annual report 2012

BRITVIC plc

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Britvic is one of the leading soft drinks companies in Europe, with operations in Great Britain (GB), Ireland and France.

Across these three markets, the company has developed a strong portfolio of its own iconic brands, including Robinsons, Tango, J_2O, drench, MiWadi, Ballygowan, Teisseire and Fruité. In addition, in GB and Ireland, the company produces and sells a number of PepsiCo's famous soft drinks brands, including Pepsi, 7UP and Mountain Dew Energy, under exclusive agreements with PepsiCo.

Britvic is the largest supplier of branded still soft drinks and the number two supplier of branded carbonated soft drinks in GB, and it is an industry leader in Ireland and France. Through export, licensing and franchising, Britvic has also been growing its reach into other territories, particularly Australia and the United States.

Britvic's management team has successfully developed the business through a clear strategy of organic growth and international expansion based on creating and building scalable brands. Britvic is listed on the London Stock Exchange under the code BVIC.

It's market capitalisation at 1 October 2012 was £866 million.

our **performance** at a glance

group revenue

2011	£1,290.4m
2012	**£1,256.4m**

-0.8%

group ebita

2011	£138.1m
2012	**£115.6m**

-15.5%

group ebita margin

2011	10.7%
2012	**9.2%**

-160bps

underlying roic

2011	18.5%
2012	**16.4%**

-210bps

adjusted earnings per share

2011	33.7p
2012	**27.2p**

-17.8%

dividend per share

2011	17.7p
2012	**17.7p**

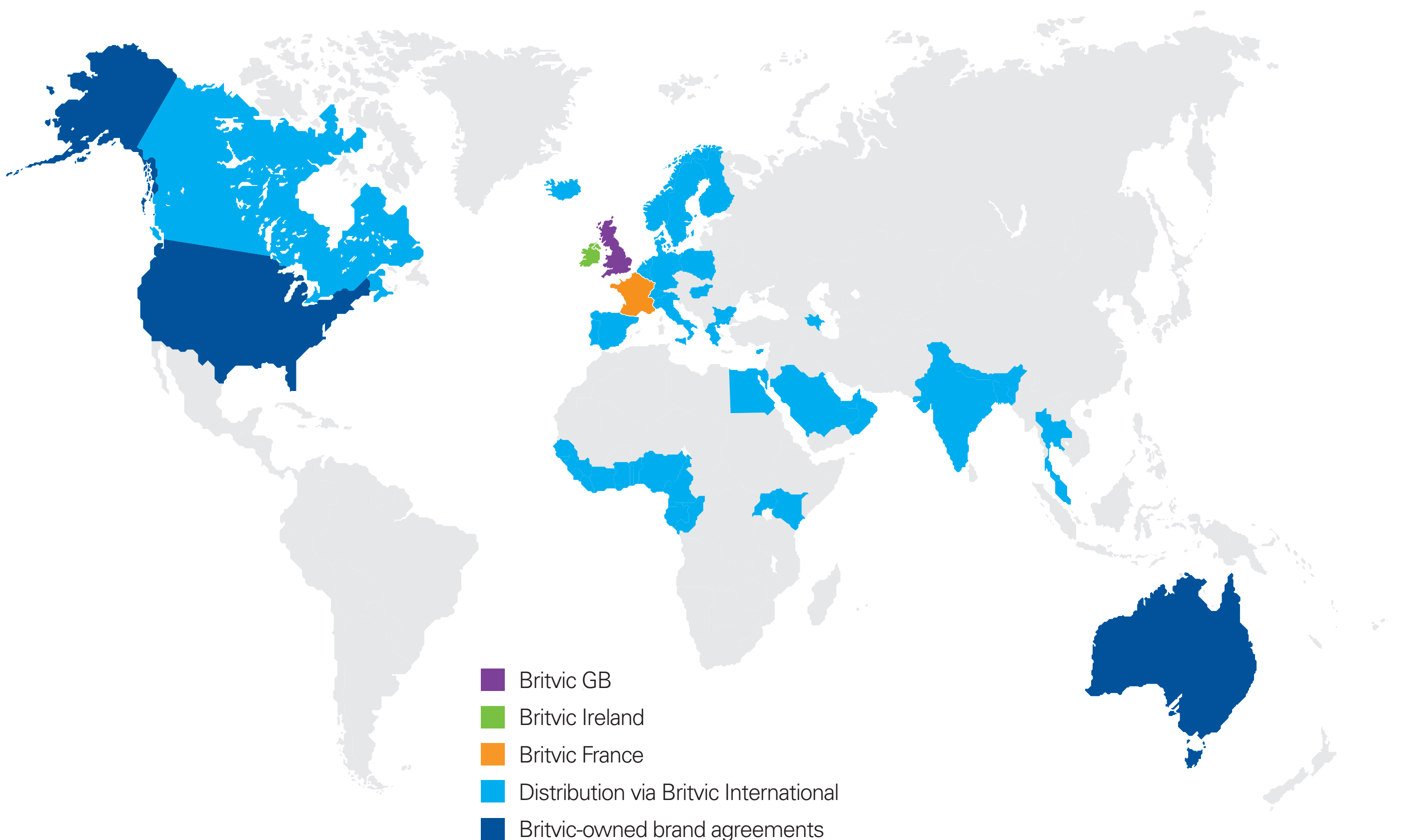
0%

All numbers and comparisons quoted are on a constant currency basis, and before exceptional and other items unless otherwise stated.

Return on invested capital (roic) - roic is defined as operating profit after applying the tax rate for the period, stated before exceptional and other items, as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the group and excluding any deferred tax balances and effective hedges relating to interest-bearing liabilities. The roic has been re-stated for prior year as it now includes the reduction in the asset base taken in ireland in 2010 and the results and assets of britvic france, both of which were previously excluded from the measure to ensure a like for like comparison.

Britvic at a glance

international presence



our people

Employees

Our people are critical to Britvic's success and we are fully committed to making Britvic a great place to work, with our vision to be a top 5 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 continue to run our annual engagement survey and are committed to improving these scores year on year.

Employee wellbeing

Throughout the past year, we have focused in GB on making improvements to work-life balance, improving our safety record and supporting a healthier workforce. We have continued to invest in tools and systems that give our employees the tools they need to do their roles and provided technology that supports more mobile ways of working. This enables us to improve communication and engagement and gives employees the opportunity and control to work flexibly in terms of both location and hours. To support the health of employees and their families we also provide a benefits package which includes the provision of private healthcare and an employee assistance programme. Other wellbeing benefits include discounted gym membership and a cycle to work scheme, which was requested by employees and has seen a good level of success so far. Our employee wellbeing programme has been successfully launched and we have run successful initiatives about healthy eating, exercise and general health education.

strategy for growth

Britvic's strategy is to seek to deliver strong revenue and profit growth and realise attractive cash returns.

The business aims to be both an international brand owner and PepsiCo's preferred partner. To achieve these aims, Britvic has built a strategy around growth, underpinned by innovation, driving distribution and average realised prices. The key building blocks to this strategy are:

- Capitalising on its portfolio breadth & depth
- Building the strength of its unique brands
- Continually innovating in all that it does
- Leveraging insight
- Accelerating contribution from the international growth of its brands
- Building business scale through acquisitions

chairman's statement

The last twelve months have been disappointing for Britvic as the company dealt with the product recall of Fruit Shoot, continued economic challenges in Ireland and the consumer focus on value, which restricted growth in the impulse sector in GB.

On the positive side, the GB business took market share, led by carbonates and Pepsi in particular. Robinsons take-home value market share returned to its high of two years ago. The formation of the GB business unit saw Simon Litherland join us from Diageo as GB Managing Director. In France our syrups brands took further market share and in the US we extended the footprint of Fruit Shoot, a significant development for the future of the business.

Unfortunately, the positive financial impact of these successes was offset by the Fruit Shoot recall. The recall constrained revenue growth by around 2%, leading to a 0.8% fall in group revenue to £1,256.4m. EBITA was also down at £115.6m, including costs associated with the recall of £16.9m. A strong focus on cash generation across the business generated underlying free cash flow broadly in line with last year, despite the negative impact of the recall.

While the stills performance was materially impacted by the unavailability of Fruit Shoot following the recall, Robinsons showed encouraging progress in the last six months, increasing take-home market volume and value share. Carbonates also continued to perform strongly, with revenues up by 3.1%, volume growth of 2.1% and ARP growth of 0.9%. Pepsi had a particularly good year, crucially gaining market share in a year of major sporting activity with the European football championships, the Olympics and Paralympics.

With revenue up 8% and ARP up 10.9%, Britvic France had a solid year, mostly due to a combination of price increases and the pack size changes we made in response to the high raw material inflation, which impacted juices and sugar. The performance of our syrups brands, Teisseire and Moulin de Valdonne, helped grow our overall market share of the syrups category in both volume and value terms. The juice business, where we have a large private-label presence, had to make some difficult commercial decisions in response to the raw material inflation leading to some contract losses.

More positively the Pressade brand, which focuses on its organic, local origin, grew ahead of the market. The Fruit Shoot recall also impacted the Teisseire Fruit Shoot range and as a consequence of this we postponed the implementation of SAP until 2014 to allow the management team to focus on the re-entry plan for Fruit Shoot. This will delay the timing of the synergies plan as both SAP and the introduction of Fruit Shoot were key elements of the synergies case.

Britvic Ireland continued to struggle against a backdrop of poor consumer confidence as a result of the country's economic instability. The soft drinks market continued to decline, with the impulse and pub and club channels performing substantially worse than grocery, all of which adversely impacted our margins. Despite the cost reduction initiatives that we have implemented the declining top line has led to a reduction in profits. Inevitably there will be a continued focus on reducing the cost base as we look to improve profitability. In the market place we continued to hold our own and in spite of the challenges gained market share.

Our final business division, Britvic International, continued to show revenue growth, up 0.7%. However, it was also materially impacted by the recall of Fruit Shoot, which affected exports to the Netherlands and Belgium. Importantly 2012 saw continued strong progress in the US. During the second half of the financial year, we successfully moved the US business to a concentrate in-market manufacturing model, and are no longer exporting finished goods from the UK. We also confirmed Virginia as the ninth state where we will be distributing Fruit Shoot through Pepsi-Cola Bottling of Central Virginia.

Despite the challenges we've faced this year, we are confident we now have a strong plan in place to help us deliver growth. Our immediate priorities will be to re-establish Fruit Shoot in the market as soon as possible, which is already well underway; build and realise the value of our emerging US Fruit Shoot business; strongly emphasise cash generation, maintain rigorous cost management, and invest behind our strong brands across the group.

We have also recently announced our intention to enter into an all-share merger with A.G. Barr, the result of which would transform the combined business into one of the largest soft drinks businesses in Europe, with annual sales of over £1.5 billion, a portfolio of leading brands and significant prospects for future growth. The proposed merger is currently seeking approval from shareholders and the relevant bodies and we are hopeful that we will complete early in 2013.

The board has proposed a second interim dividend in lieu of the final dividend of 12.4 pence per share that maintains the full year dividend in-line with last year. This is in recognition of our confidence in the underlying business and its future prospects. In addition, as disclosed on the 14 November, the board has proposed a special interim dividend of 10.0 pence per share, conditional on the merger with A.G. Barr p.l.c. becoming effective.

If the merger goes ahead, Paul Moody will be stepping down from his role as chief executive. I have had the pleasure of working with Paul since Britvic floated seven years ago. Despite the difficulties that the business has faced in the last two years, the company has grown substantially over the course of Paul's tenure and we have created significant shareholder value. Having acquired operations in Ireland and France and entered into the lucrative US market, our international aspirations have become a reality. On behalf of the board, I would like to take the opportunity to thank Paul for the passion, dedication and professionalism he has shown and wish him all the best for the future.

We would also like to thank all of Britvic's management and employees for their continued commitment to the business, and we look forward to the year ahead and the exciting opportunities it will bring.

Gerald Corbett
Non-executive chairman

The annual report and financial statements were approved by the directors on 26 November 2012. Subsequent to this, and as a consequence of the merger with A.G. Barr p.l.c., the board has agreed to defer, for the time being, the next AGM which, ordinarily, would have been held in January 2013. Therefore no separate circular providing details of an AGM has been sent to shareholders with this annual report.

chief executive's review

2012 was a challenging year for Britvic. We achieved some notable successes; in the UK we increased our share of the soft drinks market, with Pepsi performing particularly well, in France our syrups business took share, and we significantly increased Fruit Shoot's presence in the US.

However, the recall of Fruit Shoot in July in GB, France and some European export markets, impacted significantly on our overall group performance.

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

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

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

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

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

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

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

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

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

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

We recommenced initial supply within the targeted six week period and remain on track to achieve production levels in line with historical demand by January 2013. Our marketing teams have delivered marketing and communication programmes in each business unit, underpinned by strong execution activity, to ensure that we return the Fruit Shoot brand back to its previous market scale as soon as possible. The early indicators are positive, with brand health measures back towards pre-recall levels.

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

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

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

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

Strong emphasis on cash generation

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

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

Maintain rigorous cost management

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

Drive improved performance from the strong brands across the group

Great Britain

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

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

Launched in February, we ran our first cross-portfolio campaign with PepsiCo, 'Transform your Patch', which offered consumers the chance to support local regeneration projects across the country. With each brand linked to a particular theme, such as football pitches, playgrounds and skate parks, we supported more than 165 projects throughout the year.

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

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

France

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

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

Ireland

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

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

financial review

The following discussion is based on Britvic's results for the 52 weeks ended 30 September 2012, with all numbers and comparisons quoted on a 52 week basis, before exceptional and other items and on a constant exchange rate basis. Volumes and ARP are adjusted for the impact of double concentrate on Robinsons and MiWadi to provide meaningful comparisons.

Key performance indicators

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

- Volume growth – increase in number of litres sold by the group relative to prior period.
- Average Realised Price (ARP) – average revenue per litre sold.
- Revenue growth – increase in sales achieved by the group relative to prior period.
- Brand contribution margin – revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product, divided by revenue. Such costs include brand specific advertising and promotion costs, raw material, and marginal production and distribution costs. Management uses the brand contribution margin to analyse Britvic's financial performance, because it provides a measure of contribution at brand level.
- Operating profit margin – the group focuses on EBITA (earnings before interest, tax and acquisition related amortisation) before exceptional and other items as the key operating profit measure. Margin is calculated by dividing this number by revenue. Each business unit's performance is reported down to the brand contribution level.
- Underlying free cash flow – is defined as net cash flow excluding movements in borrowings, dividend payments, exceptional and other items.
- Return on invested capital (ROIC) – ROIC is defined as operating profit after applying the tax rate for the period, stated before exceptional and other items, as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the group and excluding any deferred tax balances and effective hedges relating to interest-bearing liabilities. The ROIC has been re-stated for prior year as it now includes the reduction in the asset base taken in Ireland in 2010 and the results and assets of Britvic France, both of which were previously excluded from the measure to ensure a like for like comparison.

Overview

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

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

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

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

GB stills

	52 weeks ended 30 Sep 2012 £m	52 weeks ended 2 Oct 2011 £m	% change actual exchange rate
Volume (million litres)	**449.2**	493.5	(9.0)
ARP per litre	**71.6p**	71.2p	0.6
Revenue	**321.7**	351.2	(8.4)
Brand contribution	**141.2**	150.1	(5.9)
Brand contribution margin	**43.9%**	42.7%	120bps

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

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

GB carbonates

	52 weeks ended 30 Sep 2012 £m	52 weeks ended 2 Oct 2011 £m	% change actual exchange rate
Volume (million litres)	**1,154.1**	1,130.5	2.1
ARP per litre	**44.9p**	44.5p	0.9
Revenue	**517.9**	502.6	3.1
Brand contribution	**188.7**	189.1	(0.2)
Brand contribution margin	**36.4%**	37.6%	(120)bps

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

International

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

The performance of the international business unit was materially impacted by the Fruit Shoot recall in the scale export markets of the Netherlands and Belgium. Brand contribution margin has been further impacted by our up-weighting of marketing investment supporting the emerging Fruit Shoot business in the US.

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

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

Ireland

	52 weeks ended 30 Sep 2012 £m	52 weeks ended 30 Sep 2011 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	**205.1**	210.8	(2.7)	(2.7)
ARP per litre	**53.3p**	58.7p	(9.2)	(3.6)
Revenue	**138.7**	162.8	(14.8)	(9.6)
Brand contribution	**44.6**	57.8	(22.8)	(18.2)
Brand contribution margin	**32.2%**	35.5%	(330)bps	(330)bps

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

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

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

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

France

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

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

Britvic France delivered a strong year on year ARP performance. This was achieved through a combination of price increases and pack size changes. These were implemented to offset the impact of substantial raw material inflation, which was higher in France than across the rest of the group, due to the nature of the product base. Brand contribution margin was down as the benefit of the increase in ARP was fully absorbed by raw material inflation along with the timing lag of the price increase. Furthermore the marketing investment behind Teisseire Fruit Shoot did not result in the expected revenue and profit growth, due to the recall.

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

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

Fixed costs

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

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

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

Technics
Tango

Exceptional and other items

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

These include:

- Exceptional items relating to GB of £4.9m (net cost):
  - Costs associated with the relocation of the group head office and the separation of functional support structures between group and the GB business unit.
- Exceptional items relating to Ireland of £1.7m (net gain):
  - Ireland pension gain arising as a result of the agreement to address the funding deficit of the Ireland defined benefits pension plan and lower future pension provisions. The past service gain recognised under IAS (International Accounting Standards) 19 'Employee Benefits' arises from the removal of the guaranteed pension indexation.
  - Impairment of SAP implementation costs in Ireland. Given the material market decline in Ireland and resulting scale reduction in our business, the original benefits have equally reduced and the economic value of the SAP asset is no longer consistent with the future value to be generated. Consequently in line with IAS 36 'Impairment of assets' we have written off the remaining value of the programme.
  - Ireland restructuring cost, largely relating to redundancy costs.
- Corporate exceptional items of £3.1m (net cost):
  - Advisory fees relating to a potential acquisition that was ultimately not progressed.
  - Advisory fees relating to the potential merger of Britvic plc and A.G. Barr plc
- Fair value and other movements £0.6m (net cost):
  - Within exceptional and other items we include the fair value movement of financial instruments where hedge accounting cannot be applied. This is made up of two items, a number of share swaps to satisfy our employee incentive share schemes and an interest-rate swap.

Interest

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

Taxation

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

Earnings per share

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

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

Dividends

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

In addition, as disclosed on the 14 November, the Board has proposed a special interim dividend of 10.0p per share, conditional upon the merger with A.G. Barr p.l.c. becoming effective, in lieu of the dividend in relation to the period from 1 October 2012 until the effective date ('completion of the merger' - see page 104), and in recognition of the combined group's dividend policy. This will be paid after the effective date to shareholders on the register at the scheme record time (being the date and time specified in the scheme of arrangement document, expected to be 6.00 p.m. on the business day prior to the date of completion of the merger - see page 104).

Cash flow and net debt

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

At 30 September 2012, the group's non-adjusted net debt was £511.7m compared to £530.2m at 2 October 2011. The adjusted net debt (taking into account the foreign exchange movements on the derivatives hedging our US Private Placement debt) at 30 September 2012 is £446.7m compared to £452.0m last year.

Capital employed

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

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

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

Treasury management

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

Key financial risks faced by the group that are managed by treasury include exposures to movements in interest rates and foreign exchange. The treasury department is responsible for the management of the group's debt and liquidity, currency risk, interest rate risk and cash management.

The group uses financial instruments to hedge against interest rate and foreign currency exposures in line with policies set by the treasury department and approved by the board of directors. No derivative is entered into for trading or speculative purposes. The group has a number of derivatives which are economically effective, but do not meet the requirements of IAS39 for hedge accounting. Movements in the fair value of these derivatives are therefore recorded in the profit and loss account.

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

Pensions

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

Contributions are paid into the Plan as determined by the Trustee, agreed by the Company and certified by an independent actuary in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. As a result of this valuation, a proposal was set out under which a monetary contribution or contributions will be made to enable the Trustee of the BPP to acquire an interest in a limited partnership. This partnership interest is intended to provide the Trustee with an income of at least £5.0m per annum in each year over a 15 year period together with a final payment of up to a maximum of £105.0m to the extent required under funding conditions to be agreed to the satisfaction of the Trustee and the company, at the end of the 15 year period.

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

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

The BPP is a partner in Britvic SLP and is entitled to a share of the profits of the partnership over the next 15 years. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at that time, up to a maximum value of £105.0m. At that point the group may be required to transfer this amount in cash to the BPP.

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

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

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

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

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

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

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

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

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

The assets and liabilities of the pension schemes were valued on an IAS 19 basis at 30 September 2012 by Towers Watson (BPP) and Invesco (BIPP) and Buck (BNIPP).

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

corporate responsibility

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

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

People – to be trusted and respected in our communities

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

Profit – to achieve continued profitable business growth

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

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

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

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

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

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

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

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

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

As part of its focus on profit, Britvic successfully demonstrated how commercial initiatives can deliver a positive social impact. As part of the 'Transform your Patch' campaign, Britvic teamed up with the environmental regeneration charity, Groundwork, to regenerate more than 180 outdoor spaces. 'Transform Your Patch' was one of the most ambitious community-led regeneration schemes to take place in the UK. Promoted across the portfolio, every soft drink purchased of any of the participating brands represented a 1cm² piece of land that was transformed.

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

business resources

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

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

Britvic also has a well-invested and flexible group production capability and distribution network that enables its soft drinks to be made available to consumers across all of its operating territories.

risks and uncertainties

Risk management process

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

A) Risks relating to the group

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

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

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

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

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

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

3. Increasing commodity prices.

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

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

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

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

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

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

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

Mitigation – The group pensions function works closely with the pension Trustees to ensure an appropriate portfolio is in place to fund pension requirements and spread risk as best as possible. New employees of the company are enrolled into a defined contribution scheme that limits future liabilities. The largest of Britvic's defined benefit schemes, for GB employees, was closed to future accrual in April 2011 (closed to new members in 2002). This scheme is now partially funded by a Pension Funding Partnership and funding requirements have been agreed to 2017.

6. Inadequate IT disaster recovery plans.

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

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

7. Contaminated or faulty products.

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

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

B) Risks relating to the market

1. The macro-economic environment

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

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

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

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

Mitigation – By offering a range of everyday value to premium products across a range of sub-categories, Britvic is not dependant on any single brand. The range has been developed to offer consumers choice in terms of flavour, cost and formulation. Britvic closely monitors consumer trends in order to anticipate changes in preferences and match its offerings to these trends.

3. Potential impact of regulatory developments.

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

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

4. Potential impact of taxation changes

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

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

5. Increasing energy costs.

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

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

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board of **directors**

1 Gerald Corbett

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 Betfair Group plc, Moneysupermarket.com Group plc, Towry Holdings Limited and of the Royal National Institute of the Deaf. He is also a non-executive director of the investment and stock broking business, Numis Securities.

He was a non-executive director of Greencore Group plc from 2004 until February 2010, the chairman of SSL International plc from 2005 until October 2010 and of the Woolworths Group plc from 2001 to 2007, chief executive of Railtrack plc from 1997 to 2000, group finance director of Grand Metropolitan plc from 1994 to 1997 and 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.

2 Paul Moody

Paul Moody became chief executive upon the company's flotation in December 2005 and is responsible for the day-to-day running of the business.

Prior to that he had held a number of senior roles including managing director and chief operating officer. He joined Britvic in 1996 as director of sales for grocery multiples (supermarkets) having previously worked for Golden Wonder and Pedigree Pet Foods. Paul is also currently a non-executive director of Johnson Service Group PLC, chairman of business4Life, and immediate past president and a director of The British Soft Drinks Association Limited.

3 John Gibney

John Gibney was appointed finance director in 1999 and is responsible for finance, legal, estates, risk management and business transformation.

Prior to joining Britvic, he was senior corporate finance & planning manager for Bass PLC, and prior to that role, finance director and subsequently deputy managing director of Gala Clubs.

4 Ben Gordon

Ben Gordon was appointed a non-executive director on 15 April 2008.

He is also a member of the Audit, Nomination and Remuneration Committees. He is the former chief executive of Mothercare plc and former senior vce president and managing director, Disney Store, Europe and Asia Pacific. Ben has also held senior management positions with WHSmith group in the UK and the USA and L'Oreal S.A. in France and the UK. He has an MBA from INSEAD.

5 Joanne Averiss

Joanne Averiss was appointed a non-executive director on 18 November 2005 and is the PepsiCo nominee director.

She has been a member of the PepsiCo legal department since 1990, holding a series of positions in the UK and the US and is currently senior vice president, General Counsel Europe with legal responsibility for all of the PepsiCo business within its Europe sector. Joanne is also a trustee and chair of the Mesen Educational Trust.

6 Michael Shallow

Michael Shallow was appointed a non-executive director on 24 November 2005 and chairs the Audit Committee.

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

7 Bob Ivell

Bob Ivell was appointed a non-executive director on 24 November 2005 and is the company's senior independent director. He chairs the Remuneration Committee and is a member of the Audit and Nomination Committees. He is also currently the chairman of David Lloyd Leisure and executive chairman of Mitchells and Butlers plc. During the 1980s, Bob was the managing director of Beefeater and was also on the board of Scottish & Newcastle plc as chairman of the Retail Division between 1999 and 2004 and was executive chairman of Regent Inns PLC between 2004 and 2008.

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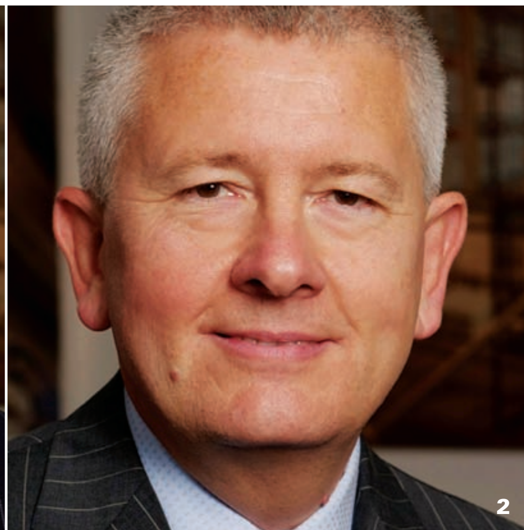
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directors' report

For the 52 weeks ended 30 September 2012

The directors are pleased to present their report and the consolidated financial statements of the company and its subsidiaries for the 52 weeks ended 30 September 2012.

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

Business review
A detailed review of the group's activities is contained within the Chairman's Statement on pages 4 to 5 and the chief executive's Review and Business Review on pages 6 to 21. The information contained in those sections fulfils the requirements of the Business Review, as required by Section 417 of the Companies Act 2006 and should be treated as forming part of this report.

Results and dividends
The group's profit for the 52 weeks ended 30 September 2012 before taxation attributable to the equity shareholders amounted to £77.5 million (2011: £79.9 million) and the profit after taxation amounted to £57.4 million (2011: £58.4 million).

An interim dividend of 5.3 pence (2011: 5.1 pence) per ordinary share was paid on 13 July 2012.

The directors have proposed a second interim dividend in lieu of a final dividend for the 52 weeks ended 30 September 2012 of 12.4 pence (2011: 12.6 pence) per ordinary share. This will be paid on 18 January 2013 to shareholders on the register at close of business on 7 December 2012.

In addition, the directors have proposed a special interim dividend of 10.0p per share conditional on the recommended merger with A.G. Barr p.l.c announced on 14 November 2012 ('the merger') becoming effective, in lieu of the dividend in relation to the period from 1 October 2012 until the effective date and in recognition of the combined group's dividend policy. The merger is to be implemented by way of a court-sanctioned scheme of arrangement under the Companies Act 2006 ('the scheme'). The special interim dividend will be paid to shareholders after the effective date on the register at the scheme record time (being the date and time specified in the scheme of arrangement document, expected to be 6.00 p.m. on the business day immediately prior to the date of completion of the merger).

Directors
The following were directors of the company during the 52 weeks ended 30 September 2012: Gerald Corbett, Paul Moody, Joanne Averiss, John Gibney, Ben Gordon, Bob Ivell and Michael Shallow.

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

The articles give the directors power to appoint and replace directors. Under the terms of reference of the nomination committee, any appointment must be recommended by the nomination committee for approval by the board. The articles also require directors to retire and submit themselves for election to the first annual general meeting following appointment and to retire at the annual general meeting held in the third calendar year after election or last re-election, but to comply with provision B.7.1 of the UK Corporate Governance Code all of the directors submit themselves for re-election at the next annual general meeting, if held. Their biographical details are set out on page 24 of this report.

Directors' interests
The directors' interests in ordinary shares of the company are shown within the Directors' Remuneration Report on pages 35 to 43. No director has any other interest in any shares or loan stock of any group company.

Other than Joanne Averiss, who is a director of a number of PepsiCo's subsidiaries, no director was or is materially interested in any contract other than his service contract, subsisting during or existing at the end of the 52 weeks ended 30 September 2012 which was significant in relation to the group's business. Further details of Joanne Averiss' appointment are set out on page 30 in the Corporate Governance section of the annual report.

Directors' liabilities
As at the date of this report, indemnities are in force under which the company has agreed, to the extent permitted by law and the company's articles 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 35 to 43.

Annual general meeting
In the light of the recommended merger between the company and A.G. Barr p.l.c. announced on 14 November 2012 the board has agreed to defer for the time being the next AGM which ordinarily would have been held in January 2013. Therefore no separate circular providing details of the AGM have been sent to shareholders with this annual 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 road shows at key sites by members of the executive committee, regular team meetings, the publication of a bi-monthly internal newsletter, "Britvic Life", together with the "b.link+" intranet site providing easy access to the latest company information as well as company policies and vacancies. The company organises quarterly formal business performance updates for employees, which are cascaded by line managers. An Employee Involvement Forum was established in 2004 through which nominated representatives ensure that employees' views are taken into account regarding issues that are likely to affect them. In addition, where the group has entered into a recognition agreement with a trade union, it fulfils its obligations to consult and negotiate accordingly. The group approaches these relationships from a partnership perspective. A robust employee opinion survey process is also in place to ensure that employees are given a voice in the organisation and that the group can take action based on employee feedback. This covers a variety of topics including leadership & 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 £50 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, are accorded equal opportunities when applying for vacancies, with due regard to their aptitudes and abilities. In addition to complying with legislative requirements, procedures ensure that disabled employees are fairly treated in respect of training and career development. For those employees who become disabled during the course of their employment, the group is supportive, whether through retraining or redeployment, so as to provide an opportunity for them to remain with the group, wherever reasonably practicable.

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

Supplier payment policy
It is group policy to agree terms and conditions for its business transactions with all suppliers. Payment is made in accordance with these terms provided the supplier meets its obligations. The average number of days of payments outstanding for the group at 30 September 2012 was 51 (2011: 48).

Political contributions
During the 52 weeks ended 30 September 2012, the group and its subsidiaries made no political contributions (2011: Nil).

Charitable donations
During the 52 weeks ended 30 September 2012, the group and its subsidiaries donated £1.6 million for charitable purposes (2011: £581,297). This included cash and product donations directly to charitable organisations and other investment in support of community programmes and, in particular, increased charitable donations and employee volunteering as a result of the core brands' support in GB of Transform Your Patch.

Major shareholders
At 26 November 2012 the company has been notified, pursuant to DTR5 of the Financial Services Authority's Disclosure and Transparency Rules, of the following notifiable voting rights in its ordinary share capital:

	Number of ordinary shares	Percentage of voting rights	Nature of holding
Route One Investment Company LLP	14,059,440	5.80%	Direct
FMR LLC	12,958,007	5.35%	Indirect
PepsiCo, Inc.	11,813,032	4.88%	Direct
APG Algemene Pensioen Groep N.V.	7,461,817	3.09%	Direct
Prudential plc	7,347,468	3.03%	Direct

Share capital
As at 30 September 2012, the company's issued share capital comprised a single class of shares referred to as ordinary shares. 700,000 ordinary shares were allotted and issued to the trustee of the Britvic Share Incentive Plan at par value during the 52 weeks ended 30 September 2012 to enable the trustee to meet its obligations under the Britvic Share Incentive Plan ('the Plan'). Full details of the ordinary share capital can be found in note 13 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. Any notice of general meeting issued by the company will specify deadlines for exercising voting rights and in appointing a proxy of proxies in relation to resolutions to be passed at the general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the 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 its ordinary shares.

IFG Trust (Jersey) Limited, as trustee of the Britvic Employee Benefit Trust ('the Trustee'), holds 0% of the issued share capital of the company, as at 26 November 2012, on trust for the benefit of the executive directors, senior executives and managers of the group. A dividend waiver is in place in the event the trustee's holding increased. The Trustee is not permitted to vote on any unvested shares held in the trust unless expressly directed to do so by the company.

Under the rules of the Plan eligible employees are entitled to acquire shares in the company. Plan shares are held in trust for participants by Equiniti Share Plan Trustees Limited ('the Trustees'). Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustees no vote is registered. In addition, the Trustees do not vote on any unawarded shares held under the Plan as surplus assets. As at 26 November 2012, the Trustees held 0.051% 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, details of which are included on page 20. Conditional on the recommended merger with A.G. Barr p.l.c. becoming effective, Pepsi and Britvic have agreed certain variations to the contractual terms of Pepsi's exclusive bottling and distribution agreements with the company (to reflect the operations of the combined group following the merger) and, on the basis of these revised terms, Pepsi has agreed not to exercise any rights of termination it may have as a consequence of the merger under these agreements. Similarly, change of control waivers have been sought and received from the company's bankers in relation to the company's banking arrangements.

The company's articles of association may only be amended by a special resolution at a general meeting of shareholders.

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 15.

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

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

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

Going concern
In presenting the financial statements on a going concern basis, the directors have considered both the business activities and principal risks and uncertainties as set out in the Business Overview and Business Review on pages 1 to 21. 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 were re-appointed auditors of the company at the company's last AGM held on 25 January 2012 to hold office until the conclusion of the next general meeting at which accounts are laid before the company. Subject to the auditors' willingness to accept re-appointment as auditors of the company at the relevant time, a resolution proposing their re-appointment will be contained in the next notice of AGM, if held, and put to the shareholders at that meeting.

By Order of the Board

Clare Thomas
Company secretary
26 November 2012

corporate governance report

UK corporate governance code compliance

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

The directors consider that the company has been in compliance with the provisions of the Code throughout the 52 weeks ended 30 September 2012.

The board

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

The chairman and chief executive

The different roles of the chairman and chief executive are acknowledged. A responsibility statement for each of those roles has been agreed with the chairman and chief executive, respectively, and adopted by the board. The chairman is primarily responsible for the workings of the board and ensuring that its strategic and supervisory role is achieved and for ensuring effective communication with shareholders. The board has delegated appropriate responsibilities to the Executive Committee (which comprises in addition to the executive directors, the marketing director, supply chain director, strategy director, human resources director, and the managing director of Britvic GB) who are responsible for the day-to-day running of the business, carrying out agreed strategy and implementing specific board decisions relating to the operation of the group.

Senior independent non-executive director

The senior independent non-executive director, Bob Ivell, is available to shareholders if they have concerns which are not resolved through the normal channels of chairman, chief executive or finance director; or for which such contact is inappropriate.

The directors

The biographical details of the board members are set out on pages 24 and 25. The directors have all occupied, or occupy, senior positions in UK and/or non-UK listed companies and have substantial experience in business. The non-executive directors do not participate in any of the group's pension schemes or in any of the group's bonus, share option or other incentive schemes. At all times there has been a majority of non-executive independent directors on the board, in compliance with Code provision B.1.2. The company's articles of association provide that all directors will stand for re-election at least every three years but to comply with provision B.7.1 of the Code, all of the directors submit themselves for re-election at each annual general meeting ('AGM') of the company.

Role of the board

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

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

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

The company secretary maintains a record of attendance at board meetings and committee meetings, further details of which are set out on page 32. During the year the chairman met with the non-executive directors without the executive directors present and the non-executive directors met without the chairman present, to evaluate his performance.

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

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

The appraisal output is used to identify strengths and development areas and confirmed that the board and its committees were operating effectively. Individual performance was also appraised 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. During the year, the Nomination Committee met to consider matters relating to succession planning and to consider the continued independence of the non-executive directors. The chairman reports the outcome of its meetings to the board.

The Remuneration Committee
The Remuneration Committee comprises Gerald Corbett, Ben Gordon, Michael Shallow and Bob Ivell, who acts as its chairman. It is responsible for: (i) making recommendations to the board on the group's policy on the remuneration of the company's chief executive, chairman, the executive directors, the company secretary and other members of the executive committee; (ii) the determination, within agreed terms of reference, of the remuneration of the chairman and of specific remuneration packages for each of the executive directors and other members of the executive committee, including pension rights, any compensation payments and benefits; and (iii) the determination of awards under the company's employee share plans to the executive directors, the company secretary and other members of the executive committee. It meets at least three times a year and during the year met five times. Full details of its activities and of directors' remuneration are set out in the Directors' Remuneration Report on pages 35 to 43. 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 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 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 finance director. If non-audit project fees are expected to exceed £150,000 the prior approval of the Audit Committee is required. The committee has scrutinised the internal procedures of the company's auditors, Ernst & Young LLP, and satisfied itself that the independence and objectivity of the auditors are not affected by the non-audit work undertaken.

Attendance at meetings
The attendance of directors at board and committee meetings during the 52 weeks ended 30 September 2012 was as follows:

	Board	Nomination Committee	Remuneration Committee	Audit Committee
Gerald Corbett	10	1	4	-
Paul Moody	10	1	-	-
Joanne Averiss	9	-	-	-
John Gibney	10	-	-	-
Bob Ivell	10	1	5	3
Michael Shallow	10	1	5	3
Ben Gordon	9	1	5	3
Total number of meetings	**10**	**1**	**5**	**3**

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

Presentations are made to analysts, investors and prospective investors covering the annual and interim results and the company seeks to maintain a dialogue with the various bodies which monitor the company's governance policies and procedures. The Business Review set out on pages 4 to 21 details the financial performance of the company as well as setting out the risks it faces. All shareholders have the opportunity to ask questions at the company's AGMs, at which the chairmen of the Nomination, Remuneration and Audit Committees are available to answer questions. The company secretary generally deals with questions from individual shareholders. In addition, the group's website containing published information and press releases can be found at www.britvic.com

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

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

- Strategic plan achievement, through a regular review of progress towards strategic objectives;
- Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan and taking appropriate management action;
- Capital investment and asset management performance, with detailed appraisal, authorisation and post investment reviews; and
- Principal risks and risk management processes, which accords with the Turnbull guidance published by the FRC in October 2005 and is supported by reports from the head of internal audit and risk that the significant risks faced by the group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity. The board has delegated the management of risk to the group executive committee, chaired by the chief executive, 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 on-going process for identifying, evaluating and managing the significant risks faced by the group, which has operated throughout the year. The group's risk management framework, which is developed by the Head of Internal Audit and Risk and approved by the group executive committee, is designed to support this process. 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 2006 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

The following is a report by the Remuneration Committee (the 'committee'), which has been approved by the board of Britvic plc for submission to shareholders. This report has been prepared in accordance with the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. In addition, the committee has followed the principles of good governance set out in the UK Corporate Governance Code 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 at the next AGM (if held) to approve the Directors' Remuneration Report.

Membership of Remuneration Committee
During the year, the committee consisted wholly of independent non-executive directors:

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

At the invitation of the chairman of the committee, the chief executive and group 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 32.

Composition and terms of reference
The committee's composition and terms of reference are in line with the UK Corporate Governance 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:

- Looking at executives' remuneration in terms of the pay policy of the company as a whole, pay and conditions elsewhere in the group, and the overall cost to the shareholders;
- Making recommendations to the board on the group's policy on the remuneration of the company's chief executive, chairman, the executive directors and other members of the Executive Committee;
- Determining, within agreed terms of reference, and taking into account corporate performance on environmental, social and governance issues, the remuneration of the chairman and specific remuneration packages for each of the executive directors and other members of the Executive Committee, including pension rights, any compensation payments and benefits; 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 UK Corporate Governance 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. During the year, Addleshaw Goddard were engaged by the committee to advise on share schemes and pensions. The following individuals also provided material advice or services to the committee during the year:

Paul Moody *(Chief executive);*
John Gibney *(Group finance director);*
Doug Frost *(Group human resources director);* and
Julie Withnall *(Group head of reward)*

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

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

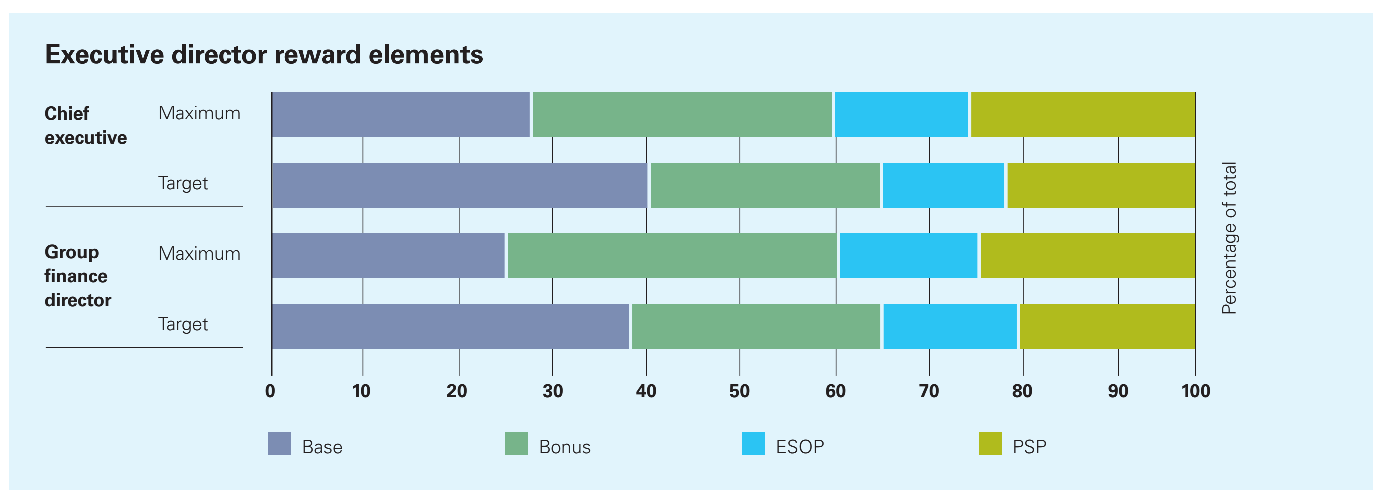
Remuneration policy and components of remuneration

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

	Purpose	Measures of performance for 2012/3	Changes in year
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.	• Executives' salaries increased by 2% effective January 2012.
Pension and benefits	• Long-term retention of employees	• N/a.	• No change.
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 (20%). • Free cash flow (30%).	• The weighting for the measure of Net Revenue and Free Cash Flow have been changed for 2012/13.
Executive share 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.	• No change.
Performance share plan	• Provides focus on sustained growth and long-term returns to shareholders.	• Relative TSR positioning against a peer group of similar sector companies (50%). • Average Return on Invested Capital ('ROIC') during the three year performance period (50%).	• No change.

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.



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

Remuneration in practice

We note that the future remuneration of the executive directors and other members of the Executive Committee will be subject to change should the completion of the recommended all-share merger of the Company and A.G. Barr p.l.c. be completed. Further information on the recommended merger with A.G. Barr p.l.c. will be set out in a separate circular to be sent to the company's shareholders and will be available on our website at www.britvic.com in due course.

Base salary

Salaries are reviewed annually to take account of:

- The individual performance and contribution of each executive director;
- The annual salary review budget for the rest of the group;
- Business performance;
- Mid-market data for a peer group of UK-listed companies of similar revenue size and scope as well as pay information; and
- Mid-market data for the few relevant companies in the UK food and beverage sector.

When determining directors' remuneration, the committee considers the overall GB salary review budget which was 3% in 2012/13, with increases of 3% for on target performance. There are no changes to current base salaries planned prior to 31 December 2012.

Incentive plans

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

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

Short-term incentive plan

In 2011/12, targets were approved by the committee at the beginning of the year and were aligned to internal targets and strategic business objectives.

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

For 2011/12, a bonus of 0% of salary was earned by both the chief executive and the group finance director as performance was below the committee's stretching performance targets.

The committee has decided to maintain the same target and maximum bonus opportunity for executive directors in 2012/13.

The committee has also decided that the key short-term operational drivers of the business for 2012/13 remain appropriate, but that a greater weighting should be applied to free cash flow. The amended bonus structure for 2012/13 will be paid for achievement of performance targets based on PBT (unchanged at 50% of total bonus), net revenue growth (reduced from 25% of total bonus to 20%) and free cash flow (increased from 25% of total bonus to 30%) and will be set at appropriately stretching levels.

This weighting was considered appropriate by the committee to give a greater emphasis on cash flow management whilst maintaining a focus building brand strength and profit growth.

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

In the event that grants are made in 2012/13, the committee has decided to maintain the same focus on long-term EPS growth as applied in 2011/12 and believes the performance range remains sufficiently stretching in the context of the current business outlook and growth strategy of the company. The key design features are summarised below:

Face value[1] (% of salary)	• Chief executive: 300% • Group finance director: 250%
Performance metrics	• EPS (100%)
Performance condition in 2012/13[2,3]	• 25% vests for EPS growth equivalent to RPI +3% per annum. • No awards will vest below this level of performance. • 100% 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.
Change In control provisions	• Vesting is subject to achievement of performance conditions • Vesting is pro rated for the portion of the performance period elapsed • At the discretion of the committee vesting maybe reduced to zero or the way that performance is measured can be adjusted but should be no more or less difficult to achieve • Subject to consent of the company and any acquirer, awards may be rolled over into awards with equivalent structure and terms, except for performance conditions • Awards must be exercised within 6 months of the change in control

[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 committee to senior executives and managers. The awards normally vest at the end of the three-year performance period, to the extent that the performance conditions are achieved. The key design features are summarised below:

Face value[1] (% of salary)	• Chief executive: 100% • Group finance director: 100%
Performance metrics	• Relative TSR (50%) • ROIC (50%)
Performance condition in 2012/13[2,3]	*Relative TSR portion:* • Peer group comprises 18 similar sector companies • 25% vests for ranking at median • 100% vests for ranking at or above upper quartile • Vesting is on a straight line between threshold and maximum *ROIC portion:* • 25% vests for three-year average ROIC of 21.5% • 100% vests for three-year average ROIC at or above 22.3% • Vesting is on a straight line between threshold and maximum
Change in control provisions	• Vesting is subject to achievement of performance conditions • Vesting is pro rated for the portion of the performance period elapsed • At the discretion of the committee the way that performance is measured can be adjusted but should be no more or less difficult to achieve • Subject to consent of the company and any acquirer, awards may be rolled over into awards with equivalent structure and terms, except for performance conditions

[1] Based on market price at grant

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

[3] These conditions will apply in the event that awards are made in 2012/13

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

- Free share awards are made annually at the discretion of the committee. The value of the award is discretionary and the maximum is 3% of reckonable earnings, capped at £3,000. In light of our 2011/12 performance against internal targets, the committee has determined that no award of free shares will be made in April 2013.
- Partnership shares are purchased by employees through payroll deductions between £5 and £115 per pay period.
- Matching shares are provided by the employer to individuals purchasing partnership shares on a one for one basis up to a maximum of £50 per pay period.

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

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

The cash allowance payable:
- Reflects contributions Britvic would have made to the defined contribution section of the the Plan had these individuals elected to join, less a deduction to ensure the cash allowance is cost neutral to the company from a National Insurance perspective.
- Is paid at a rate of 24.6% of pensionable pay (base salary only) to the chief executive and 22.0% of pensionable pay to the group finance director.

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

In line with all members of the defined benefits section Plan the executive directors may benefit from the Enhanced Early Retirement Facility ('EERF') which allows the Plan members to retire within five years of reaching normal pension age without a reduction in their pension. The EERF includes benefits payable from BETUS and is non-contractual. Continuation on the EERF formed part of the agreement with the DB Plan trustees on the closure of the defined benefit section of the Plan, and the rules of EERF state that it cannot be reasonably refused to any retiring member. The company has given notice to all of DB Plan members that the EERF will be withdrawn by 5 April 2016.

Where a BETUS member is retiring, the committee may consider offering a discounted one-off cash settlement to the member at the point of retirement to reduce the company's balance sheet exposure to the BETUS liability. Further details of Paul Moody's retirement arrangements under the proposed merger are set out below.

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

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

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

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

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

In the event of the recommended merger with A.G. Barr p.l.c. it has been agreed that Paul Moody would retire early. Consequently, he would not be entitled to any severance arrangements under the terms of his contract or bonus payments in respect of FY2012/13. As an early retiree the basis of his retirement benefits will follow the same provisions as apply to all Britvic employees in such situations. Paul Moody would qualify for EERF which means that his pension would not be actuarially reduced as it would be within five years of his normal pension age. Similarly, with respect to long-term incentive awards, Paul Moody would be subject to the same change in control provisions as all other participants in receipt of such awards and described in the policy table above. In order to provide expert integration and synergy support as well as handover of the current Pepsi relationship following completion of the proposed merger, Paul Moody would be provided with a consulting services agreement with the combined Group for a fixed period of six months following completion to ensure his expertise is available for as long as the new Board requires it during that period. The agreed fee for these services, to be paid monthly, is £350,000 in total.

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 and non-executive directors
Under his Letter of Appointment, Gerald Corbett was appointed chairman of the company for an initial three-year term to 14 December 2008. This has been extended until 14 December 2014 subject to annual re-election by the company's shareholders in accordance with the UK Corporate Governance Code.

The non-executive directors do not have service contracts but instead have Letters of Appointment for a three-year term, subject to annual re-election by the company's shareholders in accordance with the UK Corporate Governance Code.

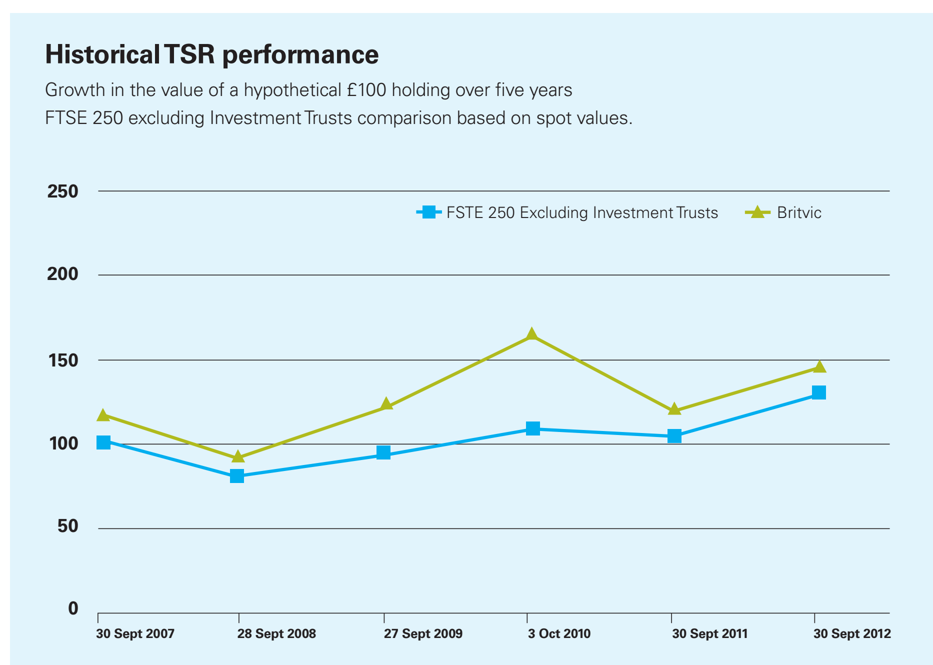
	Effective date of contract	Unexpired term (approx. months)	Notice period from director (months)	Notice period from company (months)
Non-executive directors:				
Gerald Corbett	14 December 2011[1]	24	12	12
Joanne Averiss	14 December 2011[1]	24	3	3
Ben Gordon	15 April 2011[1]	16	3	3
Bob Ivell	14 December 2011[1]	24	3	3
Michael Shallow	14 December 2011[1]	24	3	3

[1] The Non-executive directors' letters of appointment were extended for a further three-year term to 14 December 2014 with the exception of Ben Gordon whose letter of appointment was extended for a further three-year term to 14 April 2014.

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

No changes to current fees are planned prior to 31 December 2012.

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



Audited information

Directors' remuneration

	Basic salary and fees[1] £'000	Taxable benefits[2] £'000	Performance related bonuses[3] £'000	Total 2011/12 £'000	Total 2010/11 £'000
Executive directors:					
Paul Moody	652	18	-	670	517
John Gibney	407	21	-	428	339
Non-executive directors:					
Gerald Corbett	227	-	-	227	272
Joanne Averiss	48	-	-	48	47
Ben Gordon	48	-	-	48	47
Bob Ivell	64	-	-	64	63
Michael Shallow	56	-	-	56	55

[1] The basic salary and fees includes for Paul Moody basic salary of £507,359.48 and a pensions cash alternative of £144,728.74 and for John Gibney basic salary of £323,685.33 and a pensions cash alternative of £83,800.61.

[2] 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 (worth £17,319 for Paul Moody and £20,059 for John Gibney) and membership of the Company's private medical healthcare plan (worth £1,409 for Paul Moody and £1,128 for John Gibney). In line with policy for all employees, Paul Moody elected to sell 5 days' holiday in this performance year.

[3] For 2011/12 no bonus is payable for either executive director

Directors' interests in share options

The executive directors participate in the Britvic Executive Share Option Plan (on the terms and subject to the EPS growth performance condition as described on page 88).

Number of shares under Option	Date of grant	At start of year/date of appointment	Granted during year	Exercised during year	Lapsed during year	At end of year/ date of cessation	Option exercise price (pence)	Date from which exerciseable	Expiry date
Paul Moody	15/12/05[1]	273,005	-	-	-	273,005	245.0	15/12/08	15/12/15
	06/12/06[1]	338,776	-	-	-	338,776	245.0	06/12/09	06/12/16
	05/12/07[1]	246,369	-	-	-	246,369	347.0	05/12/10	05/12/17
	05/12/08[2]	615,068	-	-	(84,879)	530,189	221.0	05/12/11	05/12/18
	07/12/09[2]	372,326	-	-	-	372,326	387.0	07/12/12	07/12/19
	07/12/10[2]	310,111	-	-	-	310,111	465.0	07/12/13	07/12/20
	07/12/11[2]	-	452,368	-	-	452,368	332.0	06/12/14	06/12/21
Total		**2,155,655**	**452,368**	**-**	**(84,879)**	**2,523,144**			
John Gibney	15/12/05[1]	124,366	-	-	-	124,366	245.0	15/12/08	15/12/15
	06/12/06[1]	162,245	-	-	-	162,245	245.0	06/12/09	06/12/16
	05/12/07[1]	119,135	-	-	-	119,135	347.0	05/12/10	05/12/17
	05/12/08[2]	330,486	-	-	(45,607)	284,879	221.0	05/12/11	05/12/18
	07/12/09[2]	200,065	-	-	-	200,065	387.0	07/12/12	07/12/19
	07/12/10[2]	166,634	-	-	-	166,634	465.0	07/12/13	07/12/20
	06/12/11[2]	-	240,502	-	-	240,502	332.0	6/12/14	6/12/21
Total		**1,102,931**	**240,502**	**-**	**(45,607)**	**1,297,826**			

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

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

The market price of the company's shares on 30 September 2012 was 364.1p and the range of closing prices during the year was 260.1p to 398.0p

Directors' interests in the performance share plan

The executive directors participate in the Britvic Performance Share Plan (as described on page 89).

	Date of award	At start of year/date of appointment	Awarded during year	Vested during year	Lapsed during year	At end of year/ date of cessation	Market price at date of award (pence)	Vesting date
Paul Moody	05/12/08[2]	205,024	-	(186,572)	(18,452)	0	224.0	05/12/11
	05/12/09[3]	124,110	-	-	-	124,110	380.1	07/12/12
	07/12/10[4]	103,370		-	-	103,370	475.4	07/12/13
	06/12/11[5]	-	150,790	-	-	150,790	329.8	06/12/14
Total		**432,504**	**150,790**	**(186,572)**	**(18,452)**	**378,270**		
John Gibney	05/12/08[2]	132,196	-	(120,298)	(11,898)	-	224.0	05/12/11
	05/12/09[3]	80,026	-	-	-	80,026	380.1	07/12/12
	07/12/10[4]	66,654		-	-	66,654	475.4	07/12/13
	06/12/11[5]	-	96,200			96,200	329.8	06/12/14
Total		**278,876**	**96,200**	**(120,298)**	**(11,898)**	**242,880**		

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

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

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

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

[5] Awards of performance shares in 2011 vest at 25% at threshold and 100% at maximum (with 50% of the award subject to the TSR performance condition detailed above and 50% of the award subject to threshold ROIC of 21.5% and maximum ROIC condition of 22.3%.

Directors' interests in shares

	Britvic plc ordinary shares of 20p each	
Executive directors:	30 September 2012	2 October 2011
Paul Moody	445,040	354,846
John Gibney	373,434	315,051
Non-executive directors:		
Gerald Corbett	103,695	103,695
Joanne Averiss	14,696	8,696
Ben Gordon	11,393	11,393
Bob Ivell	10,870	10,870
Michael Shallow	21,739	21,739

The above shareholdings are all beneficial interests and include shares held on behalf of the executive directors by the trustee of the Britvic Share Incentive Plan which is detailed on page 87.

In the period 1 October 2012 to 27 November 2012 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 88 shares each.

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

Name of director	Age (last birthday) at 30/09/12	Accrued pension at 30/09/2012 £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 - 30/09/12 £	Transfer value of accrued benefits - 02/10/11 £	Increase in transfer value over accounting period less directors' contributions[4] £
Paul Moody	55	216,600	6,400	900	18,800	4,597,900	3,528,100	1,069,800
John Gibney	52	191,800	5,700	800	13,600	3,333,800	2,641,000	692,800

[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] Increase from last year due to changes in the transfer value basis used by the Britvic Pension Plan.

The defined benefit section of the DB Section and the Britvic Executive Top-Up Scheme ('BETUS') were closed to future accrual on 10 April 2011. Most active members transferred to the defined contribution section of the DB Section, but the two executive directors opted to cease tax-relievable pension provision at the point of closure and instead now receive a cash sum in lieu of pension contributions. The cash sum received by Paul Moody equates to 24.6% of basic salary and that received by John Gibney equates to 22% of basic salary. The accrued pensions and transfer values listed above are calculated on the basis of entitlements accrued to 10 April 2011, but calculated where relevant in line with market conditions at 30 September 2012.

The entitlements shown also include increases to accrued pensions since date of leaving defined benefit service for deferred members which are required under the rules of the DB Plan and the BETUS, the aim of which are to increase the benefits in line with price inflation between the date of leaving pensionable service in the DB Section and the BETUS and the date when benefits are drawn. The increase due on 1 October 2012 has been included in the above figures. The transfer values shown have been calculated in accordance with relevant regulations, which are before allowances for any discretionary options available.

In line with normal application of the EERF policy for legacy DB pension members, the committee agreed to apply its discretion to allow Paul Moody to use the EERF upon completion of the proposed merger. The cost to the company of EERF is approximately £1.1M.

The associated total liabilities of the BETUS in relation to Paul Moody are approximately £3.6M on an IAS19 basis in the company accounts. In order to reduce the BETUS related company balance sheet exposure sooner, the committee agreed to a one off payment to Paul Moody of £2.85M which eliminates all current and future entitlements under BETUS for him. Taking into account employer NIC costs, this represents a saving of 10% to the company. Following confirmation from the takeover panel, the committee also agreed to adopt this approach (on a discretionary basis) as an ongoing policy that could be applied to all BETUS members.

On behalf of the board

Bob Ivell
Chairman of the Remuneration Committee
26 November 2012

independent auditor's report to the members of Britvic plc

We have audited the group financial statements of Britvic plc for the 52 week period ended 30 September 2012 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 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 34, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

- give a true and fair view of the state of the group's affairs as at 30 September 2012 and of its profit for the 52 week period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 30 to 34 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

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

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 29, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter
We have reported separately on the parent company financial statements of Britvic plc for the 52 week period ended 30 September 2012 and on the information in the Directors' Remuneration Report that is described as having been audited.

Nigel Meredith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

26 November 2012

consolidated income statement

For the 52 weeks ended 30 September 2012

		52 weeks ended 30 September 2012			52 weeks ended 2 October 2011		
	Note	**Before exceptional & other items £m**	**Exceptional & other items* £m**	**Total £m**	Before exceptional & other items £m	Exceptional & other items* £m	Total £m
Revenue		**1,256.4**	**-**	**1,256.4**	1,290.4	-	1,290.4
Cost of sales		**(624.6)**	**-**	**(624.6)**	(627.3)	-	(627.3)
Gross profit		**631.8**	**-**	**631.8**	663.1	-	663.1
Selling and distribution costs		**(353.3)**	**-**	**(353.3)**	(371.4)	-	(371.4)
Administration expenses		**(165.8)**	**(4.8)**	**(170.6)**	(156.7)	(23.1)	(179.8)
Operating profit / (loss)	6	**112.7**	**(4.8)**	**107.9**	135.0	(23.1)	111.9
Finance costs	9	**(28.3)**	**(2.1)**	**(30.4)**	(29.9)	(2.1)	(32.0)
Profit / (loss) before tax		**84.4**	**(6.9)**	**77.5**	105.1	(25.2)	79.9
Taxation	10	**(21.5)**	**1.4**	**(20.1)**	(27.2)	5.7	(21.5)
Profit / (loss) for the period attributable to the equity shareholders		**62.9**	**(5.5)**	**57.4**	77.9	(19.5)	58.4
Earnings per share							
Basic earnings per share	11			**23.8p**			24.3p
Diluted earnings per share	11			**22.4p**			23.0p
Adjusted basic earnings per share**	11			**27.2p**			33.7p
Adjusted diluted earnings per share**	11			**26.5p**			32.9p

* See note 5.

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

All activities relate to continuing operations.

consolidated statement of comprehensive income

For the 52 weeks ended 30 September 2012

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

consolidated balance sheet

As at 30 September 2012

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

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

Paul Moody
Chief executive

John Gibney
Finance director

consolidated statement of cash flows

For the 52 weeks ended 30 September 2012

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

consolidated statement of changes in equity

For the 52 weeks ended 30 September 2012

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Share scheme reserve £m	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Retained losses £m	Total £m
At 3 October 2010	**48.0**	**10.6**	**(1.9)**	**9.7**	**7.4**	**22.5**	**87.3**	**(214.3)**	**(30.7)**
Profit for the period	-	-	-	-	-	-	-	58.4	**58.4**
Other comprehensive income	-	-	-	-	1.6	(0.1)	-	32.7	**34.2**
	-	-	-	-	1.6	(0.1)	-	91.1	**92.6**
Issue of shares	0.3	4.4	(4.1)	-	-	-	-	-	**0.6**
Own shares purchased for share schemes	-	-	(3.3)	-	-	-	-	-	**(3.3)**
Own shares utilised for share schemes	-	-	8.3	(5.6)	-	-	-	(1.0)	**1.7**
Movement in share based schemes	-	-	-	3.7	-	-	-	-	**3.7**
Current tax on share based payments	-	-	-	-	-	-	-	0.7	**0.7**
Deferred tax on share based payments	-	-	-	-	-	-	-	(2.5)	**(2.5)**
Payment of dividend	-	-	-	-	-	-	-	(40.3)	**(40.3)**
At 2 October 2011	**48.3**	**15.0**	**(1.0)**	**7.8**	**9.0**	**22.4**	**87.3**	**(166.3)**	**22.5**
Profit for the period	-	-	-	-	-	-	-	57.4	**57.4**
Other comprehensive income	-	-	-	-	(5.4)	0.1	-	5.9	**0.6**
	-	-	-	-	(5.4)	0.1	-	63.3	**58.0**
Issue of shares	0.2	2.7	(2.4)	-	-	-	-	-	**0.5**
Own shares purchased for share schemes	-	-	(9.3)	-	-	-	-	-	**(9.3)**
Own shares utilised for share schemes	-	-	11.9	(5.6)	-	-	-	(2.0)	**4.3**
Movement in share based schemes	-	-	-	2.0	-	-	-	-	**2.0**
Current tax on share based payments	-	-	-	-	-	-	-	0.6	**0.6**
Deferred tax on share based payments	-	-	-	-	-	-	-	1.0	**1.0**
Payment of dividend	-	-	-	-	-	-	-	(42.5)	**(42.5)**
At 30 September 2012	**48.5**	**17.7**	**(0.8)**	**4.2**	**3.6**	**22.5**	**87.3**	**(145.9)**	**37.1**

notes to the consolidated financial statements

1. General information

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

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

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

2. Statement of compliance

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

3. Accounting policies

Basis of preparation
The financial statements have been prepared on a going concern basis. For further detail, please refer to note 32.

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

Basis of consolidation
The consolidated financial statements of the group incorporate the financial information of the company and the entities controlled by the company (its subsidiaries) in accordance with IAS 27 'Consolidated and Separate Financial Statements'. The financial statements of subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiary undertakings acquired or disposed of in the year are included in the Consolidated Income Statement from the date the group gains control or up to the date control ceases respectively. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement.

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

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

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight-line basis, over the useful economic life of that asset as follows:

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

Land is not depreciated.

Freehold properties are depreciated over 50 years.

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

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

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

3. Accounting policies continued

Goodwill

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

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

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

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

Intangible assets

Trademarks, franchise rights and customer lists

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

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

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

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

Software Costs

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

Impairment of assets

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

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

3. Accounting policies continued

Inventories and work in progress

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

Financial assets

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

Loans and receivables

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

Derivative financial instruments and hedging

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

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

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

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

Cash flow hedges

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

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

Net investment hedges

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

Fair value hedges

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

3. Accounting policies continued

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

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

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

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

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

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

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

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

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

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

Pensions and post-retirement benefits
The group operates a number of pension schemes. These include both defined benefit and defined contribution plans.

Defined benefit plans
The defined benefit pension liability or asset in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are measured at fair value based on market price information and in the case of quoted securities, the published bid price. Plan liabilities are measured on an actuarial basis, using the projected unit credit method and discounted at an interest rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the plan liabilities.

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

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

3. Accounting policies continued

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

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

Any net pension assets arising are assessed for restrictions.

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

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

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

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

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

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

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

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

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

Foreign currencies
Functional and presentation currency
The consolidated financial statements of the group are presented in pounds sterling. The presentation currency of the consolidated financial statements is the same as the functional currency of the company.

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

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

3. Accounting policies continued

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

Issued share capital
Ordinary shares are classified as equity.

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

Nature and purpose of other reserves
Share premium account
The share premium account is used to record the excess of proceeds over the nominal value on the issue of shares.

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

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

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

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

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

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

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

- 'Exceptional' items include those significant items of income and expense which, because of the nature and infrequency of the events giving rise to them, merit separate presentation.
- 'Other' items include fair value movements on financial instruments where hedge accounting cannot be applied. These items have been included within 'exceptional and other items' because they are non-cash and do not form part of how management assesses performance.

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

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

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

3. Accounting policies continued

Key judgements and sources of estimation uncertainty continued

Deferred tax

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

Cross currency interest rate swaps

The group measures cross currency interest rate swaps at fair value at each balance sheet date. The fair value represents the net present value of the difference between the projected cash flows at the swap contract rate and the relevant exchange/interest rate for the period from the balance sheet date to the contracted expiry date. The calculation therefore uses estimates of present value, future foreign exchange rates and interest rates. Information regarding cross currency interest rate swaps is provided in notes 22 and 26.

Other

The group also makes estimations and judgements in the valuation of share-based payments. However, the value of this item is such that any variation in the estimates used is unlikely to have a significant effect on the amounts recognised in the financial statements. Further details are given in note 28.

New standards adopted in the current period

During the period, the group adopted a number of interpretations and amendments to standards which had an immaterial impact on the consolidated financial statements of the group.

New standards and interpretations not applied

The group has not applied the following IFRSs, which may be applicable to the group, that have been issued but are not yet effective:

		Effective date – periods commencing on or after
International Financial Reporting Standards (IFRS)		
IFRS 7	Amendment to IFRS 7 – Offsetting of assets and liabilities	1 January 2013
IFRS 9	Financial Instruments – Classification and measurement	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
International Accounting Standards (IAS)		
IAS 1	Amendment to IAS 1 – Presentation of financial statements	1 July 2012
IAS 12	Amendment to IAS 12 – Income taxes	1 January 2012
IAS 19	IAS 19 (revised 2011) – Employee benefits	1 January 2013
IAS 27	IAS 27 (revised 2011) – Separate financial statements	1 January 2013
IAS 32	Amendment to IAS 32 – Offsetting of assets and liabilities	1 January 2014
Other		
Annual improvements	Annual improvements 2011	1 January 2013

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

The most significant change for Britvic under IAS 19 revised is the replacement of interest cost and expected return on plan assets with a finance cost component which is determined by applying the same discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The difference between the actual return on plan assets and the discount rate will be presented in other comprehensive income. The effect at the date of adoption will depend on market interest rates, rates of return and the actual mix of scheme assets at that time. The directors consider that this change will not have a material impact on the Group consolidated results. Following consultation with GB employees, the group principal pension scheme, the Britvic Pension Plan (BPP), was closed to future accrual for active members with effect from 10 April 2011 and the intention of the Trustees is to change the asset allocation over time to reduce the risk of volatility within the asset portfolio. Changes to the mix of scheme assets to reduce risk may also reduce the impact of IAS 19 Revised.

4. Segmental reporting

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

- GB Stills – United Kingdom excluding Northern Ireland
- GB Carbs – United Kingdom excluding Northern Ireland
- International
- Ireland
- France

These business units sell soft drinks into their respective markets.

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

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

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

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

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

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

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

4. Segmental reporting continued

Geographic information

Revenues from external customers

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

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

Non-current assets

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

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

5. Exceptional and other items

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

* Included within administration expenses in the Consolidated Income Statement.

** Included within finance costs in the Consolidated Income Statement.

*** For 2012, a gain of £1.3m (2011: £10.0m) is included within administration expenses and £2.1m (2011: £0.6m) included within finance costs in the Consolidated Income Statement.

5. Exceptional and other items continued

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

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

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

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

The 2012 costs principally relate to:

- Redundancy costs arising in the Ireland segment;
- Redundancy and restructuring costs relating to the separation of functional support structures between group and the GB business unit; and
- Costs relating to the outsourcing of the customer operations tecnical service.

The 2011 costs principally related to:

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

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

f) In 2012, there is a credit against the onerous lease provision relating to rental received from a sublet in the year.

g) Following the successful refinancing of the group's committed bank facility in March 2011, the unamortised 2009 refinancing fees of £1.5m were written off to finance costs in the Consolidated Income Statement.

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

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

6. Operating profit / (loss)

This is stated after charging:

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

7. Auditor's remuneration

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

8. Staff costs

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

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

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

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

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

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

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

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

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

9. Finance costs

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

10. Taxation

a) Tax on loss on ordinary activities

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

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

10. Taxation continued

b) Reconciliation of the total tax charge

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

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

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

c) Unrecognised tax items

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised total £3.8m (2011: £13.0m). No deferred tax has been provided in respect of these differences, since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the future.

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

A deferred tax asset of £nil (2011: £0.2m) has not been recognised in respect of tax losses.

10. Taxation continued

d) Impact of rate change

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

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

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

e) Deferred tax

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

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

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

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

The deferred tax included in the Consolidated Income Statement is as follows:

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

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

11. Earnings per share

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

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

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

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

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

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

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

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

12. Dividends paid and proposed

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

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

13. Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Total £m
At 3 October 2010, net of accumulated depreciation and impairment	**61.7**	**28.9**	**100.7**	**56.4**	**247.7**
Exchange differences	(0.3)	(0.1)	(0.5)	(0.1)	(1.0)
Reclassifications	(0.3)	-	0.3	-	-
Acquisitions	0.5	-	0.1	-	0.6
Additions	1.4	0.5	23.7	12.6	38.2
Disposals at cost	(1.2)	(0.1)	(24.5)	(36.8)	(62.6)
Depreciation eliminated on disposals	0.7	-	23.8	33.2	57.7
Assets transferred to held for sale	(0.7)	-	-	-	(0.7)
Depreciation charge for the year	(1.9)	(0.5)	(18.0)	(15.2)	(35.6)
Impairment	-	-	(0.5)	-	(0.5)
At 2 October 2011, net of accumulated depreciation and impairment	**59.9**	**28.7**	**105.1**	**50.1**	**243.8**
Exchange differences	(1.4)	(0.6)	(2.9)	(0.1)	(5.0)
Additions	3.5	0.4	20.2	15.5	39.6
Disposals at cost	(0.9)	-	(12.1)	(7.5)	(20.5)
Depreciation eliminated on disposals	0.1	-	11.0	6.3	17.4
Depreciation charge for the year	(2.1)	(0.7)	(19.6)	(12.0)	(34.4)
Impairment	-	-	-	(4.3)	(4.3)
At 30 September 2012 net of accumulated depreciation and impairment	**59.1**	**27.8**	**101.7**	**48.0**	**236.6**
At 30 September 2012					
Cost (gross carrying amount)	**77.9**	**39.9**	**255.1**	**166.6**	**539.5**
Accumulated depreciation and impairment	**(18.8)**	**(12.1)**	**(153.4)**	**(118.6)**	**(302.9)**
Net carrying amount	**59.1**	**27.8**	**101.7**	**48.0**	**236.6**
At 2 October 2011					
Cost (gross carrying amount)	78.6	40.6	256.1	161.4	536.7
Accumulated depreciation and impairment	(18.7)	(11.9)	(151.0)	(111.3)	(292.9)
Net carrying amount	59.9	28.7	105.1	50.1	243.8

In 2011, properties with a net book value of £26.6m, comprising freehold land and buildings of £21.4m and leasehold land and buildings of £5.2m, were transferred to Britvic Property Partnership (see note 23). These secure the future income stream to the pension plan. At 30 September 2012 these properties have a net book value of £26.2m, of which £21.1m is freehold land and buildings and £5.1m is leasehold land and buildings.

Finance leases

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

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Total £m
Cost as at 3 October 2010 net, of accumulated amortisation	**101.6**	**23.5**	**43.2**	**30.7**	**143.5**	**342.5**
Exchange differences	(1.7)	(0.2)	(0.5)	(0.2)	(1.1)	**(3.7)**
Acquisitions	-	-	-	-	0.4	**0.4**
Additions	-	-	-	11.9	-	**11.9**
Disposals at cost	-	-	-	(24.6)	-	**(24.6)**
Amortisation eliminated on disposals	-	-	-	24.3	-	**24.3**
Amortisation charge for the period	-	(0.7)	(2.4)	(9.8)	-	**(12.9)**
Cost as at 2 October 2011, net of accumulated amortisation	**99.9**	**22.6**	**40.3**	**32.3**	**142.8**	**337.9**
Exchange differences	(7.4)	(1.6)	(2.9)	(0.2)	(5.9)	**(18.0)**
Additions	-	-	-	5.4	-	**5.4**
Amortisation charge for the period	-	(0.7)*	(2.2)*	(6.6)	-	**(9.5)**
Impairment	-	-	-	(10.6)	-	**(10.6)**
At 30 September 2012	**92.5**	**20.3**	**35.2**	**20.3**	**136.9**	**305.2**
At 30 September 2012						
Cost (gross carrying amount)	**120.1**	**23.6**	**47.2**	**56.0**	**198.9**	**445.8**
Accumulated amortisation and impairment	**(27.6)**	**(3.3)**	**(12.0)**	**(35.7)**	**(62.0)**	**(140.6)**
Net carrying amount	**92.5**	**20.3**	**35.2**	**20.3**	**136.9**	**305.2**
At 2 October 2011						
Cost (gross carrying amount)	129.8	25.5	51.0	51.8	208.9	467.0
Accumulated amortisation and impairment	(29.9)	(2.9)	(10.7)	(19.5)	(66.1)	(129.1)
Net carrying amount	99.9	22.6	40.3	32.3	142.8	337.9

* See Note 11

Trademarks

Britvic Ireland and Britvic France

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

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

Franchise rights

Franchise rights represent the franchise agreements acquired as part of the Britvic Ireland business combination which provide the long term right to distribute certain soft drinks. These agreements have been allocated a 35 year useful economic life. As at 30 September 2012 these intangible assets have a remaining useful life of 30 years. The franchise agreement itself has a contract life less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the contract is highly probable.

Customer lists

Britvic France

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

Britvic Ireland

Customer lists represent those customer relationships acquired which are valued in respect of the grocery and wholesale businesses. These customer lists have been allocated useful economic lives of between 10 and 20 years. At 30 September 2012 these intangible assets have a remaining useful life of between 5 and 15 years.

Software costs

Software is capitalised at cost. These intangible assets have been assessed as having finite lives and are amortised using the straight-line method over a period of 3 to 7 years. These assets are tested for impairment where an indicator of impairment arises. As at 30 September 2012 these intangible assets have a remaining useful life of up to 5 years.

14. Intangible assets continued

Goodwill

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

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

15. Impairment testing of intangible assets

Carrying amount of goodwill and trademarks with indefinite lives

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

	2012 £m	2011 £m
Goodwill		
Orchid	6.0	6.0
Tango	8.9	8.9
Robinsons	38.6	38.6
Britvic Soft Drinks business ("BSD")	7.8	7.8
Water business	1.7	1.7
Britvic Ireland	15.8	17.0
Britvic France	58.1	62.8
Total Goodwill	**136.9**	142.8
Trademarks with indefinite lives		
Britvic Ireland		
Britvic	6.0	6.4
Cidona	5.3	5.7
Mi Wadi	8.1	8.8
Ballygowan	2.2	2.4
Club	13.5	14.6
	35.1	37.9
Britvic France		
Teisseire	45.4	49.1
Moulin de Valdonne	3.7	4.0
Pressade	4.3	4.6
Fruité	4.0	4.3
	57.4	62.0
Total trademarks	**92.5**	99.9

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

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

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

Method of impairment testing

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

The group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing. The pre-tax discount rate applied to pre-tax cash flow projections is:

	At 30 Sep 2012	At 2 Oct 2011
Britvic GB	11%	11%
Britvic Ireland	11%	11%
Britvic France	12%	12%

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

15. Impairment testing of intangible assets continued

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.

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

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

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

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

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

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

	Carrying value £m	2012 Excess of recoverable amount over carrying amount £m
Goodwill		
Orchid	6.0	2.9
Tango	8.9	92.2
Robinsons	38.6	1,068.4
Britvic Soft Drinks ("BSD")	7.8	2,166.0
Water business	1.7	62.7
Britvic Ireland	15.8	0.7
Britvic France	58.1	6.1
Total Goodwill	**136.9**	**3,399.0**
Trademarks with indefinite lives		
Britvic Ireland		
Britvic	6.0	1.3
Cidona	5.3	4.0
Mi Wadi	8.1	25.6
Ballygowan	2.2	7.6
Club	13.5	37.1
	35.1	**75.6**
Britvic France		
Teisseire	45.4	318.3
Moulin de Valdonne	3.7	36.6
Pressade	4.3	0.5
Fruité	4.0	1.8
	57.4	**357.2**
Total Trademarks	**92.5**	**432.8**

15. Impairment testing of intangible assets continued

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

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

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

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

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

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

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

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

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

Intangible assets with finite lives
Franchise rights
Franchise rights represent the franchise agreements acquired, as a result of the acquisition of Britvic Ireland, which provide the long term right to distribute certain soft drinks. Management have reviewed the performance of those products since acquisition and no indicators of impairment have been identified (2011: £nil).

Customer lists
As part of the fair value exercise regarding the acquisitions of Britvic Ireland in 2007 and Britvic France in 2010, customer list assets with finite lives were recognised. Management have reviewed trading levels with those customers since acquisition. No indicators of impairment have been identified in the current year and accordingly no impairments have been recognised in respect of customer lists (2011: £nil).

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

16. Other receivables (non-current)

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

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

17. Inventories

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

18. Trade and other receivables (current)

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

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

	Total £m
At 3 October 2010	1.2
Charge for period	1.0
Utilised	(0.5)
Unused amounts reversed	(0.5)
At 2 October 2011	1.2
Charge for period	1.9
Utilised	(0.5)
Unused amounts reversed	(0.1)
At 30 September 2012	**2.5**

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

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

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

			Past due but not impaired				
	Total £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
2012	**207.7**	**196.5**	**6.7**	**0.3**	**2.0**	**0.5**	**1.7**
2011	209.1	194.1	12.0	0.8	0.5	0.5	1.2

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

19. Cash and cash equivalents

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

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

At 30 September 2012 the group had available £400.0m (2011: £400.0m) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met.

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

20. Non-current assets held for sale

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

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

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

21. Issued share capital

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

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

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

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

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

21. Issued share capital continued

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

Of the issued and fully paid ordinary shares, 217,994 shares (2011: 258,683 shares) are treasury shares. This equates to £43,599 (2011: £51,737) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 28.

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

22. Interest-bearing loans and borrowings

	2012 £m	2011 £m
Current		
Finance leases	**(0.3)**	-
Bank loans	**(0.3)**	-
Total current	**(0.6)**	-
Non-current		
Finance leases	**(0.5)**	(1.2)
Bank loans	**(1.1)**	(2.2)
Private placement notes	**(560.8)**	(574.4)
Less unamortised issue costs	**3.7**	4.6
Total non-current	**(558.7)**	(573.2)
Total interest-bearing loans and borrowings	**(559.3)**	(573.2)

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

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

Analysis of changes in interest-bearing loans and borrowings

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

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

22. Interest-bearing loans and borrowings continued

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

Loans outstanding at 30 September 2012 attract interest at an average rate of 4.16% for euro denominated loans (2011: 5.09%). There were no sterling denominated loans outstanding at 30 September 2012 (2011: Nil).

Private placement notes
2007 Notes
On 20 February 2007, Britvic plc issued US$375m and £38m of Senior Notes ('the 2007 Notes') in the United States Private Placement market (USPP). The amount, maturity and interest terms of the Notes are shown in the table below:

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

Britvic plc makes quarterly or semi-annual interest payments in US dollars and sterling under these notes. The 2007 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the company. In order to manage the risk of foreign currency and interest rate fluctuations, the group has entered into currency interest rate swaps whereby fixed / floating US dollar interest is swapped for fixed sterling interest. The swap contracts have the same duration and other critical terms as the borrowings which they hedge and are designated as part of effective hedge relationships (see note 26).

2009 Notes
On 17 December 2009, Britvic plc issued US$250m of Senior Notes in the United States Private Placement market ('the 2009 Notes'). The 2009 Notes are additional borrowings to the 2007 Notes.

Britvic plc makes semi-annual interest payments in US dollars under these notes. The 2009 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the group.

In order to manage foreign exchange risk, interest rate risk and to ensure an appropriate mix of sterling and euro funding, the group has entered into a number of cross currency interest rate swaps. The 2009 Notes were swapped into floating rate sterling and euro liabilities through a series of US dollar to sterling and, with the exception of series A, sterling to euro swap instruments. These cross currency interest rate swap contracts have the same duration and other critical terms as the relevant borrowings they hedge and are designated as part of effective hedge relationships (see note 26).

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

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

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

22. Interest-bearing loans and borrowings continued

2010 Notes
On 17 December 2010, Britvic plc issued US$163.0m and £7.5m of Senior Notes in the United States Private Placement market ('the 2010 Notes'). The 2010 Notes are additional borrowings to the 2007 and 2009 Notes.

Britvic plc makes semi-annual interest payments in US dollars and sterling under these notes. The 2010 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the group.

In order to manage foreign exchange risk, interest rate risk and to ensure an appropriate mix of sterling and euro funding, the group has entered into a number of cross currency interest rate swaps. The 2010 Notes were swapped into a mix of fixed and floating rate sterling and fixed euro liabilities through a series of US dollar to sterling and sterling to euro swap instruments. These cross currency interest rate swap contracts have the same duration and other critical terms as the relevant borrowings they hedge and are designated as part of effective hedge relationships (see note 26).

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

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

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

Covenants on all Notes include a term which states that Britvic plc must offer to repay the Notes should a change in control of the group occur which results in a downwards movement in the credit rating as defined in the Note purchase agreement. Change of control waivers have been sought and received from the Company's bankers in relation to the Company's banking arrangements.

23. Pensions

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

Contributions are paid into the Plan as determined by the Trustee, agreed by the Company and certified by an independent actuary in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. As a result of this valuation, a proposal was set out under which a monetary contribution or contributions will be made to enable the Trustee of the BPP to acquire an interest in a limited partnership. This partnership interest is intended to provide the Trustee with an income of at least £5.0m per annum in each year over a 15 year period together with a final payment of up to a maximum of £105.0m to the extent required under funding conditions to be agreed to the satisfaction of the Trustee and the Company, at the end of the 15 year period.

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

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

The BPP is a partner in Britvic SLP and is entitled to a share of the profits of the partnership over the next 15 years. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at that time, up to a maximum value of £105.0m. At that point the group may be required to transfer this amount in cash to the BPP.

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

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

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

23. Pensions continued

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

Britvic's business in GB also has a secured unfunded unregistered retirement benefit scheme called The Britvic Executive Top Up Scheme (BETUS) which provides benefits for members who have historically exceeded the Earnings Cap, or the Lifetime Allowance whilst members of the defined benefit section of the BPP. BETUS closed to future accrual on 10 April 2011 which coincided with the closure of the defined benefit section of the BPP. In Northern Ireland, the Britvic Northern Ireland Pension Plan (BNIPP) was closed to new members on 28 February 2006, and since this date new employees have been eligible to join a Stakeholder plan with Legal & General. Employees of C&C Group transferred out of BNIPP on 30 June 2008 with the bulk transfer of assets for the C&C employees taking place in December 2009. The latest formal actuarial valuation for contribution purposes was carried out as at 31 December 2008 and as a result shortfall correction additional contributions of £90,000 per month until 31 December 2010, and £125,000 per month from 1 January 2011 to 31 December 2019 are being paid in accordance with the Recovery Plan dated December 2009.

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

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

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

The assets and liabilities of the pension schemes were valued on an IAS 19 basis at 30 September 2012 by Towers Watson (BPP), Invesco (BIPP) and Buck (BNIPP).

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

Principal assumptions

Financial assumptions

	2012 % ROI	**2012 % NI**	**2012 % GB**	2011 % ROI	2011 % NI	2011 % GB
Discount rate	**4.20**	**4.70**	**4.85**	5.35	5.20	5.60
Rate of compensation increase	**3.00**	**3.60**	**n/a**	3.00	4.00	n/a
Expected long term return on plan assets	**4.85**	**5.21**	**5.61**	5.90	6.71	5.83
Pension increases	**0.00**	**1.65-2.05**	**1.80-2.75**	3.00	3.00	2.30-3.40
Inflation assumption	**2.00**	**2.00**	**2.90**	2.00	3.00	3.50

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

Demographic assumptions

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

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

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

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

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

Net benefit income / (expense)

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

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

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

The ROI curtailment gain in 2012 has been recognised under IAS19 Employee Benefits arising from the removal of the guaranteed pension indexation.

The ROI curtailment gain in 2011 was triggered by the redundancies of employees resulting in a significant number of members moving from active to deferred status in the period, thereby no longer accruing future entitlement. The GB curtailment gain in 2011 year arose due to the closure to future accrual of the defined benefit section of the GB plan.

Taken to the statement of comprehensive income

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

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

23. Pensions continued

Net (liability) / asset

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

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

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

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

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

23. Pensions continued

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

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

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

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

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

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

Analysis of expected return on assets by categories of scheme assets

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

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

23. Pensions continued

History of experience gains and losses

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

The cumulative amount of actuarial gains and losses recognised since 4 October 2004 in the group statement of comprehensive income is an overall loss of £49.2m (2011: loss of £58.4m). The directors are unable to determine how much of the pension scheme deficit recognised on transition to IFRS and taken direct to equity of £1.3m is attributable to actuarial gains and losses since the inception of those pension schemes. Consequently, the directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the group statement of comprehensive income before 4 October 2004.

Normal contributions of £1.0m are expected to be paid into the defined benefit pension schemes during the 2013 financial year.

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

24. Trade and other payables (current)

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

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

25. Financial risk management objectives and policies

Overview

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

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

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

Interest rate risk

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

The group's policy is to manage its interest cost by maintaining a mix of fixed and variable rate debt. The group's policy is to have an average over the next three years of between 25% and 80% of its borrowings at fixed rates of interest. To manage this, the group enters into interest rate swaps, cross currency swaps and forward rate agreements which are designated to hedge underlying debt obligations. At 30 September 2012 after taking into account the effect of these instruments, approximately 86% of the group's borrowings are at a fixed rate of interest (2011: 82%).

25. Financial risk management objectives and policies continued

Interest rate risk table

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

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

Foreign currency risk

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

The group also has transactional exposures arising from purchases of prime materials, capital expenditure and interest costs in currencies other than the functional currency of the individual group entities. Non functional currency purchases and interest costs are made in the currencies of US dollars and euros. As at 30 September 2012 the group has hedged 69% (2011: 67%) of forecast net exposures 12 months in advance using forward foreign exchange contracts.

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

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

	Increase / (decrease) in currency rate %	Effect on profit before tax £m	Effect on equity £m
2012			
Sterling / euro	**10**	**(0.6)**	**5.1**
	(10)	**0.6**	**(5.1)**
Sterling / US dollar	**10**	**-**	**0.9**
	(10)	**-**	**(0.9)**
Euro / US dollar	**10**	**-**	**0.9**
	(10)	**-**	**(0.9)**
2011			
Sterling / euro	10	(0.4)	5.0
	(10)	0.4	(5.0)
Sterling / US dollar	10	-	1.2
	(10)	-	(1.2)
Euro / US dollar	10	-	1.7
	(10)	-	(1.7)

25. Financial risk management objectives and policies continued

Credit risk

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

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

Commodity price risk

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

Share schemes equity price risk

The group operates several employee incentive share schemes. It has an exposure to the share price for the schemes in which shares are purchased in the market to satisfy the requirements of the plan. To hedge this risk the group has entered into a number of total return share swaps against schemes maturing in 2012 and 2013.

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

	Increase / (decrease) in share price %	Effect on profit before tax £m
2012	**10**	**1.5**
	(10)	**(1.5)**
2011	10	1.9
	(10)	(1.9)

Liquidity risk

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

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

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

25. Financial risk management objectives and policies continued

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

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

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

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

Fair value hierarchy

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

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

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

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

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

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

25. Financial risk management objectives and policies continued

Capital management
The group defines 'capital' as being net debt plus equity.

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

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

The group monitors capital on the basis of the adjusted net debt / EBITDA ratio. Adjusted net debt is calculated as being the net of cash and cash equivalents, interest bearing loans and borrowings and the element of the fair value of interest rate currency swaps hedging the balance sheet value of the US private placement Notes. Adjusted net debt is shown in note 29. The adjusted net debt / EBITDA ratio enables the group to plan its capital requirements in the medium term. The group uses this measure to provide useful information to financial institutions and investors. The group believes that an adjusted net debt / EBITDA ratio in the range of 2.0 – 3.0 provides an efficient capital structure and an appropriate level of financial flexibility. At 30 September 2012 the adjusted net debt / EBITDA ratio was 2.8 (2011: 2.4).

26. Derivatives and hedge relationships

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

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

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

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

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

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

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

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

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

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

26. Derivatives and hedge relationships continued

Derivatives not designated as part of hedge relationships

Interest rate swaps

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

From the 2010 USPP issuance an amount of $55.0m was swapped into a floating rate sterling liability. To mitigate exposure for a proportion of this liability, £20.0m of 3-year interest rate swaps were transacted with an effective date of December 2011.

Forward rate agreement

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

Share swaps

The group operates several employee incentive share schemes. It has an exposure to the share price for the schemes in which shares are purchased in the market to satisfy the requirements of the plan. To hedge this risk the group has entered into a number of total return share swaps against schemes maturing in 2012 and 2013.

Foreign exchange swaps

As part of operational cash management €83.0m of euro / sterling FX swaps were in existence at 30 September 2012 (2011:€108.0m).

Hedging activities

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

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

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

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

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

26. Derivatives and hedge relationships continued

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

Cash flow hedges
Forward currency contracts
At 30 September 2012, the group held 68 (2011: 72) US dollar and 38 (2011: 51) euro forward exchange contracts (the 'forward currency contracts') designated as hedges of expected future purchases from suppliers in US dollars and euros which the group believe to be highly probable transactions. The forward currency contracts are being used to hedge the foreign currency risk of these highly probable transactions.

The forward currency contracts hedge the expected future purchases in the period to 30 September 2013 and have been assessed as part of effective cash flow hedge relationships. At the period end there is a net unrealised loss of £1.8m (2011: net unrealised gain of £1.5m), with a related deferred tax asset of £0.4m (2011: related deferred tax liability of £0.4m), which has been included in equity in respect of these contacts.

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

Forward contracts to hedge expected future purchases	Maturity range	Average exchange rate
2012		
£ / US$13.8m	Oct 12 to Sep 13	US$1.57 / £
£ / €64.3m	Oct 12 to Sep 13	€1.22 / £
€ / US$14.0m	Oct 12 to Mar 13	US$1.27 / €
2011		
£ / US$19.4m	Oct 11 to Jul 12	£ / US$1.62
£ / €57.5m	Oct 11 to Aug 12	£ / €1.16
€ / US$26.8m	Oct 11 to Sep 12	€ / US$1.43

Cross currency interest rate swaps
2007 Notes / 2007 cross currency interest rate swaps
The group continues to have a number of cross currency interest rate swaps relating to the 2007 Notes. These cross currency interest rate swaps (the '2007 cross currency interest rate swaps') have the effect of fixing the borrowings into sterling and the rate of interest payable on the 2007 Notes. The 2007 cross currency interest rate swap instruments have the same duration and other critical terms as the 2007 Notes and continue to be designated as part of a cash flow hedge relationship with the 2007 Notes. This has been assessed to be a highly effective relationship as at 30 September 2012. The fair value of the 2007 cross currency interest rate swap instruments at 30 September 2012, included within 'Non-current assets: Other financial assets' on the balance sheet, was £49.9m (2011: £61.6m). The movement in the fair value has been taken to Consolidated Statement of Comprehensive Income. A total gain of £8.7m (2011: loss £3.6m) has been recycled to the Consolidated Income Statement in the year to match the foreign exchange gain on the 2007 Notes. Within equity there is a net unrealised gain of £8.4m (2011: net unrealised gain of £11.4m) with a related deferred tax liability of £1.9m (2011: deferred tax liability of £2.9m) in respect of the 2007 cross currency interest rate swap instruments.

2010 Notes / 2010 USD GBP cross currency fixed interest rate swaps
The group continues to have a number of cross currency interest rate swaps relating to the 2010 Notes. These instruments swap the principal and interest from US dollar into sterling (the '2010 USD GBP cross currency fixed interest rate swaps'). The 2010 USD GBP cross currency interest rate swaps which swap interest from fixed US dollar to fixed sterling are designated as part of a cash flow hedge relationship with the future cash flows associated with the 2010 Notes. This has been assessed to be a highly effective relationship as at 30 September 2012. The fair value of these instruments at 30 September 2012, included within 'Non-current liabilities: Other financial liabilities' on the balance sheet, was £5.0m (2 October 2011: £1.3m). The movement in fair value has been taken to consolidated statement of comprehensive income. A total of £2.5m (2 October 2011: £0.7m) has been recycled to the Consolidated Income Statement to match the foreign exchange loss on the 2010 Notes. Within equity there is a net unrealised loss of £1.9m (2 October 2011: net unrealised loss of £0.7m) with a related deferred tax asset of £0.4m (2 October 2011: deferred tax asset of £0.2m) in respect of the 2010 cross currency interest rate swap instruments.

26. Derivatives and hedge relationships continued

Fair value hedges

2009 Notes / 2009 USD GBP cross currency interest rate swaps

The group continues to have a number of cross currency interest rate swaps in respect of the 2009 Notes. These instruments swap the principal and interest from fixed US dollar into floating sterling (the '2009 USD GBP cross currency interest rate swaps'). The 2009 USD GBP cross currency interest rate swaps are designated as part of a fair value hedge relationship with the 2009 Notes. The fair value movements on the 2009 USD GBP cross currency interest rate instruments are recorded in the Consolidated Income Statement, as is the fair value movement in the 2009 Notes. The 2009 USD GBP cross currency interest rate swap contracts have the same duration and other critical terms as the 2009 Notes they hedge. The 2009 USD GBP cross currency interest rate swaps have been assessed as part of a highly effective hedge relationship as at 30 September 2012. The fair value of the swap instruments at 30 September 2012, included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet, was £27.1m (2 October 2011: £29.6m).

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

The group has entered into swap instruments which swap the principal and fixed rate interest of the 2010 Notes to floating sterling ('2010 USD GBP cross currency floating interest rate swaps'). These instruments are designated as part of a fair value hedge relationship with the 2010 Notes. The fair value movements on the 2010 USD GBP cross currency floating interest rate swaps are recorded in the Consolidated Income Statement, as is the fair value movement of the hedged item. The swap contracts have the same duration and other critical terms as the 2010 Notes they hedge. The 2010 USD GBP cross currency floating interest rate swaps have been assessed as part of a highly effective hedge relationship as at 30 September 2012. The fair value of the swap instruments at 30 September 2012, included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet was £1.6m (2 October 2011: Non-current assets: Other financial assets £1.2m).

Net investment hedges

2009 GBP euro cross currency interest rate swaps

These instruments swap floating sterling liabilities into floating euro liabilities. They have been designated as part of an effective hedge of the net investment in Britvic Ireland. The 2009 GBP euro cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the group's exposure to foreign exchange risk on this euro investment. Movements in the fair value of the 2009 GBP euro cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investment in Britvic Ireland. The fair value of the 2009 GBP euro cross currency interest rate swaps at 30 September 2012, is an asset of £11.1m (2 October 2011: asset of £0.6m) included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet (2011: included within 'Non-current assets: Other financial assets'). No ineffectiveness has been recognised in the Consolidated Income Statement (2011: £nil).

2010 GBP euro cross currency interest rate swaps

These instruments swap fixed sterling liabilities arising from the 2010 USD GBP cross currency fixed interest rate swaps into fixed euro liabilities and have been designated as part of an effective hedge of the net investment in Britvic France. The 2010 GBP euro cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the group's exposure to foreign exchange risk on this euro investment. Movements in the fair value of the 2010 GBP euro cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investment in Britvic France. The fair value of the 2010 GBP euro cross currency interest rate swaps at 30 September 2012, is an asset of £2.4m (2 October 2011: liability of £1.1m) included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet. No ineffectiveness has been recognised in the Consolidated Income Statement (2011: £nil).

26. Derivatives and hedge relationships continued

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

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

* Offsetting amounts recorded in cost of sales

** Offsetting amounts recorded in finance costs

27. Other non-current liabilities

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

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

28. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 30 September 2012, including national insurance of £0.4m (2011: £0.5m) and dividend equivalents of £1.0m (2011: £0.4m), is £3.0m (2011: £4.7m). This expense arises from transactions which are expected to be equity-settled share-based payment transactions.

The Britvic Share Incentive Plan ('SIP')

The SIP is an all-employee plan approved by HMRC. The plan allows for discretionary annual awards of free ordinary shares with a value of 3% of salary (subject to HMRC maximum limits) together with an offer of matching shares on the basis of one free matching share for each ordinary share purchased with a participant's savings, up to a maximum of £50 (2011: £75) per four week pay period. Employees are entitled to receive the annual free share award, where granted by the group, provided they are employed by the company on the last day of each financial year and on the award date. There are no cash settlement alternatives.

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

	No of shares	
	2012	2011
Annual free shares award	**-**	484,343
Matching shares award – 1 free share for every ordinary share purchased	**281,662**	346,267

28. Share-based payments continued

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

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

The performance condition requires average growth in EPS of 7% pa over a three year period in excess of the average growth in RPI over the same period for the options to vest in full. If EPS growth averages 3% per annum in excess of RPI growth, 25% (2011: 25%) of the options will vest. Straight-line apportionment will be applied between these two levels to determine the number of options that vest and no options will vest if average EPS growth is below the lower threshold.

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

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

	Number of share options	Weighted average exercise price (pence)
Outstanding as at 3 October 2010	7,548,083	283.7
Granted during the period	1,566,418	464.6
Exercised during the period	(209,531)	265.8
Forfeited during the period	(140,584)	392.4
Outstanding as at 2 October 2011	8,764,386	314.8
Granted during the period	2,175,767	331.6
Exercised during the period	(244,499)	233.1
Forfeited during the period	(246,138)	406.4
Lapsed during the period	(9,496)	347.0
Outstanding at 30 September 2012	**10,440,020**	**318.0**
Exercisable at 30 September 2012	**4,659,273**	**258.1**

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

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

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

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

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

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

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

28. Share-based payments continued

The Britvic Performance Share Plan ('PSP')

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

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

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

For the award granted during the 52 weeks ended 30 September 2012, the ROIC performance condition requires the company's ROIC to be at least 22.3% (2011: for the award granted during the 52 weeks ended 2 October 2011, 22.7%) over the three year performance period for the award to vest in full. If ROIC is 21.5% (2011: 21.9%) over the performance period, 25% (2011: 25%) of the award will vest. Straight-line apportionment will be applied between these two levels to determine the percentage of awards that vest and no awards will vest if ROIC is below the lower threshold.

Awards granted to members of the senior management team vest solely subject to a performance condition which requires average growth in EPS of 7% pa over a three year period in excess of the growth in RPI over the same period for the awards to vest in full. If EPS growth averages 3% pa in excess of RPI growth, 25% (2011: 25%) of the awards will vest. Straight-line apportionment will be applied between these two levels to determine the number of awards that vest and no awards will vest if average EPS growth is below the lower threshold.

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

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

	Number of shares subject to TSR condition	Number of shares subject to EPS condition	Number of shares subject to ROIC condition
Outstanding as at 3 October 2010	1,052,989	1,656,051	591,672
Granted during the period	-	10,575	-
Vested during the period*	(460,963)	(463,228)	-
Lapsed during the period	(7,245)	(107,970)	(6,893)
Outstanding as at 2 October 2011	584,781	1,095,428	584,779
Granted during the period	-	14,997	-
Vested during the period*	(532,156)	(916,249)	(532,157)
Outstanding at 30 September 2012	**52,625**	**194,176**	**52,622**

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

	Number of nil cost options subject to TSR condition	Number of nil cost options subject to EPS condition	Number of nil cost options subject to ROIC condition
Outstanding as at 3 October 2010	396,578	746,858	396,578
Granted during the period	353,423	749,543	353,423
Forfeited during the period	(50,723)	(154,376)	(50,723)
Outstanding at 2 October 2011	699,278	1,342,025	699,278
Granted during the period	481,128	1,001,479	481,128
Forfeited during the period	(62,591)	(313,138)	(62,591)
Outstanding at 30 September 2012	**1,117,815**	**2,030,366**	**1,117,815**

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

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

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

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

28. Share-based payments continued

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

	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 (%)	3.6	3.6	3.6
Expected volatility (%)	27.9	n/a	n/a
Share price at date of grant (pence)	329.8	329.8	329.8

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

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

29. Notes to the consolidated cash flow statement

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

	2010 £m	Cash flows £m	Exchange differences £m	Other movement £m	2011 £m
Cash at bank and in hand	54.0	(10.4)	(0.6)	-	43.0
Debt due after more than one year	(569.9)	13.4**	(12.6)	(4.1)	(573.2)
	(515.9)	3.0	(13.2)	(4.1)	(530.2)
Derivatives hedging the balance sheet debt*	64.7	-	13.5	-	78.2
Adjusted net debt	(451.2)	3.0	0.3	(4.1)	(452.0)

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

** This includes issue costs paid on new loans / facilities received during the period of £nil (2011: £3.9m). This has been included in the 'Finance costs' in the Consolidated Statement of Cash Flows.

30. Commitments and contingencies

Operating lease commitments

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

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

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

Finance lease commitments

Future minimum lease payments under finance leases are as follows:

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

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

Capital commitments

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

Contingent liabilities

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

31. Related party disclosures

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

Name	Principal activity	Country of incorporation	% equity interest
Directly held			
Britannia Soft Drinks Limited	Holding company	England and Wales	100
Britvic Finance No 2 Limited	Financing company	Jersey	100
Indirectly held			
Britvic International Limited	Marketing and distribution of soft drinks	England and Wales	100
Britvic Soft Drinks Limited	Manufacture and sale of soft drinks	England and Wales	100
Britvic Irish Holdings Limited	Holding company	Republic of Ireland	100
Britvic Ireland Limited	Manufacture and marketing of soft drinks	Republic of Ireland	100
Britvic Northern Ireland Limited	Marketing and distribution of soft drinks	Republic of Ireland	100
Aquaporte Limited	Supply of water-coolers and bottled water	Republic of Ireland	100
Britvic Worldwide Brands Limited	Marketing and distribution of soft drinks	Republic of Ireland	100
Britvic North America LLC	Marketing and distribution of soft drinks	USA	100
Britvic France SNC	Holding partnership	France	100
Fruité Entreprises SA	Holding company	France	100
Fruité SAS	Manufacture and sale of soft drinks	France	100
Bricfruit SAS	Manufacture and sale of soft drinks	France	100
Unisource SAS	Manufacture and sale of soft drinks	France	100
Teisseire SAS	Manufacture and sale of soft drinks	France	100
Teisseire Benelux SA	Marketing and distribution of soft drinks	France	100

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

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

See note 8 for details of directors' emoluments

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

32. Going concern

The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements. As at 30 September 2012, the Consolidated Balance Sheet is showing a net assets position of £37.1m (2 October 2011: net assets of £22.5m).

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

The liquidity of the group remains strong in particular with £491.0m of long term Private Placement Notes with maturity dates between 2014 and 2022 and a £400.0m bank facility maturing in March 2016. Details are provided in note 22.

independent auditor's report to the members of Britvic plc

We have audited the parent company financial statements of Britvic plc for the 52 week period ended 30 September 2012 which comprise the company balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 34, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

- give a true and fair view of the state of the company's affairs as at 30 September 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

Other matter
We have reported separately on the group financial statements of Britvic plc for the 52 week period ended 30 September 2012.

Nigel Meredith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

26 November 2012

company balance sheet

At 30 September 2012

	Note	**2012 £m**	2011 £m
Non-current assets			
Investments in Group undertakings	6	**742.5**	739.5
Other financial assets	11	**92.1**	93.0
		834.6	832.5
Current assets			
Trade and other receivables	8	**3.1**	50.7
Deferred tax asset	7	**0.9**	1.4
Cash in hand and at bank		**-**	8.0
		4.0	60.1
Current liabilities			
Trade and other payables	9	**(14.1)**	(8.0)
Interest bearing loans and borrowings	10	**(22.4)**	-
Other financial liabilities	11	**(0.2)**	(0.1)
		(36.7)	(8.1)
Net current (liabilities) / assets		**(32.7)**	52.0
Total assets less current liabilities		**801.9**	884.5
Non-current liabilities			
Interest bearing loans and borrowings	10	**(557.1)**	(569.8)
Other financial liabilities	11	**(8.6)**	(3.8)
Other non-current liabilities	12	**(1.9)**	(1.9)
		(567.6)	(575.5)
Net assets		**234.3**	309.0
Capital and reserves			
Issued share capital	13	**48.5**	48.3
Share premium account	14	**17.7**	15.0
Own shares reserve	14	**(0.8)**	(1.0)
Share scheme reserve	14	**4.2**	7.8
Hedging reserve	14	**6.4**	10.8
Merger reserve	14	**87.3**	87.3
Retained earnings	14	**71.0**	140.8
Equity shareholders' funds		**234.3**	309.0

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

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 have been prepared under UK Generally Accepted Accounting Principles and present information about the Company as an individual undertaking, 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.

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 or at fair value.

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 declared.

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

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

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

2. Accounting policies continued

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

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

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

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

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

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

3. Auditor's remuneration

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

4. Profit / loss of the company

The Company made a loss of £25.3m in the period (2011: loss £9.6m).

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 35 to 43 of the consolidated financial statements.

6. Investments in group undertakings

	2012 £m	2011 £m
Cost and net book value at the beginning of the period	**739.5**	734.8
Capital contribution	**3.0**	4.7
Cost and net book value at the end of the period	**742.5**	739.5

6. Investments in group undertakings continued

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

Name	Principal activity	Country of incorporation	% equity interest
Directly held			
Britannia Soft Drinks Limited	Holding company	England and Wales	100
Britvic Finance No 2 Limited	Financing company	Jersey	100
Indirectly held			
Britvic International Limited	Marketing and distribution of soft drinks	England and Wales	100
Britvic Soft Drinks Limited	Manufacture and sale of soft drinks	England and Wales	100
Britvic Irish Holdings Limited	Holding company	Republic of Ireland	100
Britvic Ireland Limited	Manufacture and marketing of soft drinks	Republic of Ireland	100
Britvic Northern Ireland Limited	Marketing and distribution of soft drinks	Republic of Ireland	100
Aquaporte Limited	Supply of water-coolers and bottled water	Republic of Ireland	100
Britvic Worldwide Brands Limited	Marketing and distribution of soft drinks	Republic of Ireland	100
Britvic North America LLC	Marketing and distribution of soft drinks	USA	100
Britvic France SNC	Holding partnership	France	100
Fruité Entreprises SA	Holding company	France	100
Fruité SAS	Manufacture and sale of soft drinks	France	100
Bricfruit SAS	Manufacture and sale of soft drinks	France	100
Unisource SAS	Manufacture and sale of soft drinks	France	100
Teisseire SAS	Manufacture and sale of soft drinks	France	100
Teisseire Benelux SA	Marketing and distribution of soft drinks	France	100

7. Deferred tax

	2012 £m	2011 £m
Opening balance	**1.4**	2.5
Profit and loss account	**(0.5)**	(1.1)
Closing balance	**0.9**	1.4

Analysed as tax on timing differences related to:		
Other	**0.9**	1.4

8. Trade and other receivables

	2012 £m	2011 £m
Amounts due from subsidiary undertakings	**3.0**	50.6
Other receivables	**0.1**	0.1
	3.1	50.7

9. Trade and other payables

	2012 £m	2011 £m
Amounts due to subsidiary undertakings	**13.6**	7.0
Accruals and deferred income	**0.5**	1.0
	14.1	8.0

10. Interest-bearing loans and borrowings

	2012 £m	2011 £m
Current		
Bank overdrafts	**(22.4)**	-
Non-current		
Private placement notes	**(560.8)**	(574.4)
Less unamortised issue costs	**3.7**	4.6
Total non-current	**(557.1)**	(569.8)

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

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

Britvic plc makes quarterly or 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.

2009 Notes

On 17 December 2009, Britvic plc issued US$250m of Senior Notes in the United States Private Placement market ('the 2009 Notes'). The 2009 Notes are additional borrowings to the 2007 Notes.

Britvic plc makes semi-annual interest payments in US dollars. The 2009 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the Group.

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

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

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

As detailed in the table above, the 2009 USPP cross currency swaps converted an amount of US dollar borrowings into a €147.0m floating rate euro liability. To mitigate exposure to changes in euro interest rates on this liability, €75.0m of interest rate swaps were transacted. These swaps do not form part of an effective hedge relationship.

10. Interest-bearing loans and borrowings continued

2010 Notes

On 17 December 2010, the Company issued US$163m and £7.5m of Senior Notes in the United States Private Placement market ('the 2010 Notes'). The 2010 Notes are additional borrowings to the 2007 Notes and the 2009 Notes.

Britvic plc makes semi-annual interest payments in US dollars and sterling under these notes. The 2010 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the Group.

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

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

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

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

11. Other financial asset and financial liabilities

	2012 £m	2011 £m
Other financial assets		
Cross currency interest rate swaps relating to the 2007 Notes	**49.9**	61.6
Cross currency interest rate swaps relating to the 2009 Notes	**38.2**	30.2
Cross currency interest rate swaps relating to the 2010 Notes	**4.0**	1.2
	92.1	93.0
Other financial liabilities: Current		
Forward rate agreements	**-**	(0.1)
Foreign exchange swaps	**(0.2)**	-
	(0.2)	(0.1)
Other financial liabilities: Non-current		
Cross currency interest rate swaps relating to the 2010 Notes	**(5.0)**	(2.4)
Interest rate swap	**(3.6)**	(1.4)
	(8.6)	(3.8)

12. Other non-current liabilities

	2012 £m	2011 £m
Firm commitment	**1.9**	1.9

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

13. Issued share capital

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

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

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

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

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

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

Of the issued and fully paid ordinary shares, 217,994 shares (2011: 258,683 shares) are treasury shares. This equates to £43,599 (2011: £51,737) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 28 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 2 October 2011	**48.3**	**15.0**	**(1.0)**	**7.8**	**10.8**	**87.3**	**140.8**	**309.0**
Loss for the year	-	-	-	-	-	-	(25.3)	**(25.3)**
Issue of shares	0.2	2.7	(2.4)	-	-	-	-	**0.5**
Own shares utilised for share schemes	-	-	11.9	(5.6)	-	-	(2.0)	**4.3**
Own shares purchased for share schemes	-	-	(9.3)	-	-	-	-	**(9.3)**
Movement in share based schemes	-	-	-	2.0	-	-	-	**2.0**
Movement in cash flow hedges	-	-	-	-	(4.4)	-	-	**(4.4)**
Payment of dividend	-	-	-	-	-	-	(42.5)	**(42.5)**
At 30 September 2012	**48.5**	**17.7**	**(0.8)**	**4.2**	**6.4**	**87.3**	**71.0**	**234.3**

15. Dividends paid and proposed

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

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

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 30 September 2012

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1 - 199	196	7.50%	13,472	0.01%
200 - 499	289	11.05%	94,582	0.04%
500 - 999	406	15.53%	281,745	0.12%
1,000 - 4,999	1,086	41.53%	2,307,659	0.95%
5,000 - 9,999	237	9.06%	1,526,676	0.63%
10,000 - 49,999	169	6.46%	3,731,201	1.54%
50,000 - 99,999	54	2.07%	3,837,528	1.58%
100,000 - 499,999	105	4.02%	24,943,862	10.29%
500,000 - 999,999	20	0.76%	14,866,174	6.13%
1,000,000 Plus	53	2.03%	190,741,652	78.71%
	2,615	**100.00%**	**242,344,551**	**100.00%**

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private individuals	1,780	68.07%	6,054,340	2.50%
Nominee companies	745	28.49%	218,362,318	90.10%
Limited and public limited companies	24	0.92%	11,161,974	4.60%
Other corporate bodies	62	2.37%	6,715,090	2.77%
Pension funds, insurance companies and banks	4	0.15%	50,829	0.02%
	2,615	100.00%	242,344,551	100.00%

Recommended all-share merger with A.G. Barr p.l.c.

The full text of the announcements and all other information and documents relating to the merger process will remain available during the course of the offer period on our website at http://ir.britvic.com. Shareholders may request a hard copy of all announcements and documents in relation to the merger, free of charge, by contacting the Company Secretary whose details are below. The Shareholder Helpline in relation to the merger is 0871 384 2909 (UK callers) or +44 121 415 0196 (non-UK callers). Calls to the 0871 number are charged as set out below. Please note that Shareholder Helpline operators can not provide advice on the merits of the merger, nor give financial, tax, investment or legal advice.

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. All mandates and other instructions to the company in force in relation to the company's shares at the time of the merger shall, unless and until revoked or amended, be deemed as from the date the merger becomes effective, be valid and effective mandates and instructions to A.G. Barr p.l.c. in relation to the A.G. Barr p.l.c. shares issued in respect thereof.

Dividend reinvestment plan (DRIP)

Shareholders can choose to reinvest dividends received to purchase further shares in the company through the company's 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. Shareholders on the register on 7 December 2012 will be entitled to elect to reinvest the proposed second interim dividend in accordance with the company's DRIP. However, the option to reinvest the proposed special interim dividend, which is conditional upon the completion of the merger and will be payable after the date on which the merger becomes effective, will not be available to shareholders.

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 Shareholders should note the indicative last day of dealings in, and for registration of transfers of, and disablement in CREST of, shares in the company which will be set out in a circular being sent shortly to shareholders in relation to the merger.

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	5 December 2012
Record date	7 December 2012
Annual general meeting[1]	
Payment of second interim dividend in lieu of final dividend[2]	18 January 2013
Interim results announcement[3]	May 2013

[1] In light of the merger the board has agreed to defer for the time being the next AGM which ordinarily would have been held in January 2013.

[2] In addition to the second interim dividend, the board has proposed a special interim dividend conditional upon completion of the merger and will be payable after the date on which the merger becomes effective.

[3] Only if the merger has not completed by this time.

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 a proxy form. Please contact Equiniti if you require any assistance or further information.

Contacts
The company secretary is Clare Thomas. The registered office is Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire HP2 4TZ, telephone +44 (0)1442 284411, fax +44 (0)1442 284402, website www.britvic.com. Shareholder inquiries to the Company Secretary may also be submitted to company.secretariat@britvic.co.uk

This report is available to download via the company's website http://ir.britvic.com/results-and-presentations/results-and-presentations/2012.aspx

The company's registrar is Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, telephone 0871 384 2550* (UK callers), +44 121 415 7019 (non- UK callers).

*For those with hearing difficulties, a textphone is available on 0871 384 2255 for UK callers with compatible equipment. Calls to 0871 numbers are charged at 8p per minute from a BT landline. Other telephony provider costs may vary.

Cautionary note regarding forward-looking statements

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

Definitions

1. All numbers and comparisons are quoted before exceptional and other items unless otherwise stated. Volume and ARP (average realised price) are adjusted for the impact of double concentrate on Robinsons and MiWadi to provide a meaningful comparison and comparisons are on a constant currency basis. Numbers not adjusted for double concentrate are available at the Investor Centre 'Results and Presentations' section on the Britvic Investor Relations website at www.britvic.com.
2. Constant currency growth removes the impact of exchange rate movements during the period by retranslating prior year foreign currency denominated results of the group at current period exchange rates.
3. EBITA is defined as operating profit before exceptional and other items and amortisation. Only amortisation attributable to intangibles on acquisition is added back, in the period this is £2.9m (2011: £3.1m AER). EBITA margin is the EBITA number as a proportion of group revenues.
4. Adjusted earnings per share amounts are calculated by dividing adjusted earnings by the average number of shares during the period. Adjusted earnings is defined as the profit/(loss) attributable to ordinary equity shareholders before exceptional and other items adjusted for the adding back of acquisition related amortisation. Average number of shares during the period is defined as the weighted average number of ordinary shares outstanding during the period excluding any own shares held by Britvic that are used to satisfy various employee share-based incentive programmes. The weighted average number of ordinary shares in issue for adjusted earnings per share for the period was 241.6m (2011: 240.4m).
5. Underlying free cash flow is defined as net cash flow excluding movements in borrowings, dividend payments, exceptional and other items.
6. Group adjusted net debt is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt.
7. Underlying return on invested capital (ROIC) - ROIC is defined as operating profit after applying the tax rate for the period, stated before exceptional and other items, as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the group and excluding any deferred tax balances and effective hedges relating to interest-bearing liabilities. The ROIC has been re-stated for prior year as it now includes the reduction in the asset base taken in Ireland 2010 and the results and assets of Britvic France, both of which were previously excluded from the measure to ensure a like for like comparison.
8. "Effective Date" the date upon which the Merger becomes Effective, "Effective" in the context of the Merger:
   a) if the Merger is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or
   b) if the Merger is implemented by way of a Merger Offer, such Merger Offer having been declared and become unconditional in all respects in accordance with the requirements of the Code.
9. "Scheme Record Time" - the time and date specified in the Scheme Document expected to be 6.00 p.m. on the business day immediately prior to the date of the Court Hearing.

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 2012 and 2011 accounts. Their reports for both years were unqualified and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

Britvic takes care of the environment by choosing *pureprint®* environmental print technology. All the electricity used in the production of this report was generated from renewable sources and vegetable oil based inks were used throughout. The printer is a *CarbonNeutral®* company and certificated to Environmental Management System, ISO 14001 and registered to EMAS, the Eco Management and Audit Scheme.

The paper used in this production is made from 100% recycled waste with FSC® certification.

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