join the defined contribution section of the BPP.

Contributions are paid into the Plan in accordance with the recommendations of an independent actuary and as outlined in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2007 under the Scheme Specific Requirements, with a further valuation carried out at 31 March 2010 currently being finalised. As a result of the latest formal valuation, an annual contribution of £10.0m in respect of the funding shortfall outlined in the Recovery Plan will be made by 31 December 2010. These arrangements will be reviewed with the Trustee after the 31 March 2010 valuation is completed.

In September 2010, the group announced that it was entering into consultation with GB employees about a proposal to close the defined benefit section of the BPP to future accrual for active members with effect from 10 April 2011.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the income statement for 2010 was £3.6m (2009: £2.9m).

In Northern Ireland, the Britvic Northern Ireland Pension Plan (BNIPP) was closed to new members on 28 February 2006, and since this date new employees have been eligible to join a Stakeholder plan with Legal & General. Employees of C&C Group transferred out of BNIPP on 30 June 2008 with the bulk transfer of assets for the C&C employees taking place in December 2009. The latest formal actuarial valuation for contribution purposes was carried out as at 31 December 2008 and as a result shortfall correction additional contributions of £90,000 per month until 31 December 2010, and £125,000 per month from 1 January 2011 to 31 December 2019 are being paid in accordance with the Recovery Plan dated December 2009.

In the Republic of Ireland, employees continued to participate in a number of C&C Group pension schemes following the acquisition until transferring into two newly formed pension plans called the Britvic Ireland Defined Contribution Pension Plan and the Britvic Ireland Defined Benefit Pension Plan (BIPP) on 1 September 2008. Both Plans are held under trust and operated by Britvic Ireland Pension Trust Limited as trustee. Since 1 March 2006 new employees have been offered membership of the defined contribution plan in the first instance, with the ability to transfer into the defined benefit plan for future service benefits after a period of 5 years. The company continues to pay instalments of €200,000 for each monthly pay period, in addition to normal on-going contributions, relating to the supplementary cost of the reorganisation programme that took place at the end of 2008. The first formal actuarial valuation was carried out at 31 December 2009 and is still being finalised.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the Income Statement for 2010 was £0.4m (2009: £0.3m).

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 3 October 2010 by Towers Watson (BPP) and Mercer (BIPP and BNIPP).

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

Principal Assumptions

Financial Assumptions

	2010 % ROI	2010 % NI	2010 % GB	2009 % ROI	2009 % NI	2009 % GB
Discount rate	4.90	5.00	5.05	5.75	5.50	5.65
Rate of compensation increase	3.00	4.50	4.50	3.30-3.80	4.50	4.40
Expected long term return on plan assets	6.00	6.65	5.82	7.00	7.32	6.75
Pension increases	3.00	2.30-3.40	2.30-3.40	3.00	2.30-3.40	2.25-3.30
Inflation assumption	2.00	3.50	3.50	2.30	3.50	3.40

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 known as PA92. An allowance for future improvements in longevity has also been included. The following life expectancy assumptions have been used:

	2010 Years ROI	2010 Years NI	2010 Years GB	2009 Years ROI	2009 Years NI	2009 Years GB
Current pensioners (at age 65) – males	22.7	20.9	21.9	20.7	20.8	20.0
Current pensioners (at age 65) – females	24.4	23.7	24.2	23.8	23.6	23.0
Future pensioners currently aged 45 (at age 65) – males	25.6	22.6	24.1	21.8	22.6	21.2
Future pensioners currently aged 45 (at age 65) – females	26.7	25.1	26.6	24.8	25.1	24.0

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

24. PENSIONS continued

Sensitivities

The value of plan assets is sensitive to market conditions, particularly equity values. Changes in assumptions used for determining retirement benefit costs and obligations may have a material impact on the income statement and balance sheet. The main assumptions are the discount rate, the rate of inflation and the assumed mortality rate. The following table provides an estimate of the potential impact of each of these variables on the principal pension plans.

Assumption	Change in assumption	Impact on ROI plan liabilities	Impact on NI plan liabilities	Impact on GB plan liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £1.7m	Decrease/increase by £0.5m	Decrease/increase by £11.4m
Inflation rate	Increase/decrease by 0.1%	Increase/decrease by £0.8m	Increase/decrease by £0.3m	Increase/decrease by £6.8m
Mortality rate	Increase in life expectancy by one year	Increase by £1.6m	Increase by £0.6m	Increase by £15.2m

Net benefit expense

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

	ROI £m	NI £m	GB £m	2009 Total £m
Current service cost	(2.2)	(0.3)	(3.5)	(6.0)
Interest cost on benefit obligation	(3.0)	(1.3)	(25.5)	(29.8)
Expected return on plan assets	2.3	1.0	26.2	29.5
Net expense	**(2.9)**	**(0.6)**	**(2.8)**	**(6.3)**

The net expense 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 pension curtailments in the year were triggered by the redundancies of employees resulting in a significant number of members moving from active to deferred status in the period. These employees no longer accrue future entitlement, which gave rise to the curtailment gain.

Taken to the statement of comprehensive income

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

	ROI £m	NI £m	GB £m	2009 Total £m
Actual (loss)/return on scheme assets	(1.9)	2.2	26.4	26.7
Less: Expected return on scheme assets	(2.3)	(1.0)	(26.2)	(29.5)
	(4.2)	1.2	0.2	(2.8)
Other actuarial gains/(losses)	2.3	(2.8)	(68.7)	(69.2)
Actuarial losses taken to the statement of comprehensive income	**(1.9)**	**(1.6)**	**(68.5)**	**(72.0)**

24. PENSIONS continued

Net liability

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

	ROI £m	NI £m	GB £m	2009 Total £m
Present value of benefit obligation	(52.4)	(23.8)	(470.8)	(547.0)
Fair value of plan assets	34.0	16.2	411.7	461.9
Net liability	**(18.4)**	**(7.6)**	**(59.1)**	**(85.1)**

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

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

	ROI £m	NI £m	GB £m	2009 Total £m
At 28 September 2008	(42.5)	(20.0)	(385.9)	(448.4)
Exchange differences	(7.2)	–	–	(7.2)
Current service cost	(2.2)	(0.3)	(3.5)	(6.0)
Member contributions	(0.7)	–	(1.6)	(2.3)
Interest cost on benefit obligation	(3.0)	(1.3)	(25.5)	(29.8)
Benefits paid	0.9	0.6	14.4	15.9
Actuarial gains/(losses)	2.3	(2.8)	(68.7)	(69.2)
At 27 September 2009	**(52.4)**	**(23.8)**	**(470.8)**	**(547.0)**

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

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

	ROI £m	NI £m	GB £m	2009 Total £m
At 28 September 2008	27.2	13.0	384.3	424.5
Exchange differences	4.6	–	–	4.6
Expected return on plan assets	2.3	1.0	26.2	29.5
Actuarial (losses)/gains	(4.2)	1.2	0.2	(2.8)
Employer contributions	4.3	1.6	13.8	19.7
Member contributions	0.7	–	1.6	2.3
Benefits paid	(0.9)	(0.6)	(14.4)	(15.9)
At 27 September 2009	**34.0**	**16.2**	**411.7**	**461.9**

24. PENSIONS continued

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

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

	ROI £m	NI £m	GB £m	2009 Total £m	2009 Total %
Equities	24.2	12.5	236.8	273.5	59
Bonds and gilts	9.5	2.1	174.1	185.7	40
Cash	0.3	1.6	0.8	2.7	1
Total	**34.0**	**16.2**	**411.7**	**461.9**	**100**

Analysis of expected return on assets by categories of scheme assets

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

	ROI £m	NI £m	GB £m	2009 Total £m	2009 Total %
Equities	1.9	0.9	16.2	19.0	64
Bonds and gilts	0.2	0.1	10.0	10.3	35
Cash	0.2	–	–	0.2	1
Total	**2.3**	**1.0**	**26.2**	**29.5**	**100**

History of experience gains and losses

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Fair value of schemes assets	523.8	461.9	424.5	479.3	388.7
Present value of defined benefit obligations	(641.0)	(547.0)	(448.4)	(484.9)	(454.5)
Deficit in the schemes	(117.2)	(85.1)	(23.9)	(5.6)	(65.8)
Experience adjustments arising on plan liabilities	36.7	2.0	3.3	(17.2)	(2.0)
Experience adjustments arising on plan assets	27.2	(2.7)	(98.9)	13.6	10.0

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 £103.5m (2009: loss of £54.5m). The directors are unable to determine how much of the pension scheme deficit recognised on transition to IFRS and taken direct to equity of £1.3m is attributable to actuarial gains and losses since the inception of those pension schemes. Consequently, the directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the group statement of comprehensive income before 4 October 2004.

Normal contributions of £4.7m and additional contributions of £13.5m are expected to be paid into the pension schemes during the 2011 financial year.

25. TRADE AND OTHER PAYABLES (CURRENT)

	2010 £m	2009 £m
Trade payables	232.4	187.0
Other payables	11.3	19.9
Accruals and deferred income	74.8	68.6
Other taxes and social security	30.4	16.1
	348.9	**291.6**

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

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The group's principal financial instruments comprise derivatives, borrowings and overdrafts, cash and cash equivalents. These financial instruments are used to manage interest rate and currency exposures, funding and liquidity requirements and share price exposure arising under the group's employee incentive schemes. Other financial instruments which arise directly from the group's operations include trade receivables and payables (see notes 19 and 25 respectively).

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

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

Interest rate risk

The group's exposure to the risk of changes in market interest rates relates primarily to the group's long-term debt obligations with floating interest rates.

The group's policy is to manage its interest cost by maintaining a mix of fixed and variable rate debt. The group's policy is to keep between 25% and 80% of its borrowings at fixed rates of interest over a three year time horizon. 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 3 October 2010, after taking into account the effect of these instruments, approximately 63% of the group's borrowings are at a fixed rate of interest (2009: 62%).

Interest rate risk table

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

	Increase/ (decrease) in basis points	Effect on loss before tax £m	Effect on equity £m
2010			
Sterling	200	(0.9)	26.4
	(200)	0.9	(30.4)
Euro	200	2.3	8.5
	(200)	(3.1)	(10.5)
2009			
Sterling	200	(2.1)	24.6
	(200)	2.1	(28.6)
Euro	200	(2.1)	–
	(200)	2.1	–

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 net investment 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 and capital expenditure in currencies other than the functional currency of the individual group entities. Such purchases are made in the currencies of US dollars and euros. As at 3 October 2010, the group has hedged 68% (2009: 48%) 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 loss 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).

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

	Increase/ (decrease) in currency rate %	Effect on profit before tax £m	Effect on equity £m
2010			
Sterling/euro	10	(0.1)	3.5
	(10)	0.1	(3.5)
Sterling/US dollar	10	(0.1)	0.7
	(10)	0.1	(0.7)
Euro/US dollar	10	–	1.4
	(10)	–	(1.4)
2009			
Sterling/euro	10	(1.7)	2.4
	(10)	1.4	(2.2)
Sterling/US dollar	10	–	1.0
	(10)	–	(0.8)
Euro/US dollar	–	–	–
	–	–	–

Credit risk

The group trades only with recognised creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. The maximum exposure is the carrying amount disclosed in note 19. For transactions that do not occur in the country of the relevant operating unit, the group does not offer credit terms without the approval of the Head of Finance Shared Services. There are no significant concentrations of credit risk within the group.

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

Commodity price risk

The main commodity price risk arises in the purchases of prime materials, being PET, sugar, cans 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 2010, 2011 and 2012.

Liquidity risk

The group monitors its risk of a shortage of funds using rolling cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The objective of the group's liquidity policy is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts and long term private placement issuance. The bank loans entered into by the group are unsecured. At 3 October 2010, none of the group's debt will mature in less than one year (2009: 0%) based on the carrying value of borrowings reflected in the financial statements.

The table below summarises the maturity profile of the group's financial liabilities at 3 October 2010 based on contractual undiscounted payments:

				2010
	Less than 1 year £m	1 to 5 years £m	> 5 years £m	**Total £m**
Unsecured bank loans	3.8	128.1	–	**131.9**
Private placement notes	23.6	195.3	375.4	**594.3**
Derivatives hedging private placement notes – payments	16.7	139.6	431.9	**588.2**
Derivatives hedging private placement notes – receipts	(23.3)	(179.4)	(483.7)	**(686.4)**
	17.0	155.5	323.6	**496.1**
Interest rate swap – payments	0.7	5.9	0.7	**7.3**
Interest rate swap – receipts	(0.4)	(3.1)	(0.4)	**(3.9)**
	0.3	2.8	0.3	**3.4**
Trade and other payables	318.5	–	–	**318.5**
Finance leases	–	0.7	0.8	**1.5**
Other financial liabilities	1.4	–	–	**1.4**
	341.0	287.1	324.7	**952.8**

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

	Less than 1 year £m	1 to 5 years £m	> 5 years £m	2009 Total £m
Unsecured bank loans	2.8	183.0	–	**185.8**
Private placement notes	15.7	149.5	222.5	**387.7**
Derivatives hedging private placement notes – payments	11.5	96.1	167.1	**274.7**
Derivatives hedging private placement notes – receipts	(13.4)	(116.0)	(206.1)	**(335.5)**
	13.8	129.6	183.5	**326.9**
Trade and other payables	275.5	–	–	**275.5**
Other financial liabilities	0.4	–	–	**0.4**
	292.5	312.6	183.5	**788.6**

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

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

Fair value hierarchy

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

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

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

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

2010	Assets £m	Liabilities £m
Level 1	–	–
Level 2		
– Derivatives used for hedging	82.0	(4.3)
– Financial instruments at fair value through the income statement	0.1	(0.9)
Level 3	–	–
Total	**82.1**	**(5.2)**

2009	Assets £m	Liabilities £m
Level 1	–	–
Level 2		
– Derivatives used for hedging	53.7	(0.4)
Level 3	–	–
Total	**53.7**	**(0.4)**

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 net debt/EBITDA ratio. 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 cross currency swaps hedging the balance sheet value of the US private placement Notes. Net debt is shown in note 30. The 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 a 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 3 October 2010 the net debt/EBITDA ratio was 2.4 (2009: 2.4).

27. DERIVATIVES AND HEDGE RELATIONSHIPS

Fair values of financial assets and financial liabilities

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

	Book value 2010 £m	Fair value 2010 £m	Book value 2009 £m	Fair value 2009 £m
Financial assets				
Cash	54.0	54.0	39.7	39.7
Cross currency interest rate swaps*	81.3	81.3	51.9	51.9
Share swaps*	0.1	0.1	–	–
Favourable contracts recognised on the acquisition of Britvic France**	0.3	0.3	–	–
Forward currency contracts**	0.7	0.7	1.8	1.8
	136.4	136.4	93.4	93.4
Financial liabilities				
Interest-bearing loans and borrowings (bank loans and private placement notes):				
Fixed rate borrowings	(433.5)	(481.2)	(264.6)	(272.7)
Floating rate borrowings	(134.9)	(134.9)	(186.1)	(186.1)
Finance leases	(1.5)	(1.5)	–	–
Forward currency contracts***	(1.3)	(1.3)	(0.4)	(0.4)
Unfavourable contracts recognised on the acquisition of Britvic France***	(0.1)	(0.1)	–	–
Cross currency interest rate swaps****	(3.0)	(3.0)	–	–
Interest rate swap****	(0.9)	(0.9)	–	–
	(575.2)	(622.9)	(451.1)	(459.2)

* 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. Non-derivative financial liabilities are all carried at amortised cost.

The fair value of derivatives 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.

Interest rate swap

The 2009 USPP cross currency swaps converted an amount of US dollar borrowings into a €147.0m floating rate euro liability. To mitigate exposure to changes in euro interest rates on this liability, €75.0m of interest rate swaps were transacted. These 5-year fixed rate swaps have an effective start date in December 2010.

27. DERIVATIVES AND HEDGE RELATIONSHIPS continued

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:

	2010 £m	2009 £m
Consolidated balance sheet		
Non-current assets: Other financial assets		
Fair value of the 2007 cross currency interest rate swaps[1]	58.0	51.9
Fair value of the 2009 USD GBP cross currency interest rate swaps[3]	23.3	–
Current assets: Other financial assets		
Fair value of forward currency contracts[1]	0.7	1.8
Current liabilities: Other financial liabilities		
Fair value of forward currency contracts[1]	(1.3)	(0.4)
Non-current liabilities: Other financial liabilities		
Fair value of the 2009 GBP euro cross currency interest rate swaps[2]	(0.4)	–
Fair value of the 2010 GBP euro cross currency interest rate swaps[2]	(1.2)	–
Fair value of the 2010 USD GBP cross currency floating interest rate swaps[3]	(0.7)	–
Fair value of the 2010 USD GBP cross currency fixed interest rate swaps[1]	(0.7)	–

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

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

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

As at the 3 October 2010 these hedging relationships are categorised as follows:

Cash flow hedges

Forward currency contracts
At 3 October 2010, the group held 60 (2009: 44) US dollar and 30 (2009: 67) 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 2 October 2011 and have been assessed as part of effective cash flow hedge relationships. At the period end there is a net unrealised loss of £0.6m (2009: net unrealised gain of £1.3m), with a related deferred tax asset of £0.1m (2009: 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
2010		
£/US$10.3m	Oct 10 to Sept 11	£/US$1.54
£/€40.2m	Oct 10 to Jul 11	£/€1.15
€/US$21.3m	Oct 10 to Sept 11	€/US$1.31
2009		
£/US$14.1m	Sept 09 to Aug 10	£/US$1.57
£/€26.5m	Sept 09 to Aug 10	£/€1.17

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 and interest payable on the 2007 Notes into sterling. 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 3 October 2010. The fair value of the 2007 cross currency interest rate swap instruments at 3 October 2010, included within 'Non-current assets: Other financial assets' on the balance sheet, was £58.0m (2009: £51.9m). The movement in the fair value has been taken to equity. A total of £1.9m (2009: £31.6m) has been recycled to the Income Statement to match the foreign exchange movement on the 2007 Notes. Within equity there is a net unrealised gain of £11.4m (2009: net unrealised gain of £7.3m) with a related deferred tax liability of £3.1m (2009: deferred tax liability of £2.1m) in respect of the 2007 cross currency interest rate swap instruments.

27. DERIVATIVES AND HEDGE RELATIONSHIPS continued

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

As detailed in note 23, the company has reached agreement with a number of investors in the US private placement market to raise an additional $163m and £7.5m of funding for terms between 7 and 12 years. The funding is subject to final documentation and due diligence which is scheduled to be completed in December 2010 but the receipt of funds is considered a highly probable transaction. Cross currency interest rate swaps have already been entered into to hedge 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 cashflows associated with the 2010 Notes. The fair value of these instruments at 3 October 2010, included within 'Non-current liabilities: Other financial liabilities' on the balance sheet, was £0.7m with a related deferred tax asset of £0.2m. The movement in fair value has been taken to equity.

Fair value hedges

2009 Notes/2009 USD GBP cross currency interest rate swaps

Further to the detail provided in note 23, the group has entered into new 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 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 3 October 2010. The fair value of the swap instruments at 3 October 2010, included within 'Non-current assets: Other financial assets' on the balance sheet, was £23.3m.

2010 Notes/2010 USD GBP cross currency floating interest rate swaps

The group has entered into swap instruments which swap the principal and fixed rate interest of the 2010 Notes to floating sterling ('2010 USD GBP cross currency floating interest rate swaps'). These instruments are designated as part of a fair value hedge relationship with the 2010 Notes. As at 3 October 2010 the 2010 Notes had not been received. Within this hedge relationship the hedged item as at the period end is the firm commitment for the receipt of the 2010 Notes. The firm commitment is recorded at fair value (see note 28). The fair value movements on the 2010 USD GBP cross currency floating interest rate swaps are recorded in the income statement, as is the fair value movement of the hedged item. The fair value of the 2010 USD GBP cross currency floating interest rate swaps at 3 October 2010, included within 'Non-current liabilities: Other financial liabilities' on the balance sheet, was £0.7m.

Net investment hedges

The group has entered into new cross currency interest rate swaps in the period. These are detailed below:

2009 GBP euro cross currency interest rate swaps

These new 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 3 October 2010, is a liability of £0.4m included within 'Non-current liabilities: Other financial liabilities' on the balance sheet.

2010 GBP euro cross currency interest rate swaps

These new instruments swap fixed sterling liabilities into fixed euro liabilities and have been designated as part of an effective hedge of the net investment in Britvic France. The 2010 GBP euro cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the group's exposure to foreign exchange risk on this euro investment. Movements in the fair value of the 2010 GBP euro cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investment in Britvic France. The fair value of the 2010 GBP euro cross currency interest rate swaps at 3 October 2010, is a liability of £1.2m included within 'Non-current liabilities: Other financial liabilities' on the balance sheet.

Other

As at 3 October 2010, unsecured bank loans included an amount of €55.0m (£47.9m) which was designated as an effective hedge of the net investment in Britvic France.

As at 27 September 2009, unsecured bank loans included an amount of €100.0m (£92.1m) which was designated as an effective hedge of the net investment in Britvic Ireland. This loan was repaid during the period (see note 23).

27. DERIVATIVES AND HEDGE RELATIONSHIPS continued

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

	2010 £m	2009 £m
Consolidated statement of comprehensive income		
Amounts recycled to the income statement in respect of cash flow hedges		
Forward currency contracts*	(1.1)	(3.0)
2007 cross currency interest rate swaps**	(1.9)	(31.6)
	(3.0)	**(34.6)**
Gains/(losses) in the period in respect of cash flow hedges		
Forward currency contracts*	(0.9)	4.1
2007 cross currency interest rate swaps**	6.1	29.7
2010 cross currency fixed interest rate swaps**	(0.7)	–
	4.5	**33.8**
Exchange differences on translation of foreign operations		
Movement on 2009 GBP euro cross currency interest rate swaps**	(0.4)	–
Movement on 2010 GBP euro cross currency interest rate swaps**	(1.2)	–
Exchange movements on translation of the euro net investment**	(12.1)	17.1
	(13.7)	**17.1**

* Amounts recorded in cost of sales
** Amounts recorded in finance costs

28. OTHER NON-CURRENT LIABILITIES

	2010 £m	2009 £m
Firm Commitment	**4.2**	**–**

A firm commitment has been created in respect of the receipt of the 2010 Notes. Further details are provided in note 27.

29. SHARE-BASED PAYMENTS

The expense recognised for share-based payments in respect of employee services received during the 53 weeks ended 3 October 2010, including national insurance of £0.9m (2009: £0.5m) and dividend equivalents of £0.7m (2009: £0.3m), is £9.4m (2009: £7.7m). All of that expense arises from transactions which are expected to be equity-settled share-based payment transactions.

The Britvic Share Incentive Plan ('SIP')

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

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

		No of shares
	2010	2009
Annual free shares award	406,083	675,573
Matching shares award – 1 free share for every ordinary share purchased	287,132	464,205

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 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% (2009: 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.

29. SHARE-BASED PAYMENTS continued

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 28 September 2008	4,157,542	273.7
Granted during the period	2,978,518	221.0
Exercised during the period	(37,201)	245.0
Forfeited during the period	(534,329)	250.7
Outstanding as at 27 September 2009	6,564,530	251.8
Granted during the period	1,785,576	387.0
Exercised during the period	(639,946)	245.0
Forfeited during the period	(162,077)	285.1
Outstanding at 3 October 2010	**7,548,083**	**283.7**
Exercisable at 3 October 2010	**2,054,747**	**245.0**

The weighted average share price at the date of exercise for share options exercised during the period was 412.7p (2009: 317.1p).

The share options outstanding as at 3 October 2010 had a weighted average remaining contractual life of 7.6 years (2009: 8.0 years) and the range of exercise prices was 221.0p – 387.0p (2009: 221.0p – 347.0p).

The weighted average fair value of options granted during the period was 81.6p (2009: 52.3p).

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

The following table lists the inputs to the model used for the 53 weeks ended 3 October 2010.

	2010	2009
Dividend yield (%)	4.2	4.3
Expected volatility (%)	32.3	33.1
Risk-free interest rate (%)	2.5	2.9
Expected life of option (years)	5.0	5.0
Share price at date of grant (pence)	380.0	224.0
Exercise price (pence)	387.0	221.0

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

The Britvic Performance Share Plan ('PSP')

The PSP allows for awards of ordinary shares or nil cost options to be made to selected employees 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 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 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. Prior to 2008, all of the awards granted to this group were subject to the TSR condition.

Awards granted to members of the senior leadership team are subject to a performance condition which measures the company's TSR relative to the TSR of a comparator group (consisting of 22 companies) over a three year performance period. The awards will not vest unless the company's position in the comparator group is at least median. At median 25% (2009: 25%) will vest, rising on a straight-line basis to 100% vesting at upper quartile.

Awards granted to members of the senior leadership team are subject to a performance condition which requires the company's ROIC to be at least 23.2% (2009: 18.8%) over the three year performance period for the award to vest in full. If ROIC is 21.9% (2009: 16.8%) over the performance period, 25% (2009: 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 are 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% (2009: 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 addition, a transitional award was made to members of both the senior leadership team and the senior management team shortly after flotation, at levels varying according to seniority. These awards will vest in tranches over a period of up to three years, subject to the satisfaction of a performance condition. The performance condition requires the company's ROIC to be at least 17% over the performance period for the award to vest in full. If ROIC is 15% over the performance period, 50% of the award will vest. Straight-line apportionment will be applied between these two levels to determine the percentage of awards that vest and no awards will vest if ROIC is below the lower threshold.

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

29. SHARE-BASED PAYMENTS continued

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 28 September 2008	1,801,997	1,624,451	860,105
Granted during the period	680,874	1,389,503	680,873
Vested during the period*	(391,887)	(445,730)	(860,105)
Lapsed during the period	(374,360)	(231,363)	(60,282)
Outstanding as at 27 September 2009	1,716,624	2,336,861	620,591
Vested during the period*	(625,594)	(489,791)	–
Lapsed during the period	(38,041)	(191,019)	(28,919)
Outstanding at 3 October 2010	1,052,989	1,656,051	591,672

* The share price on the date of vesting was 370.6p (2009: 228.0p).

	Number of nil cost options subject to TSR condition	Number of nil cost options subject to EPS condition	Number of nil cost options subject to ROIC condition
Outstanding as at 27 September 2009	–	–	–
Granted during the period	396,578	816,207	396,578
Forfeited during the period	–	(69,349)	–
Outstanding at 3 October 2010	396,578	746,858	396,578

There were no nil cost options exercisable at 3 October 2010.

The nil cost options outstanding as at 3 October 2010 had a weighted average remaining contracted life of 9.0 years (TSR condition), 8.7 years (EPS condition) and 9.0 years (ROIC condition).

The weighted average fair value of nil cost options granted during the period was 208.5p (TSR condition) (2009: 121.6p), 336.3p (EPS condition) (2009: 197.7p) and 336.3p (ROIC condition) (2009: 197.7p).

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 for the 53 weeks ended 3 October 2010.

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

The following table lists the inputs to the models used for the 52 weeks ended 27 September 2009.

	Shares subject to TSR condition	Shares subject to EPS condition	Shares 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 (%)	4.3	4.3	4.3
Expected volatility (%)	33.1	N/A	N/A
Share price at date of grant (pence)	224.0	224.0	224.0

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Analysis of net debt

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

	2008 £m	Cash flows £m	Exchange Differences £m	Other movement £m	2009 £m
Cash at bank and in hand	13.9	25.6	0.2	–	39.7
Bank Overdraft	(1.0)	1.0	–	–	–
Net cash	12.9	26.6	0.2	–	39.7
Debt due within one year	(11.6)	11.6	–	–	–
Debt due after more than one year	(402.7)	(0.2)	(45.4)	(2.4)	(450.7)
Debt	(414.3)	11.4**	(45.4)	(2.4)	(450.7)
Derivatives hedging the balance sheet debt*	13.0	–	31.6	–	44.6
Adjusted net debt	**(388.4)**	**38.0**	**(13.6)**	**(2.4)**	**(366.4)**

* Represents the element of the fair value of interest rate cross 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 received during the period of £1.2m (2009: £4.1m). This has been included in the 'Finance costs' in the consolidated statement of cash flows.

*** This includes debt assumed on the acquisition of Britvic France of £46.0m. Refer to note 15 for further details.

31. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

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

	Land and buildings £m	Other £m	2010 Total £m
Within one year	2.8	8.9	**11.7**
After one year but not more than five years	8.0	18.5	**26.5**
More than five years	32.5	2.2	**34.7**
	43.3	29.6	**72.9**

	Land and buildings £m	Other £m	2009 Total £m
Within one year	2.3	8.5	**10.8**
After one year but not more than five years	6.0	17.0	**23.0**
More than five years	33.0	2.9	**35.9**
	41.3	28.4	**69.7**

Finance lease commitments

Future minimum lease payments under finance leases are as follows:

	2010 £m	2009 £m
Within one year	–	–
After one year but not more than five years	0.7	–
More than five years	0.8	–
	1.5	–

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

Capital commitments

At 3 October 2010, the group has commitments of £12.6m (2009: £3.2m) relating to the acquisition of new plant and machinery.

Contingent liabilities

The group had no material contingent liabilities at 3 October 2010.

32. RELATED PARTY DISCLOSURES

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

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

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.

	2010 £m	2009 £m
Short-term employee benefits	5.1	4.6
Post-employment benefits	0.6	0.5
Share-based payment	2.0	1.6
	7.7	**6.7**

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

33. GOING CONCERN

The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements despite the fact that, as at 3 October 2010, the Consolidated balance sheet is showing a net liabilities position of £30.7m (27 September 2009: net liabilities of £2.5m).

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 in light of the refinancing of the group's committed facility in the prior period as well as the 2009 Notes secured in the current period and the 2010 Notes which will be secured in December 2010 subject to documentation and due diligence (see note 23).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRITVIC PLC

We have audited the parent company financial statements of Britvic plc for the 53 week period ended 3 October 2010 which comprise the company balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities in relation to the financial statements set out on page 38, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 3 October 2010;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

OTHER MATTER

We have reported separately on the group financial statements of Britvic plc for the 53 week period ended 3 October 2010.

Nigel Meredith (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditors
Birmingham
1 December 2010

Notes:

1. The maintenance and integrity of the Britvic plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

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

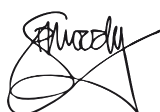
COMPANY BALANCE SHEET

As at 3 October 2010

	Note	2010 £m	2009 £m
Non-current assets			
Investments in group undertakings	6	734.8	633.8
Other financial assets	11	81.3	51.9*
		816.1	685.7
Current assets			
Trade and other receivables	8	10.5	95.5
Deferred tax asset	7	2.5	–
		13.0	95.5
Current liabilities			
Trade and other payables	9	(17.4)	(18.2)
Interest bearing loans and borrowings	10	(4.9)	(38.4)
		(22.3)	(56.6)
Net current (liabilities)/assets		**(9.3)**	**38.9**
Total assets less current liabilities		**806.8**	**724.6**
Non-current liabilities			
Interest bearing loans and borrowings	10	(442.4)	(415.5)
Other financial liabilities	11	(3.9)	–
Other non-current liabilities	12	(4.2)	–
		(450.5)	(415.5)
Net assets		**356.3**	**309.1**
Capital and reserves			
Issued share capital	13	48.0	43.4
Share premium account	14	10.6	5.0
Own shares reserve	14	(1.9)	(4.6)
Share scheme reserve	14	9.7	7.3
Hedging reserve	14	10.9	7.3
Merger reserve	14	87.3	–
Retained earnings	14	191.7	250.7
Equity shareholders' funds		**356.3**	**309.1**

* Reclassified from current assets in the prior period financial statements. Further detail is provided in note 11.

The financial statements were approved by the board of directors and authorised for issue on 1 December 2010. They were signed on its behalf by:



Paul Moody
Chief Executive

John Gibney
Finance Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. PARENT UNDERTAKING

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

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

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

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

2. ACCOUNTING POLICIES

Investments

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

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

Interest bearing loans and borrowings

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

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Issued share capital

Ordinary shares are classified as equity.

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

Dividends

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

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

Deferred taxation

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

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

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

Derivative financial instruments and hedging

The company uses interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations classified as cash flow hedges (when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction). All derivative financial instruments are initially recognised and subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the profit and loss account. If the related transaction is not expected to occur, the amount is taken to the profit and loss account.

2. ACCOUNTING POLICIES continued

Derivative financial instruments and hedging continued

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

3. AUDITORS' REMUNERATION

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

4. PROFIT OF THE COMPANY

The company made a loss of £21.7m in the period (2009: profit £92.0m).

5. DIRECTORS' REMUNERATION

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

Directors' emoluments are disclosed in the Directors' Remuneration Report on pages 40 to 47 of the consolidated financial statements.

6. INVESTMENTS IN GROUP UNDERTAKINGS

	2010 £m	2009 £m
Cost and net book value at the beginning of the period	633.8	626.1
Acquisitions	91.6	–
Capital contribution	9.4	7.7
Cost and net book value at the end of the period	**734.8**	**633.8**

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

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

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

7. DEFERRED TAX

	2010 £m	2009 £m
Opening balance	–	–
Profit and loss account	2.5	–
Closing balance	**2.5**	**–**
Analysed as tax on timing differences related to:		
Other	**2.5**	**–**

8. TRADE AND OTHER RECEIVABLES

	2010 £m	2009 £m
Amounts due from subsidiary undertakings	**10.5**	**95.5**

9. TRADE AND OTHER PAYABLES

	2010 £m	2009 £m
Amounts due to subsidiary undertakings	15.5	16.2
Accruals and deferred income	1.9	2.0
	17.4	**18.2**

10. INTEREST BEARING LOANS AND BORROWINGS

	2010 £m	2009 £m
Current		
Bank overdrafts	**(4.9)**	**(38.4)**
Non-current		
Unsecured bank loans	–	(145.0)
Private placement notes	(445.7)	(274.6)
Less unamortised issue costs	3.3	4.1
Total non-current	**(442.4)**	**(415.5)**

Private placement notes

2007 Notes

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

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

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

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

10. INTEREST BEARING LOANS AND BORROWINGS continued

Private placement notes continued

2009 Notes

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

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

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

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

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

As detailed in the table above, the 2009 USPP cross currency swaps converted an amount of US dollar borrowings into a €147m floating rate euro liability. To mitigate exposure to changes in euro interest rates on this liability, €75m of interest rate swaps were transacted. These 5-year fixed rate swaps have an effective start date in December 2010.

2010 Notes

In September 2010, the company reached agreement with a number of investors in the US private placement market to raise an additional $163m and £7.5m of funding for terms between 7 and 12 years ('the 2010 Notes'). The funding is subject to final documentation which is scheduled to be completed in December 2010. The dollar funding will be hedged using cross currency interest rate swaps to meet the company's desired funding profile and to remove any associated foreign currency risk from the profit and loss account.

11. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2010 £m	2009 £m
Other financial assets		
Cross currency interest rate swaps relating to the 2007 Notes	58.0	51.9
Cross currency interest rate swaps relating to the 2009 Notes	23.3	–
	81.3	**51.9**
Other financial liabilities		
Cross currency interest rate swaps relating to the 2009 Notes	(0.4)	–
Cross currency interest rate swaps relating to the 2010 Notes	(2.6)	–
Interest rate swap	(0.9)	–
	(3.9)	**–**

Prior period other financial assets have been reclassified from current assets in the prior period financial statements to non-current assets in the current period financial statements to reflect the maturity profile of the cross currency interest rate swaps.

12. OTHER NON-CURRENT LIABILITIES

	2010 £m	2009 £m
Firm Commitment	**4.2**	–

A firm commitment has been created in respect of the receipt of the 2010 Notes. Further details are provided in note 27 of the consolidated financial statements.

13. ISSUED SHARE CAPITAL

The issued share capital as at 3 October 2010 comprised 239,906,178 ordinary shares of £0.20 each (2009: 216,779,996 ordinary shares), totalling £47,981,236 (2009: £43,355,999).

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.

	2010 £m	2009 £m
Authorised		
327,500,000 ordinary shares of £0.20 each	65.5	65.5
Issued, called up and fully paid ordinary shares		
239,906,178 (2009: 216,779,996) ordinary shares of £0.20 each	48.0	43.4

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

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

52 weeks ended 27 September 2009	No of shares issued	Value £
14 July 2009	29,333	5,867
1 September 2009	7,868	1,574
25 September 2009	705,000	141,000
	742,201	**148,441**

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

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

Consideration received from the non pre-emptive placing, net of costs incurred, was £91,647,000 which was used in the acquisition of Britvic France.

Of the issued and fully paid ordinary shares, 466,343 shares (2009: 1,410,338 shares) are treasury shares. This equates to £93,269 (2009: £282,068) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 29 of the consolidated financial statements.

14. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Share scheme reserve £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 27 September 2009	43.4	5.0	(4.6)	7.3	7.3	–	250.7	309.1
Loss for the year	–	–	–	–	–	–	(21.7)	(21.7)
Issue of shares	4.6	5.6	(4.1)	–	–	89.3	–	95.4
Transaction costs relating to placement of ordinary shares	–	–	–	–	–	(2.0)	–	(2.0)
Own shares utilised for share schemes	–	–	7.7	(5.3)	–	–	(2.4)	–
Own shares purchased for share schemes	–	–	(0.9)	–	–	–	–	(0.9)
Movement in share based schemes	–	–	–	7.7	–	–	–	7.7
Movement in cash flow hedges	–	–	–	–	3.6	–	–	3.6
Payment of dividend	–	–	–	–	–	–	(34.9)	(34.9)
At 3 October 2010	**48.0**	**10.6**	**(1.9)**	**9.7**	**10.9**	**87.3**	**191.7**	**356.3**

15. DIVIDENDS PAID AND PROPOSED

	2010 £m	2009 £m
Declared and paid during the period		
Final dividend for 2009: 10.9p per share (2008: 8.8p per share)	23.6	19.0
Interim dividend for 2010: 4.7p per share (2009: 4.1p per share)	11.3	8.8
Dividends paid	**34.9**	**27.8**
Proposed for approval by the shareholders at the AGM		
Final dividend for 2010: 12.0p per share (2009: 10.9p per share)	**28.7**	**23.5**

16. CONTINGENT LIABILITIES

The company is co-guarantor of the group's bank loan and overdraft facilities.

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 available to a parent company not to disclose transactions with its wholly owned subsidiaries within its financial statements.

SHAREHOLDER INFORMATION

SHAREHOLDER PROFILE AS AT 3 OCTOBER 2010

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1 – 199	141	6.03	10,007	0.00
200 – 499	209	8.94	69,199	0.03
500 – 999	357	15.26	248,319	0.10
1,000 – 4,999	970	41.47	2,016,762	0.84
5,000 – 9,999	157	6.71	1,002,816	0.42
10,000 – 49,999	188	8.04	4,323,766	1.80
50,000 – 99,999	70	2.99	4,917,426	2.05
100,000 – 499,999	157	6.71	36,123,975	15.06
500,000 – 999,999	40	1.71	28,211,113	11.76
1,000,000 Plus	50	2.14	162,982,795	67.94
	2,339	**100.00**	**239,906,178**	**100.00**

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private Individuals	1,330	56.86	4,153,311	1.73
Nominee Companies	946	40.45	220,863,300	92.06
Limited and Public Limited Companies	26	1.11	11,903,662	4.96
Other Corporate Bodies	33	1.41	2,912,211	1.22
Pension Funds, Insurance Companies and Banks	4	0.17	73,694	0.03
	2,339	**100.00**	**239,906,178**	**100.00**

DIVIDEND MANDATES

Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form or the form can be downloaded from the company's website http://ir.britvic.com/shareholder-centre/dividends.aspx

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

DIVIDEND REINVESTMENT PLAN (DRIP)

Shareholders can now choose to reinvest dividends received to purchase further shares in the company through a DRIP. A DRIP application form is available via the Registrar or for download from the company's website http://ir.britvic.com/shareholder-centre/dividends.aspx

SHARE DEALING SERVICES

The company's Registrar, Equiniti Financial Services Limited, offer a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 08456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto www.shareview.co.uk/dealing

INDIVIDUAL SAVINGS ACCOUNTS (ISAS)

ISAs in Britvic plc ordinary shares are available through Equiniti Financial Services Limited. Further information may be obtained through their ISA Helpline, telephone 0845 300 0430.

FINANCIAL CALENDAR

Ex-dividend date	8 December 2010
Record date	10 December 2010
Annual general meeting	27 January 2011
Payment of final dividend	11 February 2011
Interim results announcement	May 2011

ELECTRONIC COMMUNICATIONS

Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

CONTACTS

The company Secretary is Emma Thomas. The registered office is Britvic House, Broomfield Road, Chelmsford CM1 1TU, telephone 01245 261871, fax 01245 504386, website www.britvic.com

This report is available to download via the company's website http://ir.britvic.com/results-presentations/2010.aspx

If you do not have access to the internet and would like a printed copy of any of our reports, please call our Consumer Care team on 0800 0321 767 or write to Consumer Care Department, Drayton House, Drayton Road, Shirley, Solihull B90 4NA.

The company's Registrar is Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, telephone 0871 384 2550* (UK callers), +44 121 415 7018 (non-UK callers).

* For those with hearing difficulties, a textphone is available on 0870 600 3950 for UK callers with compatible equipment. Calls to 0871 numbers are charged at 8p per minute from a BT landline. Other telephony provider costs may vary.

Cautionary note regarding forward-looking statements

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

Definitions

1. EBITA is defined as operating profit before exceptional and other items and amortisation.
2. Adjusted group net debt is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt.
3. Adjusted earnings per share amounts are calculated by dividing the (loss)/profit for the period attributable to ordinary equity holders adding back amortisation, by the weighted average number of ordinary shares outstanding during the period excluding any owned 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 earning per share for the period was 224.9m (2009: 214.9m).
4. Underlying free cash flow is defined as net cash flow excluding movements in borrowings, dividend payments, cash exceptional and other items (£13.1m) and the acquisition of Britvic France (including the impact of the share placement made on 21 May 2010).
5. Underlying return on invested capital (ROIC) – ROIC is a performance indicator used by management and defined as operating profit after tax before exceptional and other items as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the group and excluding any deferred tax balances and effective hedges relating to interest-bearing liabilities. The measure also excludes the first-time impact of Britvic France and the impact of intangible asset impairments in Britvic Ireland in 2010.

All numbers in this announcement other than where stated or included within the financial statements are disclosed before exceptional and other items.

The auditors have reported on the 2010 and 2009 accounts. Their reports for both years were unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

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