Annual Report 2016

making life's everyday moments more enjoyable

BRITVIC plc

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Cautionary note regarding forward-looking statements

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

Welcome to Britvic's 2016 annual report for the financial year ended 2 October 2016

This year, Britvic continued to deliver on the strategy laid out in May 2013 to drive growth in Kids, Family and Adult soft drinks through our market leading brands. Despite a challenging external environment, we made significant progress in executing our strategy and have delivered a third successive year of profit growth.

Delivering against consumer needs: Leading on low/no sugar

Britvic continued to lead the GB market in 'No Added Sugar' (NAS) drinks as a proportion of our portfolio through reformulation, innovation, and responsible marketing. We have taken bold steps to help consumers make healthier choices and currently, 68% of our GB portfolio and 65% of our ROI portfolio is below or exempt from the proposed sugar tax.

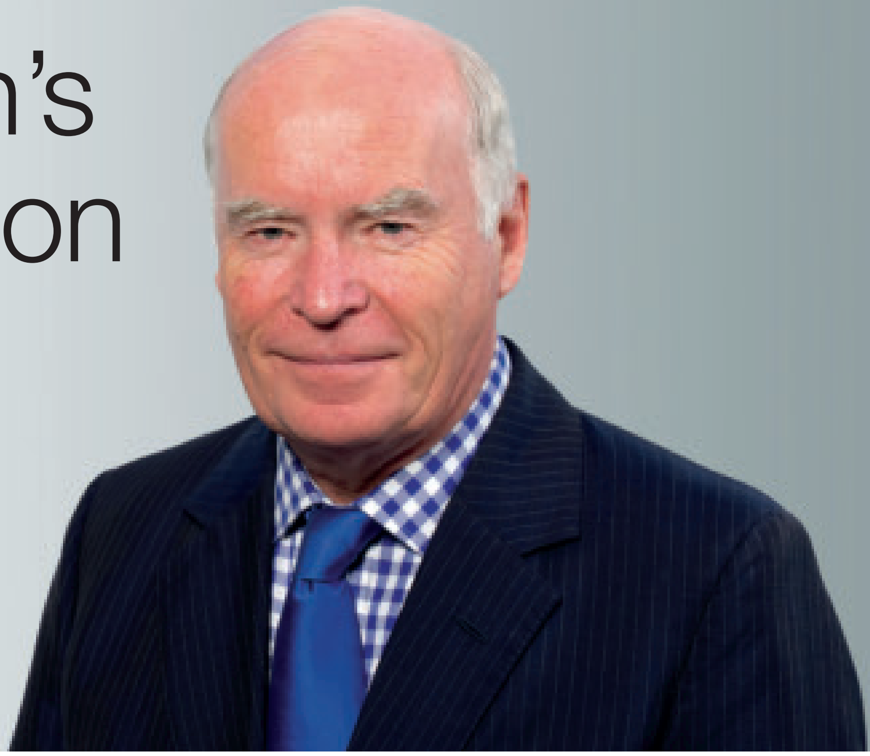
Responding to the growing trend for premium adult drinking experiences

Britvic has been building on its history to combine heritage with innovation to build our presence in the premium adult soft drinks category. We re-launched three new premium low calorie flavours in the R Whites range, alongside a full heritage-focused rebrand centred on Robert and Mary White who first sold R White's Lemonade in 1845 from a wheelbarrow in London. Simultaneously, Britvic-backed incubator company Wisehead Productions launched Thomas & Evans, a premium zero proof drink designed for adults who may not want an alcoholic drink but who want to drink something sophisticated when socialising.

Growing internationally

Robinson's Fruit Shoot continued to grow in the United States and Brazil. In the USA we have continued to make good progress in single serve and multi-pack Fruit Shoot, which we have successfully launched into grocery. We maintained our share of the market and distribution is up by 10%. We continue to use our strong relationship with Pepsi to sell Fruit Shoot single bottles in convenience and leisure, including a listing in Pizza Hut. With our partner, Advantage Sales and Marketing, we have established an effective route to market for Fruit Shoot multipack and have achieved listings with major retailers including Walmart, Kroger and HEB. In Brazil, we have successfully combined the strength of the local team with group capability, to deliver Maguary Fruit Shoot onto the shelves in Sao Paulo with four flavours developed for the local market in under 12 months.

Chairman's introduction



The UK's decision to leave the EU and the proposed sugar tax on soft drinks were momentous external events for Britvic in an already challenged market place with price deflation. Despite this Britvic has, once again, delivered a record pre-exceptional EBITA* of £186.1m, up 8.4%. Profit after tax of £114.5m has translated into adjusted earnings per share* of 49.3p. The board is declaring a final dividend of 17.5p, bringing the full year dividend to 24.5p, a 6.5% increase on 2015. These results reflect the resilience of our brands and the strength of the company.

Performance review

Simon Litherland has now been Chief Executive Officer for three years and in that time has overseen the delivery of record profits each year. His team have continued to make good progress on delivering the strategic priorities he set out in 2013. Mathew Dunn has now been in place as Chief Financial Officer for a year, he brings a new energy and has been relentless in his pursuit of improving performance.

Trading conditions in our European markets have not improved over the last 12 months with structural challenges in the GB market and the consolidation of buying groups in France. GB stills performance during the year was disappointing but was compensated for by the performance of our carbonates portfolio. In Ireland performance has been particularly encouraging with both the branded and Counterpoint business performing well. The investment in our supply chain in GB is now entering its second year and tangible progress in efficiency and flexibility is being made across the network which should provide a solid platform for future profitability.

The announcement of a proposed sugar tax in the UK was disappointing. Whilst we recognise the need to tackle obesity, given the choice that the soft drinks category offers compared to other categories, the focus is frustrating. No other company has done as much work to remove calories from its products reducing calories by 19 billion annually since 2012. We are well positioned to respond and are working constructively with Government to ensure the best outcome for the business.

Outside of Europe our team in the US has launched the Fruit Shoot multi-pack, building on the success of our single serve business. The focus now for the team is to build brand awareness and encourage consumers to try the brand. The scale of the opportunity is huge but we are under no illusions of the challenges and levels of investment that we face to succeed in this market. In Brazil, we are now one year on from our acquisition of Ebba, and the early signs are promising. João Caetano has joined the PLC Executive team we are all impressed by the contribution the local management team have made over this first year as part of Britvic.

The board

As announced, Bob Ivell has now stepped down from the board. I would like to take this opportunity to thank him for the significant contribution he made over the last 9 years as our Senior Independent Director and Chairman of the Remuneration Committee. We wish him well for the future.

This year we have welcomed two new non-executive directors onto the board. Firstly, Euan Sutherland, CEO of Supergroup, joined us in February. He has over 23 years of experience in both retail and FMCG having held leadership roles with Kingfisher, B&Q, AS Watson and more recently as CEO of The Co-operative Group. Sue Clark also joined us in February. Sue, until recently, was Managing Director of SAB Miller in Europe and sat on their executive committee until the merger with Anheuser-Busch. Both Sue and Euan bring with them extensive multinational experience and I am delighted to have them on the board.

The new board has settled in well, the results are good and the Company is in good shape, notwithstanding the challenges we face. I have been Chairman now for 11 years and I have indicated to the board my intention to step down. Chairing Britvic has been a privilege, the business has changed significantly and I am continually impressed by the quality and commitment of all colleagues in the business in the many countries in which we now operate. The Nomination Committee chaired by John Daly, our Senior Independent Director will identify my successor. I will seek re-election at the AGM in January 2017 to ensure a smooth handover.

Capital allocation

The board remains committed to its progressive dividend policy with a target of paying out 50% of earnings in dividends. Since flotation in 2005 the dividend has risen from 10p per share to 24.5p this year and has returned over £448m to shareholders. Our adjusted earnings per share* has more than doubled from 18.4p to 49.3p.

A strong balance sheet is a key part of any company's success and the board is confident that the structure we have in place puts Britvic in a strong position to overcome any short term headwinds that may prevail and remain agile and flexible to take advantage of any opportunities that may come our way.

The board continues to be supportive of the management team's ambition to grow internationally through selective M&A and to invest in the fabric of the business, with the three-year supply chain investment and the acquisition in Brazil evidence of its support.

AGM

The AGM will be held at 11am on 31 January at RSA House, Durham House Street, off the Strand, London WC2N 6HG and I look forward to seeing you there.

Gerald Corbett
Chairman

Britvic at a glance

Performance highlights

REVENUE

+10.1%

2016 £1,431.3m
2015 £1,300.1m

PRE-EXCEPTIONAL EBITA*

+8.4%

2016 £186.1m
2015 £171.6m

PRE-EXCEPTIONAL EBITA MARGIN*

-20bps

2016 13.0%
2015 13.2%

PROFIT AFTER TAX

+10.3%

2016 £114.5m
2015 £103.8m

ADJUSTED EARNINGS PER SHARE*

+6.5%

2016 49.3p
2015 46.3p

DIVIDEND PER SHARE

+6.5%

2016 24.5p
2015 23.0p

Sustainable business highlights

BITC CR INDEX

2016
2.5 stars

2015 2 stars

AVERAGE CALORIES PER 250ML

2016
34.9

2015 35.4

GREAT PLACE TO WORK

2016
72%

2015 70%

** Items marked with an asterisk throughout this document are non-GAAP measures, definitions and relevant reconciliations are provided in the Glossary on page 162*

Our brands

Kids

Fruit Shoot Hydro

MY5

Teisseire Fruit Shoot

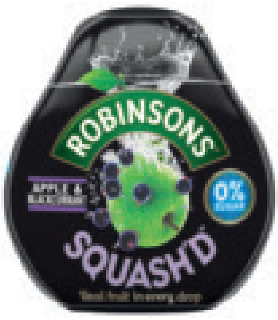
Maguary Fruit Shoot

Fruit Shoot

Family

Robinsons

Squash'd



MiWadi

Ballygowan

Fruité

Pressade

Maguary

Dafruta

Adult

Purdey's

Teisseire syrup

R Whites

J$_2$O Spritz

Britvic Mixers

Drench

Ballygowan

Portfolio

In our core markets we have a broad portfolio of carbonates and still brands including the brands that we bottle and market on behalf of PepsiCo. A selection of those brands is shown here.

7Up

Tango

C&C

Energise Sport

Pepsi Max

Club Orange

TK

Gatorade

Mountain Dew

Lipton

Our business model

Britvic sets itself apart from its competitors by our unrivalled combination of market leading brands and track record in innovation, our expert knowledge of the soft drinks market, longstanding and sustainable relationships with our partners, including PepsiCo, and a highly talented and committed workforce.

We manufacture, market and sell both Britvic and PepsiCo brands in GB and Ireland, supported by dedicated commercial teams in both countries. In France, we manufacture, market and sell our own category-leading brands, as well as supplying private label juice and syrups. On 30 September 2015, we completed the acquisition of Brazilian soft drinks company Ebba, which manufactures and sells the two leading liquid dilutable brands, Maguary and Dafruta, and has a growing presence in the ready to drink nectar category.

Internationally, we work primarily in partnership with local companies through franchise, distribution or licensing arrangements to exploit the global potential of our kids, family and adult brands.

In the USA, we have agreements with a number of Pepsi bottlers. We also export Britvic products around the world and are a significant player in the travel sector.

Our brands and innovations are built on the quality of our insight and understanding of the soft drinks markets in which we operate. We have a strong track record in innovation and our dedicated technical and consumer innovation teams are at the forefront of identifying consumer trends and new technologies to ensure that we deliver products that meet consumers' evolving needs. Our marketing teams ensure that our brands are front of mind for our consumers.

We are committed to building sustainable relationships with all our partners, from suppliers of raw materials through to the customers who sell our brands.

We have developed an operating model which is based on the principles of simplicity, focus and accountability, to ensure we are cost-efficient and effective and can invest in the growth opportunities.

All of this allows us to deliver value to our shareholders, our customers and partners, the consumers who buy our brands, the communities in which we operate and to our employees.

MANUFACTURING

Our operations

In GB we have factories in Leeds, Norwich, Rugby and Beckton.

In Ireland we have factories in Dublin and Newcastle West.

In France we have factories in Crolles, Beziers, La Roche sur Foron and Nantes

In Brazil, we have factories in Araguari and Aracati.

We fully understand the impact our operations have on the environment and are committed to efficient and sustainable production, as well as the highest quality standards.

MARKETING

Responsible marketing

All our marketing activity is governed by a Responsible Marketing Code, which acknowledges that soft drinks should be consumed as part of a balanced diet and lifestyle and that we have a particular responsibility to children. We do not market our drinks to children under the age of 12.

For PepsiCo franchised brands in GB and Ireland we jointly fund and manage marketing campaigns, combining PepsiCo global collateral and local market activations.

We use the power of our brands to inspire people to actively play together and Fruit Shoot has helped over 500,000 children get active through its 'Active Skills' campaign.

Creativity is at the heart of our business and our marketing activity and we have a track record of award-winning campaigns.

CUSTOMERS

Commercial relationships

We pride ourselves on being a great company to do business with. We work in partnership with our customers to grow both their businesses and our own. Equally we value our relationships with our suppliers and are committed to long term, sustainable partnerships.

In the last year, we have been acknowledged by the annual Advantage survey of food and drink companies and overall, we ranked 2nd across convenience and routes to markets, a step change improvement on the previous year.

As part of our responsible sourcing programme, all our partners are required to comply with our Ethical Business Policy and are subject to our annual audit programme.

GB, IRELAND, FRANCE AND BRAZIL

BRITVIC

Raw materials ▶ Manufacturing full goods ▶ Marketing ▶ Distribution ▶ Customers ▶ Consumers

INTERNATIONAL FRANCHISE

BRITVIC

Manufacturing compound ▶ Marketing ▶ Transport to international partner ▶

PARTNER ACTIVITIES

Raw materials ▶ Manufacturing full goods ▶ Distribution ▶ Customers ▶ Consumers

INTERNATIONAL EXPORT

BRITVIC

Raw materials ▶ Manufacturing full goods ▶ Marketing ▶ Export to international partner ▶

PARTNER ACTIVITIES

Distribution ▶ Customers ▶ Consumers

Trends

There are several consumer trends that are shifting the soft drink landscape in our core markets – however there are two major ones that are increasingly dominating, both underpinned by consumer attitudes around increasing health and well-being and the desire to have more premium experiences when choosing a soft drink.

There are further trends around looking for new functionality – both in liquids and packaging – whether it is around time saving convenience or improving health/ wellness. There is a growing debate on sugar vs natural sweeteners vs artificial sweeteners which is driving growth of packaged water and leading to consumer confusion as to what is best for them – the ultimate proposition is low in calories and completely natural.

Consumers are increasingly looking to brands for reassurance and little moments of reward and indulgence. Within this, consumers are becoming more ingredient conscious and are also willing to pay a premium for this. There has been a proliferation of choice in brand offerings as consumer requirements widen and create future opportunities for growth.

Product choices and package formats/ materials definitions are becoming more blurred and soft drinks are becoming more varied as the range of consumer requirements widen. Thus growth opportunities are not just about refreshment, hydration or additional functional benefits, but all of the above.

Our geographies

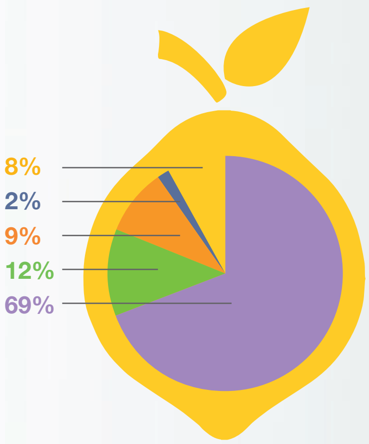
We operate as five geographic business units: GB, France, Ireland, International and Brazil. We report separately on each geography with GB further segmented by stills and carbonates performance.

VOLUME (MILLION LITRES)

FINANCIALS BY REGION*

GB	1,621.9
France	280.0
Ireland	209.5
International	41.9
Brazil	184.6
Total	**2,337.9**

% SHARE BY REGION

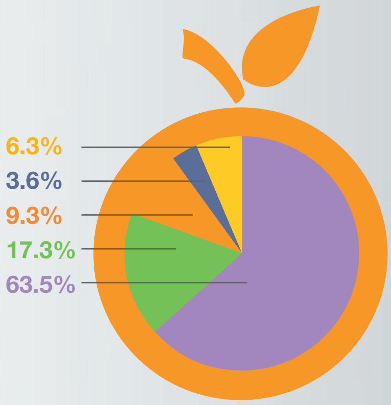


REVENUE (£M)

FINANCIALS BY REGION*

GB	894.9
France	244.5
Ireland	131.7
International	50.5
Brazil	89.5
Total	**1,411.1**

% SHARE BY REGION

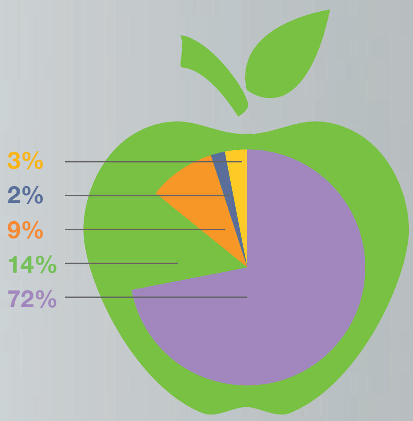


BRAND CONTRIBUTION (£M)

FINANCIALS BY REGION*

GB	377.5
France	76.0
Ireland	47.2
International	9.6
Brazil	17.5
Total	**527.8**

% SHARE BY REGION



52 weeks ended 25 September 2016

Our strategy

We have a clear strategy that is designed to realise our ambition to become the most dynamic, creative and admired soft drinks company in the world and supports our purpose of making life's every day moments more enjoyable.

OUR STRATEGY TO SUPPORT OUR VISION IS BASED ON 4 KEY PILLARS

1 Generate profitable growth in our core markets

INCREASE our participation in soft drink categories and sales channels through innovation, disciplined revenue management, and a balanced portfolio

2 Realise global opportunities in kids, family and adult categories

DELIVER on our strong growth potential in a number of international markets, either by making selective acquisitions or by working with local partners

3 Continue to step-change our business capability

ENSURE we have the right people, with the right capabilities to achieve our vision and establish a winning culture whilst continuing to improve efficiency and develop our business capability

4 Build trust and respect in our communities

ACT with integrity, by embedding our sustainable business strategy across all our business units and continuing to lead the industry on public health

For further information on our strategy, please see our CEO's report on page 16

****Calorie and sugar savings from reformulations undertaken during the year are assumed on the previous year's sales volumes regardless of when the reformulation entered onto the market in that year. Where a change of flavour occurs, the calorie/sugar calculations are assumed on the closest comparable flavour for sales volumes, e.g. blackcurrant & apple assumed comparable to pear & blueberry. All reformulation values are based on the latest recipe nutritional content.*

STRATEGY IN ACTION: THE HEADLINES

GENERATING SHAREHOLDER VALUE

New innovation* generated 4% of total revenue. These included:

- Drench – largest of all adult innovation launched in the past 3 years
- Purdeys and Purdeys Edge – fastest growing evolved energy brand;
- J_20 Spritz – recent successful launch in GB market;
- WiseHead Productions: Thomas & Evans – inventing and growing new Zero Proof category
- Launch of sugar-free MiWadi Mini and 'MiWadi 0% sugar', which has become the first soft drinks brand to receive approval from Diabetes Ireland.
- Launch of Teisseire pump pack in France

Out of home, we have grown in leisure and licensed, winning accounts such as Subway – giving us a 7 year arrangement in over 2000 outlets – and G1, the leading hospitality group in Scotland, as well as retaining major contracts including KFC and Fullers.

GB delivered an outstanding carbonates performance, led by Pepsi Max, Tango and 7UP Free. Volume led full year revenue growth and a robust performance with double-digit Q4 revenue growth.

Fruit Shoot delivered growth in United States and Brazil

In the USA we have continued to make good progress in single serve and multi-pack Fruit Shoot, which we have successfully launched into grocery.

We maintained our share of the market and distribution is up by 10%. We continue to use our strong relationship with Pepsi to sell Fruit Shoot single bottles in convenience and leisure, including a listing in Pizza Hut which will give access to over 6,000 outlets.

With our partner, Advantage Sales and Marketing, we have established an effective route to market for Fruit Shoot multipack and have achieved listings with major retailers including Walmart, Kroger and HEB.

In Brazil, we have successfully combined the strength of the local team with group capability, to deliver Maguary Fruit Shoot single serve onto the shelves in Sao Paulo with four flavours developed for the local market in under 12 months.

Fruit Shoot is already listed in key retailers with 56% distribution.

This achievement demonstrates the benefits of us bringing together the expertise of our core markets with the local knowledge of our Brazilian team underpinned by strong commercial execution and a full marketing campaign.

Supply chain investments & efficiencies Programme is on-track to deliver projected returns.

The new PET line – the fastest in Europe – is now running in Leeds, producing pack sizes from 500ml to 3litres, enabling us to better access growth channels.

Additional warehousing is operational in Leeds, giving additional space to supply the North and Scotland, and also in London - reducing mileage, stockholding and emissions.

Separately, we will deliver £5m annualised cost savings from 2017.

We continue to lead the market in 'No Added Sugar' (NAS) drinks as a proportion of our portfolio in GB through reformulation, innovation, and responsible marketing.

Reformulating drinks with no compromise on taste or quality.

- Removed added sugar Fruit Shoot (2014) and Robinsons (2015) in GB and reformulated other brands, e.g. J_20.
- GB & Ireland reduced sweetness of Fruit Shoot.
- 68% of our current volume sold in the UK is exempt or below the proposed sugar tax threshold.
- Our actions have led to an annualised 19bn calorie reduction across our portfolio***.
- In the Republic of Ireland, we are the leaders in no added sugar in both market share and in absolute revenue terms. 65% current volume exempt or below proposed tax threshold.

Continual innovation in products and range

- Led the use of Stevia in 2012.
- 60% of new innovation will be no or lower sugar and/or nutritionally enhanced drinks by 2020.
- This year we've launched Purdey's Edge – caffeine free evolved energy drink; re-launched Drench & R Whites with sugar levels under the proposed sugar tax; added multi-vitamins and reduced sweetness in Fruit Shoot; launched MiWadi Mini (NAS) and MiWadi Zero.

Using the power of our brands responsibly through our Responsible Marketing Code to promote low and no sugar alternatives and encourage active play:

- Focus on low/no sugar
- Britvic does not advertise any products to children under 12 and does not advertise high sugar products to underv 16s.
- Since 2005, all above the line advertising in relation to Pepsi has led with sugar-free Pepsi MAX.
- We've used the power of our brands to inspire 2.6m people to actively play together and Fruit Shoot has helped over 500,000 children get active through its 'Active Skills' campaign.

Key performance indicators

We use these key performance indicators to measure our performance in financial and non-financial terms, as described below.

LINK TO STRATEGIC PRIORITIES	WHY DO WE MEASURE THIS?	PERFORMANCE
Revenue	This measure reflects our performance in terms of our ability to participate in markets effectively and to grow average prices and/or grow volume sold.	Group net revenue increased by 10.1% to £1431.3m in 2016, reflecting an outstanding year in GB Carbs and an excellent first year in Brazil, offset by a challenging year in GB Stills.
Pre-exceptional EBITA*	Underlying EBITA measures the on-going profitability for the group. EBITA is preferred ahead of EBIT to allow for the impact of fair value amortisation that is generated when acquisitions are made.	Pre-exceptional EBITA of £186.1m represented growth of 8.4% driven by like for like growth of 3.8%, the inclusion of a 53rd week and the acquisition of Brazil.
Pre-exceptional EBITA margin*	Improving operating margin is a key focus of the business and measures our ability to drive a positive mix and eliminate unnecessary cost. EBITA is preferred ahead of EBIT to allow for the impact of fair value amortisation that is generated when acquisitions are made.	Pre-exceptional EBITA margin reduced by 20bps as a result of incorporating Brazil, which operates at a lower margin than the group average margin.
Adjusted EPS*	Earnings per share reflects the profitability of the business and how effectively we finance our balance sheet. It is a key measure for our shareholders.	Adjusted earnings per share was 49.3p, up 6.5%, reflecting the growth in pre-exceptional EBITA of 8.4% and the benefit of a reduction of £1.2m in net pre-exceptional interest costs.
Underlying free cash flow*	Underlying free cash flow is a key indicator of the financial management of the business and reflects the cash generated by the business to fund payments to our shareholders and acquisitions.	Free cash flow was £10.9m, compared to a £89.3m in 2015. Working capital was an outflow of £25.8m due to the 53rd week resulting in an extra payment run and, as planned, capital expenditure was £61.0m higher than last year due to the implementation of our business capability programme in the GB supply chain.

Key to our strategic priorities:

- **Generate profitable growth in our core markets**
- **Continue to step-change our business capability**
- **Realise global opportunities in kids, family and adult categories**
- **Build trust and respect in our communities**

LINK TO STRATEGIC PRIORITIES	WHY DO WE MEASURE THIS?	PERFORMANCE
Great place to work survey	The Great Place to Work survey allows all our people to anonymously feedback their views.	This is our fourth year for completing the survey and we continue to make progress in making Britvic a great place to work. This year we achieved a Trust Index score of 72% with an 86% response rate.
Average calories per 250ml	We are committed to helping consumers make healthier choices, and use average calories per 250ml as our key performance measure to track development of our portfolio.	Average calories per 250ml is 34.9 in 2016, down from 35.4 in 2015. This reflects continued development of our portfolio, for example removal of added sugar from our Robinsons range.
Advantage survey	The Advantage Survey is an independent report providing insight into customer service direct from retailers, and benchmarking against our peers.	In 2016 Britvic were ranked 2nd in GB Wholesale and Convenience, 3rd in Ireland and 4th in GB Grocery.
Business in the community corporate responsibility index	The CR index measure reflects the progress of our Sustainable Business programme and provides an indication of our contribution towards society through our responsible business practices.	Britvic scored 2.5 stars in 2016, an improvement from 2 stars in 2015.

For further information on our strategy, please see our CEO’s report on page 16.

Chief Executive Officer's review

We remain focused on delivering the strategy we laid out in May 2013. Despite a challenging environment in all the markets in which we operate, we have delivered another strong set of financial results and continue to make good progress in executing our longer term strategic goals.

The breadth of our portfolio, strength of our core brands and increasing innovation capability means we are well placed to adapt and evolve with consumer trends and customer needs that continue to change, probably faster than ever before.

We have returned to like-for-like revenue growth and, through our transformational business capability programme, we continue to build a stronger, more efficient business. Our pre-exceptional EBITA* increased by 8.4%, enabling us to declare a 6.5% increase in the dividend.

Generate profitable growth in our core markets

GB

Our carbonates portfolio, which includes both PepsiCo brands and our owned brands, enjoyed another successful year. Our continued focus on no and low sugar resulted in Pepsi Max, 7UP and Tango all delivering growth. Whilst the value of the cola category declined by 1.4%, Pepsi grew its retail market value* by 6.7%, adding over £26m of retail value from Max, with its new Cherry variant leading this growth. 7UP Free outperformed the fruit carbonates category with double digit retail value* growth, and Tango delivered its best performance in over 10 years.

We have been more challenged in stills this year although the second half of the year reflected encouraging signs of improvement. Robinsons declined year on year following our decision to remove added sugar from the range and due to very competitive own label pricing in the dilutes category. J_2O had a weak Christmas and our limited-edition flavours performed poorly this year. J_20 Spritz, a lower sugar sparkling variant introduced last year is performing well and offers good future growth potential. Fruit Shoot gained share in a declining category. We continue to evolve the brand, reducing sweetness and adding vitamins to the core brand and Fruit Shoot Hydro, our flavoured kids water, is growing strongly.

Over the last three years we have invested in our marketing and innovation capability and this is now starting to bear fruit. The contribution from innovation* continues to grow and represented 4% of our 2016 revenue. Recent successes in GB include J_20 Spritz and Robinsons Squash'd; we are particularly pleased with the early performance of the Drench and Purdey's brands which we have improved, repositioned and relaunched with new variants. Our innovation pipeline is strong; 2017 will include new adult offerings such as the relaunch and extension of R Whites lemonade and the introduction of adult premium brands, including our 'zero proof' Thomas and Evans and our premium mixers range from the London Essence Company.

We have made good progress broadening our channel presence, winning new accounts such as Subway and G1, the leading hospitality group in Scotland, and retaining major contracts such as KFC and Fullers. A key element of our revenue management strategy has been to grow our higher margin immediate refreshment portfolio which includes pack sizes such as 500/600ml PET and 330ml cans. As a result we have taken share and grown more retail market value in this category than any other manufacturer, with Pepsi Max, Drench and Ballygowan leading this success. Further opportunity in this segment remains as we still under-index versus our overall market share.

France

The tragic terrorist events of the last year, combined with social and economic pressures, have had an impact on consumer confidence and behaviour in France. In addition, syrup sales are particularly weather sensitive and the weather this summer did not match the previous year affecting sales. In contrast Fruit Shoot performed well, aided by the introduction of a 1.5 litre sharing pack. Our juice brand Pressade also continued to grow strongly, with its focus on organic and locally sourced fruit proving popular with consumers. Next year we are introducing a high juice version of Fruit Shoot and a new range of premium syrups under the Moulin de Valdonne brand, addressing the consumer demands for naturalness and a premium treat.

Ireland

2016 has been a successful year for our Irish business unit. We leveraged our number one position in "no added sugar", in which we enjoy over 30% share, to outperform the market. Ballygowan water contributed more growth to the Irish soft drinks market than any other brand. We successfully extended the brand through the launch of Sparklingly Fruity.

MiWadi led the squash category back into growth and this year MiWadi 0% sugar became the first soft drink brand to receive approval from Diabetes Ireland. It was a successful year for our business out of home as we used the breadth of our portfolio to successfully take share in both convenience and through our licensed wholesaling arm, Counterpoint.

To further increase our reach into the Licensed channel, we are today announcing the acquisition, subject to competition approval, of East Coast Suppliers Ltd, a licensed wholesaler with a strong presence in Dublin. Through this acquisition, our business will become the number two wholesaler, providing a direct route to market for our growing adult premium soft drinks portfolio.

Realise global opportunities in kids, family and adult categories

We have had an excellent first year in Brazil. Despite the current tough economic conditions, we have grown volume and revenue and our brands Maguary and Dafruta have gained market share. Multiple price increases were successfully executed to maintain margins in the face of double digit raw material inflation. More recently we have launched Maguary Fruit Shoot, a fantastic achievement for the combined Ebba and Britvic team in such a short period of time. Initially we are focusing our efforts on Sao Paulo city before we undertake a broader roll out across Brazil. The local senior management team have all been retained and have proved a great addition to Britvic.

We continue to invest behind our international division in the USA. Fruit Shoot singles, distributed by our partner Pepsi in the convenience and leisure channels, have continued to perform well and we have maintained our market share. Fruit Shoot is now listed in Pizza Hut nationally and is performing well.

This year we have also launched multi-pack into the grocery channel with our partner Advantage Sales and Marketing, who are a well-established operator in grocery. The scale of the opportunity is large but the USA grocery market is complex, diverse and highly competitive. We are pleased with the listings we have gained with major retailers such as Walmart, Kroger and HEB but recognise that we have further work to do to properly establish the brand in this channel in the year ahead.

Finally, we took the difficult decision to withdraw from India this summer. Whilst the brand was growing its distribution, the path to sustainable profitability was proving to be a long one and we have decided to focus our efforts and investment elsewhere.

Continue to step-change our business capability

Last year we announced a transformational three-year investment programme to deliver increased supply chain flexibility and efficiency with a minimum 15% EBITDA* return. We continue to see a significant opportunity for our business to improve its capability and our current expectation is that the net capital investment in the programme will be around £240m. The first year of our investment into the supply chain in GB is on track and we have identified opportunities in Ireland and France. In 2016 we commissioned our first new large PET line and on site warehousing in Leeds. We also made significant progress on the installation of three new can lines in Rugby. These will be fully operational in spring 2017 and will start to deliver significant cost and commercial benefits as we head into 2018. In 2017 we will commence the next phase of our investment programme, with a new PET line in London, as well as new aseptic lines in Rugby and in France. In Ireland, we announced changes to our distribution model, outsourcing all warehousing and distribution to increase capacity and reduce cost.

As we have looked to extend our business capability agenda beyond supply chain, we have taken the opportunity to flatten our team structures and create more synergy between our business units, which will improve the speed and effectiveness of decision making as well as drive out cost. We anticipate that these initiatives will deliver incremental annual cost savings from 2017 of £5m.

> "BRITVIC HAS DELIVERED ANOTHER STRONG SET OF RESULTS IN CHALLENGING MARKET CONDITIONS."

Build trust and respect in our communities

Public health has continued to be a key issue in 2016, with soft drinks levies proposed to be introduced in 2018 in the UK and Ireland. Britvic believes in offering choice, whilst making it easier for consumers to reduce their calorific intake without compromising taste or quality. We are disappointed at the introduction of category-specific taxes, since we believe a holistic approach is necessary to tackle this complex issue.

Playing a proactive role in helping to address obesity has long been an integral part of our sustainable business plan. We have led the industry in our approach to health: reformulating brands such as J20 and Drench; introducing new product innovations such as MiWadi Zero and MiWadi Mini; and removing added sugar Fruit Shoot and Robinsons. Our actions since 2012 have led to an annualised 19bn calorie reduction and our portfolio is now strongly weighted towards low and no sugar in GB and Ireland.

Our brands have also continued to help families get active, promoting sport through high level sponsorships including Robinsons' enduring association with the Wimbledon Lawn Tennis Championships and Teisseire's sponsorship of the Tour de France. This year Fruit Shoot partnered with Tough Mudder to enable children across the UK, France, Ireland and the USA to participate in a Mini Mudder obstacle course.

Fruit Shoot also partnered with Right to Play – a global organisation that uses the transformative power of play to educate and empower children facing adversity.

We have made good progress on reducing our environmental impact, with the investment in our manufacturing plants leading to a 1.5% reduction in water usage per litre of soft drink produced. At our Leeds factory, water consumption is down 22% and energy use reduced 45% relative to production, compared to FY15. We are confident our London and Rugby sites should see a similar efficiency saving once the supply chain investments become fully operational by 2020.

This year our charitable contributions have been valued at nearly £900,000 and our employees have continued to live our values, going the extra mile to support great causes and build an inspiring place to be. In GB, our employees have been supporting our two new charity partners, Sported and the Wildlife Trust. In Ireland, we launched our employee volunteering policy, enabling employees to take 2 days paid leave to volunteer. In France we have been supporting young people entering the labour market through workshops, open days and partnering employee volunteers with young people on job discovery exercises.

Outlook

2017 will be another challenging year, with difficult trading conditions and input cost inflation for the first time in several years. The UK's vote to leave the EU and the proposed soft drinks levies in GB and Ireland from April 2018 have created additional uncertainty.

However, we are well positioned to deal with these challenges. We have a clear strategy that is working, hugely talented and committed people, and a robust balance sheet that provides a strong platform from which we will continue to deliver our strategic goals. The breadth of our portfolio, strength of our brands and innovation capability leaves us well placed to continue to grow. Through our transformational business capability programme we are creating a stronger, more efficient business, with a lower cost base. I am confident that we will deliver 2017 results in line with market expectations whilst continuing to progress our strategic priorities.

Simon Litherland
Chief Executive Officer

Chief Financial Officer's review

The following is based on Britvic's results for the 53 weeks ended 2 October 2016.

Overview

In the period, we sold over 2.3 billion litres of soft drinks, an increase of 12.3% on the previous year, with Average Realised Price (ARP*) of 59.2p, declining by 3.3%. Revenue was £1,431.3m, an increase of 10.1% (AER) compared to last year. Like-for-like* performance saw revenue increase 0.4% to £1,321.6m.

Pre-exceptional EBITA* increased 8.4% to £186.1m, and pre-exceptional EBITA* margin decreased 20bps due to the first-time inclusion of Brazil. Like-for-like pre-exceptional EBITA increased 3.8% to £178.8m with like-for-like pre-exceptional EBITA margin increasing 40bps. The summer weather was an improvement on 2015 in both GB and Ireland, whilst France lapped a particularly warm 2015. The better weather combined with strong execution meant like-for-like quarter four revenue increased 5.7% for the comparable 12-week period.

GB CARBONATES	52 weeks ended 25 September 2016[1] £m	52 weeks ended 27 September 2015 £m	% change
Volume (millions litres)	1,264.3	1,206.7	4.8
ARP per litre	47.1p	46.9p	0.4
Revenue	595.7	565.7	5.3
Brand contribution	244.7	225.1	8.7
Brand contribution margin	41.1%	39.8%	130bps

The performance of the carbonates portfolio has been strong this year. Pepsi has continued to grow and gain market share, generating retail market value growth of £28m in a category where value declined £22m. Pepsi Max was in strong growth, accounting for 90% of the brand's market value growth. 7UP, led by low-sugar 7UP free, outperformed the category and also gained value share. Tango achieved its highest sales since 2005. Quarter four was particularly strong, with total carbonates revenue increasing by nearly 13.5% and both ARP* and volume in growth. Over this period, we delivered strong growth in our single serve immediate refreshment pack formats and benefitted from the Subway contract, where our range is now available in over 2000 outlets.

1 The GB and Ireland businesses include an additional week this year in quarter four. This occurs as we operate a 52-week accounting calendar rather than a 365-day calendar, resulting in an additional week in 2016. As a result, the next financial year will be a 52-week period ending on 1 October 2017. To ensure consistent and comparable reporting the additional week has been excluded from the segmental analysis included within this report.

GB STILLS	52 weeks ended 25 September 2016[1] £m	52 weeks ended 27 September 2015 £m	% change
Volume (millions litres)	357.6	377.5	(5.3)
ARP* per litre	83.7p	85.2p	(1.8)
Revenue*	299.2	321.6	(7.0)
Brand contribution*	132.8	151.1	(12.1)
Brand contribution margin*	44.4%	47.0%	(260)bps

GB stills performance was challenged and revenue declined 7.0%. The total stills take home market, as measured by Nielsen, declined in retail market value* by 1.5% (excluding water) with the squash and kids categories declining by 3.0% and 7.6% respectively. The removal of the added sugar range of Robinsons in 2015 resulted in a decline in sales as fewer consumers switched to the new formulation than originally anticipated. However, performance in the second half of the year improved, particularly in quarter four when we began to cycle the removal of the full sugar variant. Whilst Fruit Shoot declined, it outperformed the category with the Hydro flavoured water variant in growth. During the year, we also improved the offering of the core brand with the addition of multi-vitamins and a reduction in sweetness as we continued to improve the "better for you" credentials of our portfolio. J20 performance was also challenged, in part due to the poorer performance of the limited-edition variants. Earlier in the year we relaunched the Drench juice drink brand with a range of new, lower sugar flavours and this resulted in strong growth in the second half of the year.

FRANCE	52 weeks ended 25 September 2016 £m	52 weeks ended 27 September 2015 £m	% change actual exchange rate	% change constant exchange rate
Volume (millions litres)	280.0	288.9	(3.1)	(3.1)
ARP* per litre	87.3p	83.2p	4.9	0.6
Revenue*	245.5	240.3	1.7	(2.5)
Brand contribution*	76.0	75.6	0.5	(3.6)
Brand contribution margin*	31.1%	31.5%	(40)bps	(30)bps

Whilst market conditions have remained tough and consumer confidence is weak, performance in the second half of the year was an improvement on the first half. Quarter three was soft, largely due to cooler, wetter weather impacting syrup sales, whilst revenue returned to growth in quarter four. This was in part due to a reversal in the weather trends benefiting our syrups brands. Fruit Shoot continued to grow, led by the launch of a 1.5 litre sharing pack, and the Pressade juice brand, with its organic and "juice from France" credentials significantly outperformed the juice category.

IRELAND	52 weeks ended 25 September 2016[1] £m	52 weeks ended 27 September 2015 £m	% change actual exchange rate	% change constant exchange rate
Volume (millions litres)	209.5	202.2	3.6	3.6
ARP per litre	51.1p	49.7p	2.8	(0.4)
Revenue	131.7	120.4	9.4	5.8
Brand contribution	47.2	44.2	6.8	2.6
Brand contribution margin	35.8%	36.7%	(90)bps	(100)bps

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

Ireland has delivered strong growth this year with both our own brand portfolio and the Counterpoint business contributing to this. Our leading water brand, Ballygowan, performed well, whilst good performances from MiWadi Zero and the fruit carbonate brand Club Zero have also contributed to our growth. Counterpoint has continued to benefit from an improved range in both snacks and alcohol which has helped to provide a more attractive offering to its licensed trade customers. The margins in the licensed wholesale channel and in the water category, both of which grew strongly, are dilutive when compared to the Ireland average.

1 The GB and Ireland businesses include an additional week this year in quarter four. This occurs as we operate a 52-week accounting calendar rather than a 365-day calendar, resulting in an additional week in 2016. As a result, the next financial year will be a 52-week period ending on 1 October 2017. To ensure consistent and comparable reporting the additional week has been excluded from the segmental analysis included within this report.

INTERNATIONAL	52 weeks ended 25 September 2016 £m	52 weeks ended 27 September 2015 £m	% change actual exchange rate	% change constant exchange rate
Volume (millions litres)	41.9	41.3	1.5	1.5*
ARP per litre	120.5p	126.2p	(4.5)	(6.7)*
Revenue	50.5	52.1	(3.1)	(5.3)*
Brand contribution	9.6	16.9	(43.2)	(44.2)*
Brand contribution margin	19.0%	32.4%	(1,340)bps	(1,330)bps

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

* Whilst reported revenue, ARP and brand contribution declined, this was in part due to a change in the route to market in the Netherlands resulting in costs that were previously reported against overheads now being reported against revenue and marginal costs. Comparable ARP declined 2.0%, revenue declined 0.6% and brand contribution declined 30.4%. The comparable revenue decline of 0.6% was driven by weakness in our European exports division, including our operations in Benelux and travel sectors where volumes declined in the mid-single digits. Brand contribution was further impacted by our upweighted investment in the USA with the Fruit Shoot multi-pack launch this year. We have also gained a listing for the single-serve range with Pizza Hut in the USA, which will put Fruit Shoot in front of thousands of families every week and will drive brand awareness.

BRAZIL	52 weeks ended 25 September 2016 £m	52 weeks ended 27 September 2015 £m	% change actual exchange rate	% change constant exchange rate
Volume (millions litres)	184.6			
ARP per litre	48.5p			
Revenue	89.5			
Brand contribution	17.5			
Brand contribution margin	19.6%			

Note: Brazil has no comparatives as it is the first time of inclusion in the Britvic group, however non-audited comparatives are provided in the commentary to aid understanding.

The performance in our first year in Brazil has been excellent. On a pro forma* basis, volumes increased by nearly 8%, revenue increased by nearly 19%, brand contribution* increased by over 7% and our brands gained retail market volume and value share. Price increases have been successfully implemented to recover the inflationary cost pressure faced in the market. Investment in the business has seen a doubling of A&P* spend as well as the recruitment of additional heads into the commercial team. In the Summer we launched Maguary Fruit Shoot in Sao Paulo with listings secured in key retailers.

FIXED COSTS	52 weeks ended 25 September 2016 £m	52 weeks ended 27 September 2015 £m	% change actual exchange rate
Non-brand A&P	(12.1)	(9.7)	(24.7)
Fixed supply chain	(95.8)	(92.6)	(3.5)
Selling costs	(124.9)	(118.6)	(5.3)
Overheads and other	(120.6)	(123.0)	2.0
Total	**(354.5)**	**(343.9)**	**(2.8)**
Total A&P investment	*(68.6)*	*(71.1)*	*(3.5)*
A&P as a % of own-brand revenue	*4.9%*	*5.6%*	*(70)bps*

Fixed costs increased by 2.8% including Brazil. Excluding Brazil fixed costs declined 2.2%, reflecting our continued focus on cost control. A&P* as a percent of revenue declined in part due to the first-time inclusion of Brazil where A&P* investment has historically been well below the Britvic average. Actual spend was £2.5m lower than last year with spend in the second half of the year in-line. The reduction in the first half of the year reflected the Robinsons relaunch in 2015 as well as progress in driving down our non-working A&P* spend across the group.

Exceptional and other items

In the period, we accounted for a net charge of £6.0m of pre-tax (£7.1m post tax) exceptional and other costs. These include:

- Brazil integration costs of £5.2m
- Costs in relation to closure of operations in India of £2.4m
- Gain on disposal of property in GB £3.2m
- Strategic restructuring – cost initiatives of £0.6m
- Strategic restructuring – business capability programme of £8.4m
- Fair value gains of £11.3m
- Unwind of discount on deferred consideration of £3.3m
- Debt repayment charges of £0.6m

The cash cost of exceptional and other items in the period were £11.6m.

Interest

The net finance charge before exceptional and other items for the 53-week period for the group was £20.8m compared with £22.0m in the prior year, reflecting the lower debt profile of the group and the refinancing of the group bank facilities earlier in the financial year.

Taxation

The underlying tax charge was £36.3m which equates to an effective tax rate of 23.0% (52 weeks ended 27 September 2015: 23.5%). The decrease in the effective tax rate reflects the decrease in the UK corporate tax rate during the period. However further start-up losses in certain territories as a part of its International expansion, for which no tax relief is currently available, continue to exert upward pressure on the effective tax rate.

Earnings per share

Adjusted basic EPS for the period was 49.3p, up 6.5% on the same period last year. Basic for the period was 43.8p compared with 41.8p for the same period last year.

Dividends

The board is recommending a final dividend of 17.5p per share, an increase of 7.4% on the dividend declared last year, with a total value of £46.0m. The final dividend will be paid on 3 February 2017 to shareholders on record as at 9 December 2016. The ex-dividend date is 8 December 2016.

Cash flow and net debt

Underlying free cash flow* was £10.9m, compared to a £89.3m inflow the previous year. Working capital generated an outflow of £25.8m, due to the 53rd week resulting in an extra payment run. Capital expenditure was £61.0m higher than last year, driven by the implementation of our business capability programme in the GB supply chain. Overall adjusted net debt* increased by £152.5m and took our leverage to 1.8x EBITDA* from 1.3x last year. In July 2015 £87.8m of cash was received from the issue of shares under a non pre-emptive placing, which was subsequently used in consideration for the acquisition of "EBBA" which reduced net debt in the prior year. Excluding the cash received on the placing, leverage last year was 1.7x EBITDA. The adjusted net debt* (taking into account the foreign exchange movements on the derivatives hedging our US Private Placement debt) at 2 October 2016 was £416.4m, compared to £263.9m at the end of last year.

Treasury management

The financial risks faced by the group are identified and managed by a central treasury department, whose activities are carried out in accordance with board approved policies and subject to regular Audit and Treasury Committee reviews. The department does not operate as a profit centre and no transaction is entered into for trading or speculative purposes. Key financial risks managed by the treasury department include exposures to movements in interest rates and foreign exchange rates whilst managing the group's debt and liquidity, currency risk, interest rate risk and cash management. The group uses financial instruments to hedge against interest rate and foreign currency exposures. At 2 October 2016 the group has £902.3m of committed debt facilities consisting of a £400.0m bank facility which matures in 2021, and a series of private placement notes with maturities between 2016 and 2026, providing the business with a secure funding platform.

At 2 October 2016, the group's unadjusted net debt of £573.9m (excluding derivative hedges) consisted of £115.1m drawn under the group's committed bank facilities, £659.8m of private placement notes, £3.3m of accrued interest and £3.8m of finance leases, offset by net cash and cash equivalents of £205.9m and unamortised loan issue costs of £2.2m. After taking into account the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes, the group's adjusted net debt was £416.4m which compares to £263.9m at 27 September 2015.

In November 2016, agreement was reached with a series of investors to raise a further £175m of USPP floating and fixed rate notes funding in February 2017, with maturities between February 2025 and February 2032. The funds raised will be used to replace USPP notes maturing in December 2016 and February 2017 and to provide additional funding headroom.

Pensions

At 2 October 2016, the IAS 19 pension deficit in respect of the group defined benefit pension schemes was £17.4m (27 September 2015: net surplus of £17.3m). The move from surplus into deficit was driven by significantly higher liabilities due to a sharp decrease in gilt yields partly offset by improved performance of the scheme assets (especially in the GB scheme where a significant proportion of assets are held in corporate bonds and gilts), the additional employer contributions made to the GB plan of £20.0m, and the Pension Increase Exchange exercise completed by the GB scheme during the financial period.

The defined benefit section of the GB pension scheme is closed to future accrual. The Northern Ireland scheme is only open to future accrual for members who joined before 28 February 2006, and new employees are eligible to join the defined contribution scheme. All new employees in Ireland join the defined contribution plan. The 1 January 2015 actuarial valuation of the Britvic Ireland Defined Benefit scheme has been completed and shows there was no past service deficit. The GB Pension scheme actuarial valuation as at 31 March 2016 is underway.

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

Risk management process

Our approach

As with any business we face risks and uncertainties. We believe that effective risk management supports the successful delivery of our strategic objectives. The management of these risks is based on a balance of risk and reward determined through assessment of the likelihood and impact as well as the Company’s risk appetite. The Executive Team perform a formal robust assessment of the principal risks facing the Company annually, which is reviewed by the Board. Similarly all business units and functions perform formal annual risk assessments that consider the Company’s principal risks and specific local risks relevant to the market in which they operate. Risks are monitored throughout the year with consideration to internal and external factors, the Company’s risk appetite and updates to risks and mitigation plans are made as required.

Key areas of focus

This year the Board and the Executive Team has placed a significant focus on defining the Company’s risk appetite. This is an expression of the amount and types of risk that the Company is willing to take to achieve its strategic and operational objectives. We have agreed a set of Company appetite statements for our principal risks. We are using the articulation of risk appetite in decision making across the Company and to define and validate the mitigating activities required to manage our risks.

During 2015/16, in accordance with the requirements under the UK Corporate Governance Code the Directors also assessed the long-term viability of the Company in the context of its principal risks.

Mathew Dunn
Chief Financial Officer

making life’s everyday moments more enjoyable

Strategic report

Sustainable business review

Britvic's business is built on providing consumers with great drinks that they enjoy, from brands that they trust. We know that building trust and respect in our communities is about doing the right thing by our customers, our employees, our shareholders, the environment and the communities in which we operate and it continues to be an integral part of our business strategy.

Our continued commitment to our sustainable business programme was recognised with an improved score within the Business in the Community Corporate Responsibility (CR) Index, which grew to 2.5 stars this year.

Further information about our sustainable business programme can be found within our annual Sustainable Business Report which can be found at www.britvic.com

Focused on the issues that matter

Our sustainable business programme is based on addressing the issues that are most material to our business – those that represent a direct or indirect impact on our ability to create, preserve or erode economic, environmental and social value for us, our stakeholders, the environment and society at large. We maintain regular dialogue with our key stakeholders to understand the issues they deem of importance and incorporate these considerations in our sustainable business programme, aligning time, resources and investment accordingly. We concentrate on the highest priority issues within this report but more detail can be found at www.britvic.com and within our annual Sustainable Business Report.

Reporting boundaries

This year has been the first year we have captured data for the Brazilian business, Empresa Brasileira de Bebidas e Alimentos SA "Ebba" and have included this data within our overall business performance unless explicitly stated otherwise. Water, energy and carbon emissions data relates solely to our manufacturing sites in GB, Ireland, France and Brazil where we have full operational control.

Uncertainty and estimates

While we make every effort to capture all information as accurately as possible, it is neither feasible nor practical to measure all data with absolute certainty. Where we have made estimates or exercised judgement this is highlighted against the data disclosure.

Consumer health

Obesity and other health issues such as diabetes are a growing concern within our markets and we are committed to helping our consumers make informed choices to live healthier and more active lives. We believe that all of our drinks can be enjoyed as part of a balanced diet and healthy lifestyle and we are proud of our leading approach to innovation and reformulation.

We have witnessed a shift in consumer behaviour towards healthier products and this year we have removed a further 19bn calories / 5MT*** sugar from our portfolio and remain committed to helping consumers make healthier choices through reduced sugar products that are clearly labelled. Some of the innovations that entered the market this year included the launch of MiWadi Mini in Ireland, the launch of Sparkling Drench with only 3.9g sugar per can in GB and the reformulation of Fruit Shoot in the US and France to reduce sugar and calories respectively.

***Calorie and sugar savings from reformulations undertaken during the year are assumed on the previous year's sales volumes regardless of when the reformulation entered onto the market in that year. Where a change of flavour occurs, the calorie/sugar calculations are assumed on the closest comparable flavour for sales volumes, e.g. blackcurrant & apple assumed comparable to pear & blueberry. All reformulation values are based on the latest recipe nutritional content.

Average calories per 250ml serve

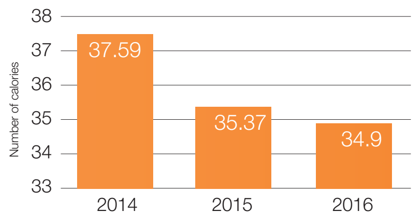


Chart showing the average number of calories per 250ml across the business (excludes Brazil)

Inclusion

We are committed to providing equal opportunities to our current and potential employees and apply fair and equitable employment practices. We value diversity and we recruit and promote talent on the basis of ability, skills, experience, behaviour, performance and potential for the job. Our selection, training, development and promotion policies ensure equal opportunities for all colleagues regardless of factors such as age, sex, disability (including colleagues who become disabled during service), gender (including gender reassignment), marital status, pregnancy and maternity, race, nationality, religion or belief or sexual orientation.

Diversity in our workforce is crucial to our success and we have a responsibility to create an environment where people can be themselves and are valued for their uniqueness. This year we worked with the Business in the Community (BITC) race and gender equality campaigns, accessing best practice resources and training on unconscious bias. We developed reporting and monitoring activities to include gender and pay, internal promotions, external applicant demographics and recruitment decisions, and are currently participating in the BITC benchmarking surveys for gender and race. We also launched our four-year roadmap for becoming a fully inclusive organisation.

The overall gender balance across all employees at 2 October 2016 was 28% female and 72% male. This figure is indicative of our industry, with a high proportion of operational employees typically being male. Our Board level gender diversity increased to 22% with the appointment of Sue Clark as an additional female Non-executive Director.

Human rights

Our human rights policy is set out in our Ethical Business Policy which is available at www.britvic.com/sustainable-business/resources. This applies to our employees, our suppliers and partners and anyone working on behalf of our business. It covers bribery and corruption, conducting business with respect, integrity and equality and managing personal activities and interests. It also covers responsible trading and sets out our standards regarding human rights, health & safety and environmental responsibilities and what we expect of our suppliers and other trading partners, which are monitored through our responsible sourcing programme.

We run a confidential whistle blowing hotline for anyone who is concerned about a breach of the policy.

All our employees are trained and required to complete an on-line test to ensure compliance with the policy.

Gender diversity

	Male		Female	
Board	7	78%	2	22%
Executive Committee	10	91%	1	9%
Senior Managers (Band D+)	245	65%	131	35%
All employees	3,145	72%	1,228	28%

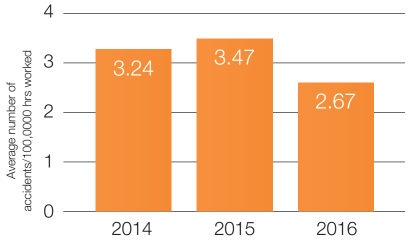
Responsible sourcing and Modern Slavery

We are committed to sourcing all our materials in a responsible manner, working alongside our suppliers to drive best practice through audits and training and have a responsible sourcing programme in place to manage the environmental and ethical risks within our supply chain. The Modern Slavery Act 2015 has introduced changes in UK law focusing on increasing transparency in supply chains. We will publish a slavery and human trafficking statement on our website in due course and in compliance with the Modern Slavery Act 2015.

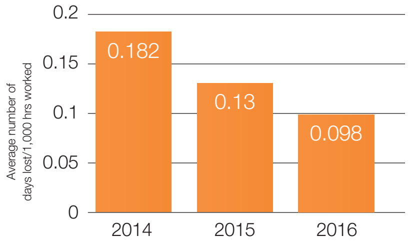
Employee Health & Safety

We're committed to providing a safe working environment for our people and identifying and managing safety risks is a top priority for us. This year our safety performance in relation to accident frequency and severity rate has significantly improved on last year with a 23% and 24.6% reduction respectively across the group. A number of factors have contributed towards this achievement including the introduction of the new 'How 2' Standards and audit programme and greater uptake of the 'contribution to safety' behavioural safety model. Additionally, the infrastructure investment projects in GB have been instrumental in introducing the highest levels of safety possible for our plant and machinery.

Accident frequency rate



Accident severity rate



Health, safety and wellbeing

The health, safety and wellbeing of our employees is paramount to Britvic and we have a Health, Safety and Wellbeing Committee which is chaired by our General Counsel with cross-functional representation and support from health and safety specialists from across the group.

We run an employee wellbeing programme 'Wake up to Wellbeing' in GB and Ireland which is based on the Government's 'One You' campaign designed to encourage, empower and enable people to protect and improve their health and we also provide an Employee Assistance Programme which is confidential and designed to offer support 24 hours a day, both online or on the phone.

Creating a great place to work for our employees

We recognise that our people are central to our success and to achieving our future ambitions. We currently employ over 4,000 people around the world and have a talented and diverse workforce. We want Britvic to be an inspiring, safe place to be and for our people to realise their ambitions. Each employee is guided by a common purpose, our vision and our values which are integrated into our people processes and programmes, including our performance, reward and talent programme – Growth, performance, success.

We measure our overall employee engagement through the Great Place to Work survey, which allows all our people to anonymously feedback their views. This is our fourth year of completing the survey and we continue to make progress in making Britvic a great place to work. This year we achieved a Trust Index score of 72% with an 86% response rate.

Learning and development

We are committed to nurturing and growing our employees at all levels, enabling them to lead Britvic into the future. We encourage them to own and grow their careers within Britvic. We continue to run an extensive learning and development curriculum, which offers all employees the chance to improve their core business skills and managers the opportunity to enhance their management skills, through on-line and face to face training. We also run programmes tailored to the needs of specific areas of the business.

Communication and engagement

Engagement with our employees is a priority for us and we keep people informed about our business, its performance and things that affect them through a variety of channels. These included, our company intranet, Teamlink – our monthly digital update and Teamtalk – our regular face to face meetings led by senior management. Our quarterly magazine, Zest, is available to all employees.

We have well established Employee Involvement Forums in GB and Ireland as well as the Britvic Group Forum with nominated employee representatives who ensure that employee's views are taken into account regarding issues that are likely to affect them. Where the group has entered into a recognition agreement with a trade union, it fulfils its obligations to consult and negotiate accordingly.

Sharing in success

We monitor our total pay and benefits offering as part of our reward philosophy which is based on delivering competitive salaries and benefits, performance-related bonus and share ownership opportunities. In a number of our markets, pay for large populations of our employees is determined with trade union representatives on the basis of fair terms and conditions for all members.

Management pay and bonuses are linked to business performance and their personal contribution. Selected senior executives also receive annual awards of long-term incentives to directly align their packages with sustainable shareholder creation. Pay outs under these plans depends on Britvic's performance over a three year period. We also provide competitive pension and healthcare benefits in addition to statutory arrangements.

Supporting our communities

We recognise the importance of supporting our local communities and this year our charitable contributions were valued at almost £900,000. This included volunteering time, matched funding, payroll giving, drinks donations and our monthly employee lottery.

In GB our employees participated in our 'Rowed to Rio' fundraising challenge, collectively covering a total of 9962 miles and raising money for our charity partner Sported, a charity aimed at supporting over 3,000 local sports clubs. The Wildlife Trust also became our charity partner in 2016 and our employees have been volunteering at their local Wildlife Nature Reserves, helping protect nature whilst also building stronger relationships within their teams.

In Ireland we launched our employee volunteering policy, enabling employees to take 2 days paid leave to volunteer. 304 hours of volunteering took place this year as a result of the introduction of this new policy, supporting charities close to our employee's hearts.

Reducing resource use

Protecting the environment and the natural resources on which we depend is critical to our business success. We manage our environmental impacts by focusing on those we can control, namely energy and its associated carbon emissions, water use and packaging. Minimising our impact on these resources helps us control operating costs and helps build a resilient competitive business.

Water use

Responsible water use continues to be a concern across the world with increasing numbers of people without access to clean water. We recognise we have a responsibility to manage our water use prudently and this year we successfully reduced our water intensity ratio by 1.5% to 1.9 across our European manufacturing sites, meaning for every litre of soft drink we produce we use 1.9 litres of water. We have a 2020 ambition to reach a water intensity ratio of 1.4.

Climate change

Climate change is one of the biggest challenges we face and society is already beginning to experience its impacts - socially, economically and ecologically. Through our investments in new, more efficient technology we endeavour to reduce our emissions in the long term, however this year our carbon emissions increased relative to production. This increase was caused by the infrastructure investment works underway that increased our energy consumption at our manufacturing sites by 3.4% across the business. We are confident however that the investments will see a significant improvement in our energy and subsequent carbon footprint going forward. Our new production line at Leeds, for example, uses 41% less electricity than older lines.

We continued to offset our GB business travel emissions through the CarbonNeutral® certification scheme supporting a de-forestation project in the Amazon rainforest. This project works with local communities to help preserve the biodiversity of this area of global significance.

The table below sets out the quantities of greenhouse gas emissions in tonnes of carbon dioxide equivalent (CO_2e) for the 53 weeks ended 2 October 2016. The table also contains last year's emissions to demonstrate our progress. Please note the reporting scope changed this year as we have included Brazil in our calculations. We have also provided performance excluding Brazil to allow for year-on-year comparison.

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. Emissions outside of our responsibility, including shared office locations and those originating from our contract packers and franchise partners, have been omitted from our disclosure. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from UK Government's GHG Conversion Factors 2016 for this year's calculations.

	2014-2015 Emissions (Tonnes CO_2e)	2015-2016 Emissions (Tonnes CO_2e)
Total Scope 1 & 2 CO_2e emissions	53,673	**70,587** 54,466 excluding Brazil
Emissions from:		
Scope 1: Combustion of fuel & operation of facilities	16,963	**31,129** 17,115 excluding Brazil
Scope 2: Electricity, heat, steam and cooling purchased for our own use	36,710	39,457 37,351 excluding Brazil
Intensity measure:		
Scope 1 & 2 emissions reported above normalised to per thousand tonne of product output	28.7 Tonnes CO_2e/1000Tonne produced	**34.1 Tonnes CO_2e/1000Tonne produced** 28.9 Tonnes CO_2e/1000 Tonne excluding Brazil

Notes: 1. Emissions relate to those generated by our manufacturing and distribution sites in GB, Ireland, France and Brazil only.
2. Emissions outside of our responsibility and under the control of a third party have been excluded.
3. Previously reported Scope 1 & 2 emissions have been updated to reflect a change in boundary (offices removed) to reflect our operational control reporting responsibility

Packaging
Packaging is an essential component of our products and we take our responsibility to produce packaging with minimal environmental impact very seriously. Our approach focuses on transforming, innovating, reducing and optimising the use of materials we use. In order to do this we have been developing a tool to measure the environmental impact of our packaging formats and will be integrating its consideration within our packaging development process moving forward.

Over the past 3 years we have been working in partnership with Innovate UK and the UK based SME, Natural Resources (2000) Limited (NRL), on a new sustainable packaging technology that could revolutionise packaging across multiple sectors. This year, we have reached a proof of principle milestone on developing a viable bottle from sustainable wood fibres. The technology platform, using patented (pending) moulding and processing techniques, has been producing bottles on a prototype manufacturing line.

A closure system using similar wood fibre based material has also been demonstrated. This new technology has the potential to significantly reduce the environmental impact of packaging as the materials are sustainably sourced, renewable and fully recyclable and the forming process requires less energy to produce a bottle than its contemporary equivalents. Further work is underway to bring this technology to market as part of our sustainable packaging strategy.

Our risks

As with any business we face risks and uncertainties. We believe that effective risk management supports the successful delivery of our strategic objectives.

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Realise global opportunities in kids, family and adult categories

Continue to step-change our business capability

Build trust and respect in our communities

The management of these risks is based on a balance of risk and reward determined through assessment of the likelihood and impact as well as the group's risk appetite. The Executive Team perform a robust assessment of the principal risks facing the group annually, which is reviewed by the Board. Similarly all business units and functions perform annual risk assessments that consider the group's principal risks and specific local risks relevant to the market in which they operate. Risks are monitored throughout the year by the Board, Executive Team and business units and functions with consideration to internal and external factors, the group's risk appetite and updates to risks and mitigation plans are made as required.

Key areas of focus

This year the Board and the Executive Team has placed a significant focus on defining the group's risk appetite. This is an expression of the amount and types of risk that the group is willing to take to achieve its strategic and operational objectives. We have agreed a set of group appetite statements for our principal risks. We are starting to use the articulation of risk appetite in decision making across the group and to define and validate the mitigating activities required to manage our risks. During 2015/16, in accordance with the requirements under the UK Corporate Governance Code, the Directors also assessed the long term viability of the group in the context of its principal risks. Further detail can be found on page 32.

PRINCIPAL RISK	RISK DESCRIPTION
CONSUMER PREFERENCE Failure to deliver brand propositions which respond to changing consumer preferences.	Consumer preferences, tastes and behaviours evolve over time and differ between the different markets in which we operate. Our ability to anticipate these trends and ensure the strength and relevance of our brands is critical to our competitiveness in the market place and performance.
HEALTH AND OBESITY CONCERNS Failure to address health concerns of government, consumers and other stakeholders (e.g. sugar and obesity).	There are different consumer preferences in the markets we operate in to natural or artificial sweeteners and other ingredients such as preservatives. Additionally there is a continued high level of media and government scrutiny on health and obesity in our core markets; GB, Ireland and France. It is important that we continue to take a leadership position on health issues.
RETAILER LANDSCAPE AND CUSTOMER RELATIONSHIPS We may not be able to maintain strong relationships or respond to changes in the retailer landscape.	Maintaining strong relationships with customers is critical for our brands to be available and well presented to our consumers. A failure to do this may impact our terms of business with customers and /or the availability and presentation of our brands.
THIRD PARTY RELATIONSHIPS Partnerships may not be renewed or are renewed on less favourable terms.	We currently bottle and co-market a number of PepsiCo products in GB and Ireland, including 7UP and Pepsi. Additionally we have a relationship with a number of partners to grow our family, adult and kids brands outside of our core markets. Our partnership with PepsiCo and distributors and franchisees is an important part of our business and delivery of our strategy going forward.

Brexit Implications

Following the vote on 23 June 2016, the Executive Team and the Board have considered the implications of the vote to leave the European Union on the short and medium prospects of the group.

There are three main areas where Brexit could impact the group in the period prior to exit:

1. the risk of a downturn in the UK economy leading to a weaker soft drinks category growth. However the potential impact of this is too early to foresee at this stage and historically the UK soft drinks category has shown a good level of resilience to downturns in the economy.
2. the impact of a sustained reduction in the value of Sterling which despite the group's hedging strategies will lead to an increase in the year on year cost of commodities such as PET, sugar and juices.
3. the further reduction in gilt yields has an impact on the value of the deficit related to the group's defined benefit schemes. Additional contributions of £15m per annum in 2018 and 2019 will be made should the formal actuarial valuation in 2016 reveal that these contributions are necessary to return the GB scheme to full funding on a self-sufficiency basis by 31 March 2020.

We cannot comment on the likely impact when the United Kingdom leaves the European Union, as the terms and conditions have not yet been negotiated.

Principal risks and uncertainties

The Executive Committee and Board considered the risks described below as the principal risks facing our business during the year. These are not the only risks that may impact the Group but they are the ones that we believe are the most significant at this time.

risk impact new or increasing ↑

risk impact unchanged ↔

CONTROLS AND MITIGATING ACTIVITIES	DEVELOPMENTS IN 2016	MOVEMENT IN SCORE
• Broad portfolio of products across a number of sub categories and markets to increase coverage of consumer trends. • Continuous assessment of consumer trends in order to anticipate changes in preferences and match our offerings to these trends. • Ongoing evaluation and development of brand portfolio and innovation pipeline.	• Our mitigating approaches remain broadly unchanged and we continue to invest in innovation and our marketing programmes. For example, we have significantly grown market share with Pepsi max, relaunched Purdeys and extended our presence in the premium adult category through new brands such as Thomas & Evans and the London Essence Company in GB. In France we have seen significant growth from our organic juice brand Pressade.	↔
• We have a wide range of soft drinks, many of which are low or no sugar. • Ongoing evaluation and development of the brand portfolio and innovation pipeline. • Reformulation of products where we can to help consumers make healthier choices. For example we were the first UK soft drinks company to introduce stevia and in Fy15 we removed all sugar variants from Robinsons and Fruit Shoot ranges in the UK. • Our Innovation pipeline is weighted towards lower-sugar or nutritionally enhanced brands. • We market our brands responsibly with no marketing to under 12s and a focus on low or no sugar variants as well as encouraging consumers to lead active life styles. • We work closely with non government organisations and trade associations in our markets to fully participate in the debate and help shape solutions.	• In GB and Ireland, the governments announced plans for a tax on soft drinks manufacturers, commencing in April 2018. • We continue to reformulate products to reduce/remove sugar content e.g. Drench, as well as bringing new products to market – e.g. Purdeys Edge and MiWadi Mini – which are outside of the tax. In addition we reduced the sweetness of Fruit Shoot and added multivitamins during the year. • MiWadi Zero – partnership with Diabetes Ireland charity. We are also supporting the change4life campaign on Robinsons. • In the UK and Ireland we are engaging constructively on the detail of the proposed sugar tax with the government.	↑
• Operate across many different customer channels and markets. • Continuous monitoring of customer performance and trends. • Develop compelling offerings for our customers' shoppers based on our understanding of their business and the soft drinks category.	• Soft drinks market and retail conditions in GB, Holland and France remain challenging. • GB supply chain investment programme will enable us to respond to customer and consumer needs through improved capability to produce different pack sizes. • Recent Subway 7 year contract win, serving 2 million customers every week.	↔
• Robust governance and management of relationship with PepsiCo and other partners.	• The Pepsi and 7UP bottling agreement for Ireland was renewed for 10 years with effect from 1 January 2016, which further strengthens our long term relationship with PepsiCo.	↔

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Build trust and respect in our communities

PRINCIPAL RISK	RISK DESCRIPTION
INTERNATIONAL EXPANSION Our plan to grow our International business is limited by lack of brand momentum, local geo-political or economic risks, the risks associated with start – up profitability or substandard processes and systems.	To achieve our strategy of growing internationally it is important that we have the appropriate governance, systems and processes in place and that our brand propositions respond appropriately to local consumer preferences.
SUPPLY CHAIN Supplier failure, market shortage or an adverse event in our supply chain impacts sourcing of our products and / or that the cost of our products is significantly affected by commodity price movements.	Our business depends on purchasing a wide variety of products and services, efficient manufacturing and distribution processes.
SAFE AND HIGH QUALITY PRODUCTS A faulty or contaminated product, either through malicious contamination, human error or equipment failure, is supplied to the market.	The quality of our products is of the upmost importance to us and it is of paramount importance that we manage product quality and integrity.
LEGAL AND REGULATORY Non-compliance with local laws or regulations or breach of our internal policies and standards.	Britvic is subject to a wide range of legislation, regulation, guidance and codes of practice in areas such as composition, labelling, packaging, marketing claims, advertising, safety, environment, competition, tax and employee health and safety. Failure to comply with such requirements could have a significant impact on our reputation and/or incur financial penalties.
TECHNOLOGY AND INFORMATION SECURITY We experience a major failure of IT infrastructure or breach in system or information security.	We interact electronically with customers, suppliers and consumers and our supply chain operations are dependent on reliable IT systems and infrastructure. Disruption to our IT systems could have a significant impact on our sales, cashflows and profits. Additionally, and in common with many businesses, cyber security breaches could lead to unauthorised access to, or loss of sensitive information.
TREASURY AND PENSION Changes to exchange rates and interest rates can have an impact on profits and cashflows.	Britvic is exposed to a variety of external financial risks relating to treasury and pension. Changes to exchange rates and interest rates can have an impact on business results and the cost of interest on our debt. Additionally the GB and Ireland businesses have defined benefit pension plans, which whilst closed to new employees and future accruals are exposed to movements in interest rates, values of assets and increased life expectancy.

risk impact new or increasing ↑

risk impact unchanged ↔

CONTROLS AND MITIGATING ACTIVITIES	DEVELOPMENTS IN 2016	MOVEMENT IN SCORE
• Geo-graphic spread mitigates against localised geo-political or economic risk. • Mix of 'asset light' franchise and business acquisitions also reduces our exposure to this risk. • Extensive due diligence prior to entering into a new market. • Closely monitor market and country information provided by our partners and business units.	• Initial stage of integration of Ebba business completed. Continued focus on embedding the control and compliance framework. • Launch of multi pack in the US with development of associated processes and systems.	↔
• Monitoring of market conditions for commodities and where appropriate hedging our contractual positions. • Robust supplier strategy, selection, monitoring and management processes. • Maintain multiple sources of supply for our products wherever possible. • Externally certified management systems across the supply chain. • Business continuity planning processes.	• Continued embedding and development of management systems and assurance processes. • The GB supply chain investment programme will further improve the flexibility and therefore resilience of our GB supply chain.	↑
• Robust quality management standards applied across our supply chain and rigorously monitored. • Supplier assurance and management processes. • Dedicated central teams to oversee quality and supplier assurance, working closely with the business units.	• Continued focus on improving the management standards framework used across the Group and the monitoring and oversight processes.	↔
• Britvic code of conduct and our Group policies trained and rolled out to employees. • Monitoring processes to ensure compliance with all relevant legislation and regulations. • Work closely with our external advisors and the regulators, government bodies and trade associations regarding current & future legislation which would impact upon the business. • Whistle-blowing processes.	• Embedding of the control and compliance framework across the Group and in Ebba.	↔
• Disaster recovery plans tested every year. • Central governance and decision making processes for system changes. • Development and implementation of robust information security policies and processes.	• In 2015/16 a number of major organisations were subject to cyber attacks. • We have increased investment to improve information security processes and cyber risk awareness. • Recognising that this risk can be managed but not eliminated we have built and enhanced processes to test and build resilience to cyber attacks.	↔
• Robust monitoring of exchange rates and interest rates. • Active risk management and hedging strategies in place to manage exchange and interest fluctuations. • Close working with the trustees of the pension fund to agree future investment and funding strategies.	• Review of foreign exchange hedging in place ahead of the EU referendum to ensure good levels of hedging in place across the main currency pairs. • Despite the hedging strategies in place, the recent reduction in the value of Sterling, if sustained, will lead to higher input costs across a number of our key commodities. However we are taking action to reduce some of this impact.	↑

Viability statement

During the year, the Directors assessed the viability of the Company over a three-year period, taking into account the group's current financial position and the principal risks, particularly those that could threaten the business model. These risks and the actions being taken to manage or mitigate them are set out above.

The Directors have determined that a three-year period is an appropriate timeframe for the assessment given the dynamic nature of the FMCG sector and this is in line with the group's strategic planning period. The starting point for the viability assessment is the strategic and financial plan, which makes assumptions relating to the economic climate in each of our markets, the growth of the soft drinks category, input cost inflation and growth from the group's value drivers. The process for assessing the viability of the group involved input from a number of functions across the business to model a series of theoretical 'stress test' scenarios based on the materialisation of principal risks. Examples include a faulty product being supplied to market or a failure to respond to changing consumer preferences including health trends. The approach also considered interdependencies between the group's principal risks as well as reverse stress testing allowing the Directors to assess the circumstances that would render the business model unviable.

To support the final conclusion on viability, the assessment also took into account the mitigations available to the group to protect against these downside scenarios. Finally the stress test scenarios were reviewed against the group's current and projected debt and liquidity position.

Based on the results of this analysis, the Directors have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the three year period to September 2019.

The Strategic Report was approved by the Board and signed on its behalf by Simon Litherland.

Simon Litherland
Chief Executive Officer
29 November 2016

Governance

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Governance

Corporate governance report

Dear Shareholder,

As I mentioned in my Chairman's statement earlier in this report, market conditions continued to be challenging during 2016 with additional uncertainty caused by the UK's decision to leave the EU, and a proposed tax on soft drinks in GB and Ireland. Despite these challenges, Britvic has continued to deliver the strategic priorities set out in 2013 and the Board has remained focussed and close to the key issues facing the company.

The board is committed to high standards of corporate governance and supports the principles laid down in The UK Corporate Governance Code published in September 2014 by the Financial Reporting Council ('the Code'). This report aims to demonstrate our approach to governance through effective leadership and ensuring that good governance principles and practices are adhered to.

Changes to board composition

There have been a number of changes to the board over the past year. As part of our previously reported succession plans, we welcomed Sue Clark and Euan Sutherland to the Board as Non-Executive Directors on 29 February 2016. They stand for appointment at the AGM in 2017. Having reached his nine year tenure, Bob Ivell was succeeded by John Daly as Senior Independent Director and Chair of the Remuneration Committee at the 2016 AGM. Bob remained on the Board until the appointments of Sue and Euan had been made. John Gibney, our former CFO, stepped down from the Board on 27 January 2016 after 16 years of service to the company. We wish him well in his retirement. Mathew Dunn succeeded John as Chief Financial Officer in November 2015 and stood for appointment at the 2016 AGM.

Your board is committed to remaining effective and recognises that to do so it must ensure that it has the right balance of skills, independence and knowledge of the company to enable it to discharge its duties and responsibilities. Further details on the board's succession planning activities, and the steps it is taking to develop its policy on diversity, are discussed in my Nomination Committee Report on pages 47 to 49.

Details of the directors' biographies are set out on pages 36 and 37.

Fair, balanced and understandable

During the year the board reviewed the requirement for directors to make a statement that they consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable. The Audit Committee met to consider the criteria for a fair, balanced and understandable annual report and to review the processes underpinning the compilation and assurance of the report, in relation to the financial and non-financial information. The board then considered the annual report as a whole, being mindful of the UK reporting requirements to ensure consistency between the narrative sections and the financial statements.

The board's statement on the report is outlined on page 88.

Gerald Corbett
Chairman
29 November 2016

making life's everyday moments more enjoyable

Board of directors

Ben Gordon

Independent Non-Executive Director

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

Skills, competence and experience:
Ben has a strong background in executive management, consumer insight and international retail gained through his roles as Chief Executive of Mothercare plc and former Senior Vice President and Managing Director of Disney Store, Europe and Asia Pacific. He has also held senior management positions with WHSmith group in the UK and the USA and L'Oreal S.A. in France and in the UK. Ben has an MBA from INSEAD and is a Member of the Institution of Civil Engineers.

Current appointments:
Non-Executive Director of St. Ives plc and a Trustee of the Canal & River Trust.

Committees:
Member of the Audit, Nomination and Remuneration Committees

John Daly

Senior Independent Non-Executive Director

John Daly was appointed a Non-Executive Director on 27 January 2015 and is the Company's Senior Independent Director.

Skills, competence and experience:
John has more than 30 years of extensive international business and management experience having held a variety of senior leadership roles, most notably during his 20 years at British American Tobacco plc. Most recent positions at BAT were Chief Operating Officer (from 2010 to 2014) and Regional Director for Asia Pacific, based in Hong Kong (from 2004 to 2010). Prior to his time at British American Tobacco plc, John held various sales and marketing positions with Johnson & Johnson, Bristol-Myers Squibb, Pennwalt Corporation and Schering-Plough.

Current appointments:
Non-Executive Director of Wolseley plc (Member of the Audit, Remuneration and Nominations Committees) and G4S PLC (Member of the Audit Committee and Chairman of the Remuneration Committee)

Committees:
Chair of the Remuneration Committee and a member of the Audit and Nomination Committees.

Clare Thomas

General Counsel and Company Secretary

See full biography on page 39.

Ian McHoul

Independent Non-Executive Director

Ian McHoul was appointed a Non-Executive Director on 10 March 2014.

Skills, competence and experience:
Ian is a Chartered Accountant and has extensive finance, strategy, beverage and retail experience gained through leadership roles at Scottish & Newcastle plc, Inntrepreneur Pub Group and Fosters Brewing Group. Ian is Chief Financial Officer of Amec Foster Wheeler plc and has previously served as Non-Executive Director and Chairman of the Audit Committee of Premier Foods plc between 2004 and 2013, the last year of which he was also the Senior Independent Director. Ian holds a BSc in Mathematics from the University of Bristol.

Current appointments:
Chief Financial Officer of Amec Foster Wheeler plc.

Committees:
Chair of the Audit Committee and a member of the Nomination and Remuneration Committees.

Gerald Corbett DL

Non-Executive Chairman

Gerald Corbett has been Non-Executive Chairman of the Company since 24 November 2005.

Skills, competencies and experience:
Over a long business career, Gerald has been a director of 13 public companies, seven of which he has chaired. These leadership experiences have enabled Gerald to utilise his significant insight and experience to cultivate an open boardroom environment. His most recent roles were as Chairman of Betfair Group plc (2012 - February 2016), Moneysupermarket.com Group plc (2007-2014) and SSL International plc (2005-2010). His executive career included Group Finance Director roles with Redland plc and Grand Metropolitan plc, and Chief Executive of Railtrack.

Current appointments:
Gerald is Chairman of Segro plc and is Chairman of the AIM listed investment and stockbroking business Numis Corporation plc. Gerald will not seek re-election at the AGM of Numis Corporation in February 2017. Gerald is a member of the Advisory Committee at Spencer Stuart.

Committees:
Chair of the Nomination Committee and a member of the Remuneration Committee.

From left to right:
Ben Gordon
John Daly
Clare Thomas
Ian McHoul
Gerald Corbett
Simon Litherland
Euan Sutherland
Sue Clark
Mathew Dunn
Joanne Averiss

Simon Litherland

Chief Executive Officer

Simon Litherland was appointed Chief Executive Officer in February 2013 and is responsible for overseeing the delivery of the company's business strategy. He joined Britvic in September 2011, initially as Managing Director of Britvic GB.

Skills, competence and experience:
Over 20 years of his career was spent with Diageo. His last role was MD of Diageo Great Britain, having previously run Diageo's businesses in South Africa, Ireland and Central and Eastern Europe. During his time at Diageo, Simon was responsible for an extensive portfolio of brands including Guinness, Johnnie Walker, Baileys, Smirnoff and Captain Morgan. In his earlier career he held a variety of International Finance Director roles in Diageo, IDV and Grand Metropolitan. Simon qualified as a Chartered Accountant with Deloitte in South Africa and has a business degree at the University of Cape Town.

Current appointments:
President and Chairman of ISBA Council (the voice of British Advertisers).

Euan Sutherland

Independent Non-Executive Director

Euan was appointed a Non-Executive Director on 29 February 2016.

Skills, competence and experience:
Euan has over 23 years' experience gained from the retail and FMCG sectors having held roles with Boots, Dixons, Coca-Cola and Mars. Euan was previously Group Chief Executive Officer for the Co-op group of companies. Earlier in his career he was Group Chief Operating Officer at Kingfisher Plc, Chief Executive Officer of B&Q and Chief Executive of AS Watson UK, owner of Superdrug. Euan has a first class honours degree in Managerial & Administrative Studies from Aston University.

Current appointments:
Group Chief Executive Officer of SuperGroup plc.

Committees:
A member of the Audit Committee.

Sue Clark

Independent Non-Executive Director

Sue was appointed a Non-Executive Director on 29 February 2016.

Skills, competence and experience:
Sue has strong international credentials and has worked in the global FMCG sector for the last 13 years. Prior to the merger with Anheuser-Busch InBev in October 2016, Sue held the role of Managing Director of SABMiller Europe and was an Executive Committee member of SABMiller plc. She joined SABMiller in 2003 as Corporate Affairs Director and was part of the executive team that built the business into a top 5 FTSE company. Previously, Sue has held a number of senior roles in UK companies, including that of Director of Corporate Affairs for Railtrack Group and Scottish Power plc. Sue has an MBA from Heriot-Watt University.

Current appointments:
None.

Committees:
Member of the Remuneration Committee.

Mathew Dunn

Chief Financial Officer

Mathew joined the business in September 2015 and was appointed a director on 25 November 2015. He is responsible for Finance, Legal, Estates, Risk Management, and IT.

Skills, competence and experience:
Prior to joining Britvic, Mathew was at SABMiller PLC where he was CFO of South African Breweries Ltd, based in South Africa since 2014. Mathew first joined SABMiller in 2002 where he held various financial planning and management, as well as leadership positions before joining EMI Music Ltd as CFO of their Global Catalogue division in 2009. He returned to SABMiller in 2010 as CFO, Asia (based in China) a role which he held until his 2014 move to South Africa.

Current appointments:
None.

Joanne Averiss

Non-Executive Director

Joanne Averiss was appointed a Non-Executive Director on 18 November 2005 and is the Pepsi Group Nominee Director.

Skills, competence and experience:
Joanne has gained considerable knowledge and experience of legal and regulatory matters through her role at Pepsi Group. She has been a member of the Pepsi Group legal department since 1990, holding a series of positions in the UK and the US and is currently Senior Vice President Law, General Counsel, Europe and Sub Saharan Africa with legal responsibility for all of the Pepsi Group's business units within Europe and Sub Saharan Africa.

Current appointments:
Trustee and Chair of the Mesen Educational Trust.

Committees:
None.

Executive team

Simon Litherland
Chief Executive Officer

See full biography on page 37.

Mathew Dunn
Chief Financial Officer

See full biography on page 37.

Jean-Luc Tivolle
Managing Director, France

Jean-Luc Tivolle was appointed Managing Director of Britvic France 2010, after 14 years as Vice-Chairman of Fruité Entreprises SAS, which was acquired by Britvic at that time. Prior to this, he held senior roles in Tetra Pak and a variety of positions at Chocolat Poulain (Cadbury Schweppes Group).

João Caetano de Mello Neto
Managing Director, Ebba, Brazil

João Caetano de Mello Neto joined Britvic following the acquisition of Ebba on 30 September 2015. He has over 30 years of executive management experience in the consumer goods industry. Previously, João Caetano worked for Cia. Müller de Bebidas (Caninha 51) where he spent 14 years and acted as Chief Executive Officer for 7 of those years. He then worked for J. Macedo for 7 years as Chief Executive Officer of Hidracor before moving to Ebba.

Doug Frost
Chief People Officer

Doug Frost was appointed Human Resources Director in 2004 and became Chief People Officer in October 2016. Doug previously worked for 15 years with Mars Incorporated in positions in manufacturing, sales and human resources. He started his career in the UK, then worked across several continental European markets and latterly spent several years in Latin America.

Clive Hooper
Chief Supply Chain Officer

Clive was appointed Chief Supply Chain Officer in October 2016 having joined the business in 2006 as Production Director. Clive has responsibility for production, procurement, logistics, warehousing, technical and quality, safety and environment across Britvic sites. Prior to joining Britvic, Clive has held senior management, production and planning roles at Greencore, Procter & Gamble and CeDo. Clive has a BEng in Engineering from the Royal Naval Engineering College.

Left to right back row:
Jean-Luc Tivolle,
João Caetano de Mello Neto,
Doug Frost,
Clive Hooper,
Paul Graham,
Mathew Dunn,
Hessel de Jong

Left to right front row:
Simon Litherland,
Matt Barwell,
Kevin Donnelly,
Clare Thomas

Matt Barwell

Chief Marketing Officer

Matt is responsible for Britvic's global marketing, innovation and sustainability strategies. He joined Britvic from Diageo in 2014 where he held a number of senior positions over 15 years including Marketing and Innovation Director, Africa. Matt started his career with Mars where he worked for ten years in both the confectionary and pet food businesses. Matt is a Fellow of The Marketing Society.

Paul Graham

Managing Director, GB

Paul was appointed GB Managing Director on 13 April 2015 having joined the business in September 2012 as GB General Manager. Paul is also a member of the Executive Council of The British Soft Drinks Association. Before joining Britvic, he worked in a range of commercial roles for companies including Mars Confectionery and United Biscuits. Paul has a BSc in Management Sciences from the University of Manchester.

Clare Thomas

General Counsel and Company Secretary

Clare Thomas joined the group as General Counsel and Company Secretary in September 2013 and has responsibility for the legal, internal audit and risk, company secretarial and estates teams. Clare has a corporate and commercial legal background, and prior to joining Britvic spent 15 years as a corporate / M&A lawyer at law firm Addleshaw Goddard LLP, including six years as a partner, with a particular focus on FMCG clients.

Kevin Donnelly

Managing Director, Ireland

Kevin joined Britvic Ireland in September 2008 as Marketing Director and was appointed Country Director in June 2013. He has over 25 years' experience in sales, marketing and general management in FMCG companies, including Unilever and Dairygold. Kevin holds a First Class Honours Degree in Marketing from Trinity College Dublin and a Post Graduate Diploma in Digital Marketing.

Hessel De Jong

Managing Director, International

Hessel joined Britvic on 28 September 2015 as Managing Director, International and he has over 20 years of management experience in international FMCG.

Prior to joining Britvic, Hessel worked as an advisor to a number of private equity companies, including Blackstone and Bencis Capital Partners. From 2008 through 2014, he was Managing Director of the Dutch and Benelux operations of the Coca-Cola Company. Before 2008, Hessel held various regional and global leadership positions at Heineken and SCA Group in Europe and Asia. Hessel is based in Amsterdam and holds a Master of Business Administration from INSEAD and a Bachelor of Business Administration from Nyenrode University.

Compliance with The UK Corporate Governance Code

The board supports the principles laid down in The UK Corporate Governance Code as issued by the Financial Reporting Council in September 2014, which applies to financial years beginning on or after 1 October 2014 ('the Code') (available at www.frc.org.uk). This report describes how the principles of the Code are applied and reports on the company's compliance with the Code's provisions.

Throughout the financial year ended 2 October 2016 and to the date of this report, we have complied with the provisions set out in the Code with the exception of the provisions below:

Code Provision B.1.2 For a short period following the AGM on 31 January 2016 until 29 February 2016 when Euan Sutherland and Sue Clark were appointed as directors, the composition of the Board was temporarily imbalanced in terms of independence with Bob Ivell reaching his nine years tenure and remaining on the Board until Euan and Sue had been appointed.

Code Provision B.6.2 The last externally facilitated Board evaluation was carried out during July – September 2013. The Board agreed that following the significant changes to the Board over the past year, that there would be more value in delaying the externally facilitated evaluation during 2017. Further details are set out on page 46 of this report.

Leadership

The board

The board of directors currently has nine members, comprising the Chairman, Chief Executive Officer, Chief Financial Officer, five independent Non-Executive Directors and the PepsiCo nominated Non-Executive Director. The biographical details of the board members are set out on pages 36 and 37. All of the directors bring strong judgement to the board's deliberations. They have all occupied, or occupy, senior positions in UK and/or international companies (including listed companies) and have substantial experience across a range of businesses. Other than their fees, which are disclosed on page 69, the Non-Executive Directors received no remuneration from the company during the year. They also do not participate in any of the group's pension schemes or in any of the group's bonus, share option or other incentive schemes.

The role of the board

The board is responsible for the long term success of the group, corporate governance, strategy, risk management and financial performance. The board normally meets at least 8 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 includes a detailed report on current trading performance 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 by the board of 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 usually subject to post-completion reviews. At least one of the board's regular meetings every year is devoted to reviewing and agreeing the group's long-term strategy.

Matters reserved for the board

The board provides strong and effective leadership within a framework of prudent and effective controls, and in accordance with the Code provisions there is a formal schedule of matters specifically reserved for board decision which defines the board from sub-committees and management. This clear definition not only compliments and strengthens the company's decisions, but builds the foundations of a solid business. Although there is a standard agenda of items, these are regularly reviewed to ensure that the board provides continual effective leadership and drive towards the group's strategic aims. Matters which the board consider suitable for delegation are contained in the terms of reference of its committees which, in line with the Code provisions, can be found on the company's website at http://www.britvic.com/investor-centre/corporate-governance

Re-election of directors

The company's articles of association provide that all directors will stand for re-election at least every three years but in order to comply with the Code, all of the directors submit themselves for re-election (or election following first appointment) at each annual general meeting ('AGM').

Board committees

The board is assisted by four board committees (as shown in the governance framework diagram below) to which it delegates specific responsibilities. Each committee has full terms of reference that have been approved by the board and which can be found on our website at http://www.britvic.com/investor-centre/corporate-governance

Company Secretary

Clare Thomas is the Company Secretary and her biography can be found on page 39. Her responsibilities include ensuring good information flows to the board and its committees and between senior management and the Non-Executive Directors, advising the board on all legal and corporate governance matters, and assisting the Chairman in ensuring that the directors have suitably tailored and detailed induction and on-going professional development programmes.

The role of the Chairman and Chief Executive Officer

The Chairman is primarily responsible for the workings of the board; to ensure that its strategic and supervisory role is achieved and for ensuring effective communication with shareholders.

The Chairman works closely with the Chief Executive Officer to ensure that the strategies and actions agreed by the board are implemented and provides support and appropriate advice to the Chief Executive Officer. The Chief Executive Officer is responsible for the day-to-day management of the business, developing the group's strategic direction for consideration and approval by the board, and implementing the agreed strategy. He is supported by the other members of his executive team.

The different roles of Chairman and Chief Executive Officer are acknowledged. A responsibility statement for each of those roles has been agreed with the Chairman and Chief Executive Officer, respectively, and adopted by the board.

During the year the Chairman met with the Non-Executive Directors without the Executive Directors present to evaluate their performance and the Non-Executive Directors met without the Chairman present, to evaluate his performance.

Governance Framework

Shareholders

2,787 Shareholders as at 2 October 2016

Board

Chairman

Non-Executive Directors

Executive Directors

Executive Team

Chief Executive Officer

Chief Financial Officer	Chief Marketing Officer	Chief People Officer	Chief Supply Chain Officer	MD Ireland	MD Brazil	MD GB	MD France	MD International	General Counsel & Company Secretary

Nomination Committee

Chairman
3 Non-Executive Directors

Primary responsibility for succession planning, board/director selection and board composition

Committee Report pages 47 and 49

Audit Committee

4 Non-Executive Directors

Provides oversight and governance over the group's annual reporting, internal controls, risk management and relationship with external auditors

Committee Report pages 50 to 55

Remuneration Committee

4 Non-Executive Directors
Chairman

Agrees remuneration policy and sets individual compensation levels for directors and senior management

Committee and Directors' Remuneration Reports pages 58 to 84

Disclosure Committee

Chairman
CEO and CFO
IR Director
Director of Corporate Affairs
Company Secretary

Provides assistance with disclosures required under the Listing Rules and to help ensure that disclosure controls and procedures are properly implemented

Board activities during the year

During the year, consideration and decisions taken by the board have included:

Leadership & People	Financial Performance	Internal controls & risk management	Strategy	Governance & stakeholders
• Reviewed the development of people and potential talent in Britvic including succession planning for senior leaders • Discussed the composition of the Board and its Committees, including succession planning • Visit to Amsterdam office & local trade visits	• Received regular performance reports from the CFO • Approved annual budget • Approved half year and full year results including dividend recommendations and announcements • Approved interim management statements • Approved annual report including going concern review and viability statement • Approved long-term financing plans	• Received regular updates on risk and reviewed key risks and mitigation plans • Approved insurance renewal approach and strategy • Received regular updates on quality, health & safety & environment	• Received regular M&A updates • Review of the company's strategy over a 2 day off-site meeting • Review and approval of investments relating to the GB supply chain transformation programme • Received updates on Brexit implications, innovation and the Brazil business • 'Deep dives' of specific UK brands, the International & US businesses	• Received regular meeting reports from each of the Committee Chairs • Reviewed annual fee increases for the Non-Executive Directors • Reviewed developments in corporate governance, legal and regulatory updates • Received investor relations reports and shareholder feedback • Received updates on sugar tax

Board meetings and attendance

The board met nine times during the year in accordance with its scheduled meeting calendar, excluding ad-hoc conference calls and committee meetings to approve the financial results. Additional meetings were also convened to deal with key matters requiring the board's attention and major projects, as required. The board meetings were held at the head office in Hemel Hempstead, except two meetings which were held off-site in London and Amsterdam. The attendance by each board member is shown below:

Membership and attendance	Number of Board meetings	Number of Audit Committee meetings	Number of Remuneration Committee meetings	Number of Nomination Committee meetings
Gerald Corbett	9/9		4/4	2/2
Simon Litherland	9/9			
Mathew Dunn[1]	7/7			
Joanne Averiss[2]	8/9			
Sue Clark[3]	5/5		2/2	
John Daly	9/9	3/3	4/4	2/2
Ben Gordon	9/9	3/3	4/4	2/2
Ian McHoul	9/9	3/3	4/4	2/2
Euan Sutherland[3]	5/5	2/2		
John Gibney[4]	3/3			
Bob Ivell[5]	4/4	1/1	2/2	1/2

Notes:
1. Meetings attended by Mathew Dunn following his appointment on 25 November 2015
2. Joanne Averiss was unable to attend a meeting due to a pre-existing business commitment
3. Meetings attended by Sue Clark and Euan Sutherland following their appointments on 29 February 2016.
4. Meetings attended by John Gibney until his date of resignation, 27 January 2016.
5. Meetings attended by Bob Ivell up until he stepped down from the Board on 1 March 2016.

Senior independent director

The Senior Independent Director is John Daly who is available to shareholders if they have concerns which are not resolved through the normal channels of Chairman, Chief Executive Officer or Chief Financial Officer, or for which such contact is inappropriate. His biography can be found on page 36.

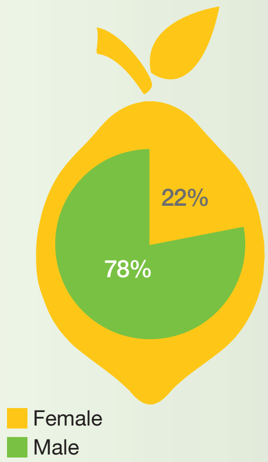
Tenure of Non-Executive Directors

The Code provides that the length of tenure is a factor to consider when determining the independence of Non-Executive Directors. The table below shows the tenure and independence of each of our Non-Executive Directors since the date of their first election by shareholders.

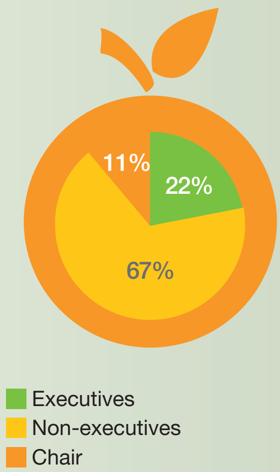
	Date first elected by shareholders	Years from first election to 2017 AGM	Considered to be independent by the board
Gerald Corbett	January 2007	10	n/a[1]
Joanne Averiss	January 2007	10	No[2]
Sue Clark	-	-	Yes[3]
John Daly	January 2016	1	Yes
Ben Gordon	January 2009	8	Yes
Ian McHoul	January 2015	2	Yes
Euan Sutherland	-	-	Yes[3]

Notes:
1 The company considers that, on appointment, the Chairman was independent for the purposes of provision A.3.1 of the Code.
2. Joanne Averiss is Senior Vice President Law, General Counsel, Europe of Pepsico and is the PepsiCo Non-Executive Director. Accordingly, she is not considered to be independent by the board. 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. With the exception of 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.
3. Appointed on 29 February 2016 and will stand for election at the AGM.

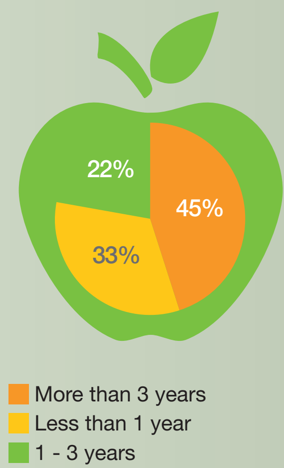
GENDER



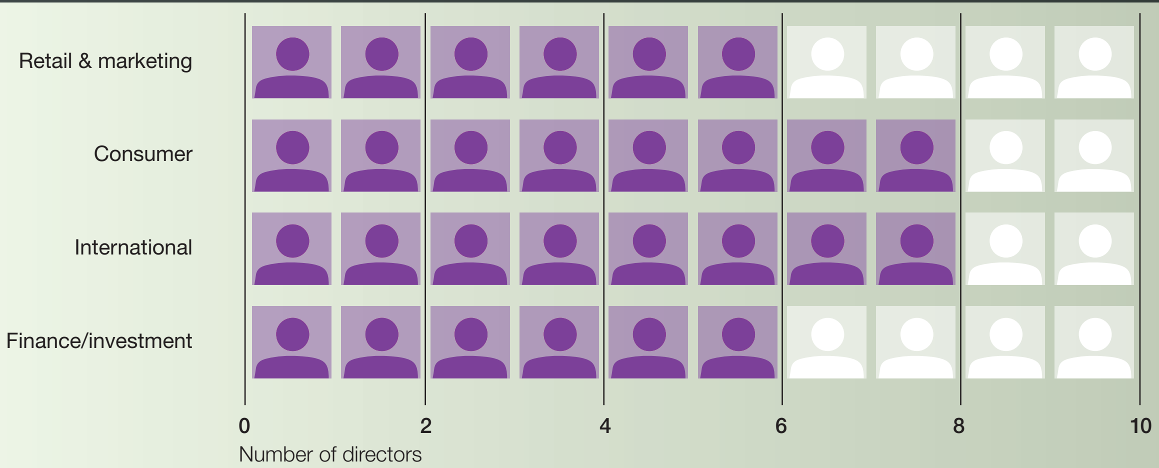
COMPOSITION OF THE BOARD



TENURE OF BOARD



BOARD SKILLS AND EXPERIENCE



Service contracts and letters of appointment

Details of the Executive Directors' service contracts and the Chairman's and the Non-Executive Directors' letters of appointment are set out in the Directors' Remuneration Report on page 75. These documents are available for inspection at the registered office of the company during normal business hours and at the AGM.

Independent 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.

Indemnification of directors

In addition to the indemnity granted by the company to directors in respect of their liabilities incurred as a result of their office in accordance with our articles of association, we maintain a directors' and officers' liability insurance policy throughout the year. Neither our indemnity nor the insurance provides cover in the event that a director has proven to have acted dishonestly or fraudulently.

Risk management and internal control

The board has overall responsibility for monitoring the group's system of internal control and risk management and for carrying out a review of 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 team 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;
- Monitoring and maintenance of insurance cover to insure all risk areas of the group;
- 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
- The principal risks facing the business ensuring that the significant risks faced by the group are being identified, evaluated and appropriately managed, giving consideration to the balance of risk, cost and opportunity.

The board is supported by the Audit Committee in reviewing the effectiveness of the group's risk process and internal control systems. 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.

Management, with the assistance of the finance function, is responsible for the appropriate maintenance of financial records and processes. This ensures that 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.

Effectiveness

Conflicts of interest

The company's articles of association 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, whether matter-specific or situational, is only effective if it is agreed without the participation of the conflicted director(s), 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 an established procedure whereby actual or potential conflicts of interest are reviewed annually and for the appropriate authorisation to be sought prior to the appointment of any new director or if a new conflict arises. The Nomination Committee engaged with Spencer Stuart during the year for the purpose of recruiting Mathew Dunn, Sue Clark and Euan Sutherland. As Gerald Corbett serves on the Advisory Committee of Spencer Stuart, it was agreed that he should absent himself from discussions relating to the engagement of Spencer Stuart and from discussions relating to their appointments. John Daly, the Senior Independent Director chaired the Nomination Committee which made the appointments. John Daly serves on the Board of Wolsely plc with Tessa Bamford who is a consultant with Spencer Stuart. Both John Daly's and Gerald Corbett's external appointments were considered as part of the annual review and renewed for a period of one year.

Induction and development

The Chairman 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. 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 group. To strengthen the directors' knowledge and understanding of the Group, board meetings regularly include updates and briefings on specific areas of the group's activities and board meetings, where possible, are held offsite at other Britvic sites.

Following Sue Clark and Euan Sutherland's appointment to the board, the Company Secretary assisted the Chairman in organising an appropriate induction programmes for both directors. The programme was tailored according to their background, experience and the requirements of their role, noting their appointments as members of the Remuneration and Audit Committees respectively. The table below details the highlights of their induction programme to date:

Type of induction activity	
Face to face meetings	• Meetings with Chairman, CEO and CFO to understand the culture and values, strategy, recent developments, overview of financials (including last year's report and accounts) and key challenges and opportunities • Meetings with members of the Executive team to gain insight of their role and responsibilities, the structure of their teams and current challenges and opportunities
Site visits	• Visits to our Leeds and Rugby sites to further their knowledge of operations
Committee inductions	• To understand Committee remit and overview of key issues/policies/developments • Meeting with Chair of Committee and advisers to Committee
Investor relations and media views	• To gain an overview of investor relations activities, market facing issues and investor concerns
Governance, risk management and litigation	• Matters reserved for the Board and Statement of Authorities, overview of Board procedures and schedule of future meetings • Directors' duties and Board procedures for conflicts of interest and share dealing • Key governance issues affecting the company • Principal risk register and risk management approach • Overview of material litigation • Directors & Officers insurance policy
Use of Board portal	• To gain access to key materials and policies allowing each director to further their knowledge of the work of the Board and annual planning cycles, minutes from previous meetings and other relevant information

In terms of on-going development for the other directors, John Daly was appointed Chair of the Remuneration Committee in January 2016 and has been supported by the Remuneration Committee's advisers to further understand remuneration related hot topics, investor views on remuneration and market trends.

Board evaluation

Each year the performance of the Board, its Committees and directors is evaluated. The last externally facilitated evaluation was carried out during July – September 2013. The Board agreed that following the significant changes to the Board over the past year that there would be more value in delaying the externally facilitated evaluation to 2017. This year, an internal evaluation process was carried out by way of a questionnaire based on the performance of the Board and its Committees and that of the Chairman.

The results of the evaluation were presented to the Board and confirmed that the Board and its Committees were operating effectively.

2015 Evaluation	Recommendations	Actions delivered
	Continue to focus on shorter-term succession planning and for a successor to the Chairman	Bob Ivell and Silvia Lagnado's succession plans were completed in February 2016 with the appointment of Sue Clark and Euan Sutherland. Given the year of change on the Board, the Chairman has agreed to remain on the Board until the new board has settled
	Implement a deeper succession plan and focus on talent management	A talent review is brought to the Board on an annual basis to focus on the pipeline of talent for the leadership team
	Increase the board's visibility to external investor concerns and updates	The Board portal is used to ensure directors have access to the latest sector and company related broker notes
	Continue with opportunities for the Non-Executive Directors to visit other sites and to meet informally outside of board meetings	The Board have visited the Amsterdam office and the Rugby factory during the year. Meetings are scheduled to take place off-site with board dinners to enable discussion outside of the boardroom
	Focus on strategy and risk management	In light of the increased governance focus on risk, the board's agenda has been re-shaped with risk and strategy appearing as regular features. During the year, an additional meeting was held off-site with an exclusive focus on strategic opportunities and challenges for the company

2016 Evaluation	Recommendations for 2016-17
	• Continue to embed the newer members of the Board through informal engagement • Continued focus on strategic priorities with regular 'deep dives' • Develop content and format of information for the Board • Develop Board succession plans

Nomination committee

Gerald Corbett
Nomination Committee Chairman

On behalf of the Nomination Committee, I am pleased to present its report for the year ended 2 October 2016. It has been an eventful year for the Committee with a focus on succession planning. The Committee is responsible for considering and recommending to the board candidates who are appropriate for appointment as Executive and Non-Executive Directors and for other senior management roles, so as to maintain an appropriate balance of skills and experience within the company and on the board and to ensure progressive refreshing of the board. This report describes how the Committee has carried out its responsibilities during the year.

Committee members

Gerald Corbett (Chairman)
John Daly
Bob Ivell[1]
Ben Gordon
Ian McHoul

1 Bob Ivell stepped down from the Board on 1 March 2016

The Committee comprises independent Non-Executive Directors, John Daly, Ben Gordon, Ian McHoul and myself as Chairman. The Chief Executive Officer also attends by invitation. The Committee meets as necessary and at least twice a year.

Main activities during the year

The Committee considered and has made recommendations to the board in respect of:

- The appointment of Mathew Dunn, Chief Financial Officer, who succeeded John Gibney and was appointed to the board on 25 November 2015;
- The search for a successor to Silvia Lagnado, Non-Executive Director, who resigned from the board on 31 July 2015 and subsequent appointments of Sue Clark and Euan Sutherland on 29 February 2016;
- A review of the board and committee membership following the changes to the composition of the board;
- The appointment of Hessel De Jong, Managing Director, International, to succeed Simon Stewart who resigned on 30 October 2015;
- Succession planning for the Chairman;
- A review of the findings of the 2015/16 board evaluation (for more information see page 46)
- Annual review of Directors' potential conflicts of interest.

Appointment of Directors

There is a formal, rigorous and transparent procedure for the appointment of new directors to the board under which the 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 discussions relate to the appointment of a Chairman, the Senior Independent Director will chair the Committee and lead the recruitment process. When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole board, which retains responsibility for all such appointments. The Chairman of the Committee also provides a report of Committee meetings to the board.

Appointment processes

The recruitment procedure described above was undertaken during the year for the appointments of Mathew Dunn, Sue Clark and Euan Sutherland. During the year, the Committee engaged Spencer Stuart to assist with the recruitment process. Gerald Corbett serves on the Advisory Committee of Spencer Stuart and accordingly it was agreed that Gerald should absent himself from discussions relating to the engagement of Spencer Stuart and from discussions relating to their appointments. John Daly, the Senior Independent Director chaired the Nomination Committee which made the appointments. John Daly shares a directorship link with Tessa Bamford at Wolseley plc, who is a consultant at Spencer Stuart. The Committee agreed that whilst a potential conflict, this would not preclude John from acting within the best interests of the company.

Spencer Stuart held no other relations with the company, and the following process was undertaken:

- Role profiles were prepared against which potential candidates were considered;
- Interviews arranged between Chairman and an initial list of candidates, from which a shortlist of preferred candidates was selected;
- Other Non-Executive and Executive board members interviewed the shortlist of candidates and provided feedback to the Committee;
- The Committee considered these views in its deliberations before recommending a preferred candidate to the Board; and
- The Board approved the appointment as recommended.

Succession planning

Succession planning has continued to be an area of focus of the Committee during the year. This has included the succession of longer standing members of the board, in particular, Bob Ivell who stepped down from the board on 1 March 2016 having reached his ninth year of tenure and initial conversations around succession planning for the role of the Chairman. It was agreed that John Daly would succeed Bob Ivell as Senior Independent Director and Chairman of the Remuneration Committee with effect from the AGM in January 2016. During the year, the Committee were successful in finding a successor for Silvia Lagnado, Non-Executive Director, through the appointment of Euan Sutherland and Sue Clark as an additional independent Non-Executive Director to ensure that it maintains the appropriate balance of independent versus non-independent representation on the board. The Committee recommended that Euan Sutherland join the Audit Committee and Sue Clark joined the Remuneration Committee.

The Committee also made a recommendation to the board which resulted in the appointment of Hessel de Jong as successor to Simon Stewart, International Managing Director.

In terms of succession planning for the Chairman's role, recognising that the Board has undergone a number of changes during the year with the appointment of a new Chief Financial Officer, a new Senior Independent Director and two new non-executive directors, it is widely recognised as good practice to avoid sequencing of changes of key roles on the Board. Therefore, the Chairman has agreed to remain until the current composition is settled. To ensure stability in leadership, on-going discussions have taken place during the year to understand the most appropriate time for departure. The formal process to search for a successor to replace the Chairman will commence during the next financial year (year ending 1 October 2017).

The Board acknowledges that Ben Gordon will reach his ninth year of tenure in January 2018, appropriate succession processes are in place and will be discussed during the coming year.

Diversity

The Committee monitors diversity on behalf of the board. At Britvic, diversity is a wider topic than simply gender and the board recommend to the company that, in order to achieve its future growth aspirations, it should remain committed to building a pipeline of diverse talent and to regularly review its HR processes, including recruitment and performance management frameworks.

There are a number of women in senior management roles. The directors' view, however, remains that we do not feel in a position to publish a target of the percentage of women on the board. Further details of the company's statistics on gender diversity may be found on page 25 of the Strategic Report.

Board evaluation

Details of the review of the board and its committees, including this committee and the effectiveness of the Chairman, undertaken during the year can be found on page 46.

Having reviewed the results of the evaluation, the Committee has confirmed to the board that the present board and its committees continue to operate effectively and that all of the Non-Executive Directors remained independent, with the exception of Joanne Averiss (PepsiCo nominated Director) in accordance with the Code and all Directors should stand for re-election (or election in the case of Sue Clark and Euan Sutherland) at the AGM.

Conflicts of interest

As referred to on page 45, the Board operates a formal policy to identify and where appropriate, manage any potential conflicts of interest that Directors may have. It is the role of the Committee to monitor the situation and determine actions to address any potential or actual conflicts that may arise.

Shareholder Engagement

Investor Relations

The board is committed to maintaining good communications with shareholders. Senior executives, including the Chairman, Chief Executive Officer and Chief Financial Officer, have regular dialogue with individual institutional shareholders in order to develop an understanding of their views which is then 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 Chief Financial Officer, 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 Strategic Report set out on pages 19 to 31 details the financial performance of the company as well as setting out the risks it faces.

Private Investors

We are keen to hear the views of our private shareholders and we encourage them to use our shareholder mailbox (investors@britvic.com) for detailed inquiries and to access our website for our company reports and business information. Specific inquiries to the Company Secretary may be sent to the Secretariat mailbox (company.secretariat@britvic.com) or sent to the registered office.

At the AGM, the Chief Executive Officer gives a regular update on the positioning and outlook for the business. Shareholders are invited to ask questions formally during the meeting and to follow up these discussions with directors on a one-to-one basis afterwards. The chairmen of the board committees and the Senior Independent Director are present and available to respond to questions at the AGM. We look forward to welcoming all our shareholders to our 2017 AGM in January and to updating them on our business developments.

Audit Committee

Ian McHoul
Audit Committee Chairman

On behalf of the Audit Committee, I am pleased to present its report for the year ended 2 October 2016. It has been another busy year for the Committee and the purpose of this report is to describe how the Committee has carried out its responsibilities during the year.

During the year, we welcomed Euan Sutherland as a member of the Committee and he is already proving to be a valued member.

As disclosed in the 2015 annual report, we indicated that we intended to carry out a tender for external audit services. Following a robust and comprehensive process, we concluded that it was in the best interests' of the company to retain Ernst & Young LLP, our incumbent auditors, subject to approval at the AGM in 2017. Further details of the process and our approach to the tender can be found on page 55.

Following changes to The UK Corporate Governance Code in 2014 (the 'Code'), the Board is now required to include a statement on the group's longer term viability. We have played a supporting role in enabling the Board to have confidence in making this statement through preparing and assessing key assumptions and sensitivities. In addition, the Committee has placed further emphasis on our assessment of principal risks facing the company including our controls for mitigating these risks and how effective these controls are.

We continue to consider and challenge the integrity of the group's financial statements, significant areas of judgement and other relevant financial information as appropriate.

The Committee confirms that during the year the group has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as published by the UK Competition and Markets Authority.

Role of the Committee

The Committee's role is to ensure appropriate oversight and review of the presentation and integrity of the financial reporting and statements, internal control and risk management, internal audit programmes, changes in regulatory requirements, and the independence and appointment of external auditors. The terms of reference for the Audit Committee can be found on our website at http://britvic.com/investors/corporate-governance/corporate-governance.

To enable the Committee to discharge its responsibilities, discussions on a broad range of topics and reports were held with management, internal audit and the external auditors throughout the year. This provided us with insight into the progress towards the company's strategic goals and the challenges and risks and how they are being managed. The activities of the Committee can be found below on page 52.

The Committee has an open dialogue throughout the year with the Director of Audit and Risk and the external auditors to raise challenges and questions to support understanding whilst sharing experience and an independent perspective.

The most significant matters discussed over the course of the year are described in the report below.

Responsibilities

- Reviewing the financial results announcements and financial statements and any significant financial reporting issues and judgements which they may contain;
- Advising the board on whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's performance, business model and strategy;
- Ensuring compliance with applicable accounting standards and reviewing the appropriateness of accounting policies and practices in place;
- Assessing the adequacy of the internal control environment and the processes in place to monitor this, including reviewing the activities and performance of the internal audit team;
- Reviewing risk management processes and considering the adequacy of the actions being taken to identify risks and reduce the exposure of the group to those risks;
- Overseeing the relationship with the external auditors, reviewing their activities and performance and advising the board on their appointment and remuneration; including an assessment of their effectiveness, independence and objectivity;
- Review of the effectiveness of the Committee as required under the Code; and
- Ensuring appropriate safeguards are in place for individuals to raise issues with the board where a breach of conduct or compliance, including any financial reporting irregularity, is suspected.

Meetings and Composition of the Committee

The Committee comprises independent Non-Executive Directors, John Daly, Ben Gordon, Euan Sutherland and the Chairman of the Committee is Ian McHoul. The board is satisfied that Ian has recent and relevant financial experience as required by the Code.

The Committee meets three times a year; in November and May to review the annual report and accounts and interim report respectively and to consider the external audit findings, and in September to review the activities of the previous year, the plan for the year ahead and to consider any emerging issues. At each meeting the performance and findings of the internal audit team are reviewed and the most recent key risks are considered.

The attendance of the Committee for each meeting during the year can be found on page 42. Attendees at each of the meetings are the Committee's members as well as, by invitation, the Chief Executive Officer, the Chief Financial Officer, Director of Finance Controls & Governance, the General Counsel, the Director of Audit and Risk and the external auditor, Ernst and Young LLP.

Each meeting allows time for the Committee to speak with key people without the presence of the others, in particular the external auditor and the Director of Audit and Risk.

Main activities during the year

The Committee supports the board in carrying out its responsibilities in relation to financial reporting, risk management and assessing internal controls. It also reviews the effectiveness of the group's internal audit function and manages the relationship with the external auditor. The Committee ensures that the group has appropriate provision for confidential and impartial whistleblowing process in line with good practice.

Committee meetings usually take place prior to a board meeting. The Chairman of the Committee subsequently reports on the activities of the Committee and matters of particular relevance to the board.

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The Committee undertook the following activities during the course of the year to discharge its responsibilities:

November

- Review of financial statements including changes to accounting policies, key issues and judgments and assessment that the statements are fair, balanced and understandable
- Review of the CFO report on accounting issues and judgements
- Review findings of the external audit including any accounting and audit adjustments
- Effectiveness of external auditors including audit process, independence and objectivity
- Recommend the appointment of external auditors
- Internal audit update, including review of risk management processes
- Review year-end risk and internal controls
- Cyber security update

May

- Review of the CFO report on accounting issues and judgements
- Review of interim financial report including any changes to accounting policies
- Review of findings from the external auditors half year review, including any adjustments
- Review of the annual external audit plan including scope of the engagement for the year
- Internal audit & risk update
- Viability statement update
- Review of risk management processes
- Review of treasury policies
- Cyber security update
- External audit tender update

September

- Key accounting judgements for the full year financial statements and any potential issues
- Internal audit & risk update including approval of audit plan for the next financial year, significant audit findings and progress against previous outstanding audit actions
- Review status of risk management processes including a review of viability statement work

In addition to the formal schedule of Committee meetings, the Committee held meetings to discuss the approach to the tender for external audit services and further information on this key activity can be found on page 55.

Fair, balanced and understandable assessment

At the request of the board, the Committee considered whether the 2016 annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy. To enable the board to have confidence in making this statement, the Committee considered the elements in the table below:

FAIR	BALANCED	UNDERSTANDABLE
Is the whole story being presented? Has any sensitive material been omitted that should have been included?	Is there a good level of consistency between the narrative in the front half and the financial reporting in the back of the report?	Is there a clear and understandable framework to the report?
Are the key messages in the narrative reflected in the financial reporting?	Is the annual report considered a document fit for shareholders?	Are the important messages highlighted appropriately throughout the document?
Are the KPI's disclosed at an appropriate level based on the financial reporting?	Are statutory and adjusted measures explained clearly with appropriate prominence?	Is the layout clear with good linkage throughout in a manner which reflects the whole story?
	Are the key judgments referred to in the narrative reporting and the significant issues reported in the Audit Committee report consistent with the disclosures of key estimation uncertainties and critical judgements set out in the financial statements? How do they compare with the risks that the auditors plan to include with their report?	

To form its opinion, the Committee reflected on the information and reporting it received from management and the external auditor and the discussions that took place during the year. Key considerations for the Committee in 2016 include the following:

- The financial statements comply with all applicable financial reporting standards and any other required regulations;
- Material areas of significant judgement have been given due consideration by management and reviewed with external auditors;
- The application of acceptable accounting policies and practices is consistent across the group;
- The disclosures provided are clear, and as required by financial reporting standards;
- Reporting and commentary provides a fair and balanced view of group performance; and
- Any correspondence from regulators received in relation to our financial reporting are considered and disclosures are updated if required.

To ensure these considerations are met, reviews take place based on information provided by the Chief Financial Officer and his team at each Committee meeting as well as reports from the external auditor based on the outcomes of their half year review and annual audit.

Financial statements and significant issues

Significant financial and reporting issues considered by the Committee in relation to the 2016 financial statements, and how these were addressed are as follows:

Revenue recognition	There has been no change in the group approach to revenue recognition in 2016, however it remains a key area of focus. The control, accounting and accuracy of long term discounts, promotional discounts and account development funds is reviewed throughout the year to ensure it remains consistent and IFRS compliant. Developments in the market have also been discussed with the Committee, where continued challenging conditions increase the focus of our customers on rebates and promotional spend. The impact of this is continually monitored by management and reviewed with the external auditor to ensure that policy and practice remains consistent across the group, with robust controls in place.
Valuation of goodwill and indefinite lived assets	The review of goodwill and intangible assets is based on a calculation of value in use, using cash flow projections based on market measures and financial budgets prepared by senior management and approved by the board of directors. The assessment models were reviewed as part of the audit, for which the external auditor, provided reporting to the Committee. The Committee has also considered management reports on potential triggers of impairment and the outcome of sensitivity testing for all areas of the group including France, Ireland and Brazil and also the potential reversal of prior year impairments. Despite the impact of Brexit and uncertain macro economic conditions in Brazil, the Committee was satisfied that there is no requirement or impairment or reversal of impairments made in prior years.
Acquisition accounting	Following the acquisition of Ebba in 2016, management has calculated the purchase price allocation and resulting goodwill to be accounted for in the group accounts. The Committee has reviewed and approved the approach to these calculations, including areas of judgement and potential risks. In addition, the Committee has discussed the integration approach, progress and associated one-off costs and is satisfied that the plans, execution and outcome are proportionate to the investment and risk associated with the acquisition.
Exceptional & other items	The classification of exceptional items is defined by a group accounting policy, as approved by the Committee, and includes items of significant income and expense which due to their size, nature or frequency merit separate presentation to allow shareholders to understand better the elements of financial performance in the year. Management have reviewed items to be included with the Committee throughout the year to confirm appropriateness.
Derivative and hedging activities	The group has derivative instruments to which hedge accounting is applied and which swap principal and interest of US Private Placement notes. The Committee reviewed reporting on comparisons of valuations to external confirmations and assessment of hedge effectiveness to be satisfied with the quality of financial statement disclosures.
Taxation	Any uncertain tax positions within the group were reviewed to ensure that the balance sheet provisions are appropriate and the group effective tax rate is calculated appropriately.
Defined benefit pension scheme valuation	The Committee reviewed benchmarks and assumptions that are provided by the group's actuaries and used to value the pension liabilities for the four defined benefit schemes. The underlying assumptions based on market conditions and the characteristics of the schemes are reviewed by management and the external auditors and conclusions reported to the Committee. The triennial valuation of the GB scheme as at 31 March 2016 is currently underway and is expected to be complete by 31 March 2017. The Committee has been updated by management on current progress and will receive further reporting upon completion of the valuation.

The Committee subsequently recommended to the Board that, taken as a whole, the Company's 2016 Annual Report is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Internal audit and control

The Internal Audit function carries out work across the Company, acting as a third line of defence. In September, the Committee agreed the audit plan to be undertaken by the internal audit team prior to the start of the year. The audit plan coverage is based on risk, strategic priorities and consideration of the strength of the control environment.

The Committee receives a report at each of the meetings and reviews the results of the Internal Audit reports, looking in detail at any reports where processes and controls require improvement or any reports that are particularly pertinent to delivery of strategic objectives or priorities. For example, a focus of the Internal Audit work was a review of the Ebba acquisition which was reported to the Committee. As a result the Committee were able to understand the development of the controls framework in Ebba. Updates are received on progress made against actions agreed from previous audits and an update on the overall control environment progress related to previous audit areas.

Additional areas were added to the audit plan as required where circumstances gave rise to an increased level of risk and any changes to the agreed audit plan were agreed by the Committee. Detailed updates on specific areas are provided at the request of the Committee.

Risk management

During the year, the Committee reviewed the Financial Reporting Council changes to the Code and considered how these changes would impact risk management processes and the work that needed to be carried out to enable the Board to make the viability statement. The risk management process is reviewed at each meeting by the Committee to ensure that it is set up to deliver appropriate risk management across the group. A particular focus during this year has been on defining the group's risk appetite. This is an expression of the amount and types of risk that the group is willing to take to achieve its strategic and operational objectives. The Board has agreed these statements which are now being used in decision making processes across the group to define and validate the mitigating activities required to manage our risks. Additionally during the year the risk management process was rolled out to Ebba.

A summary of the key risks and uncertainties to which the business is exposed to can be found on pages 28 and 31.

Viability statement

The Committee reviewed management's work in conducting a robust assessment of those risks which could threaten the business model and the future viability of the Company was carried out. This assessment included identifying severe but plausible scenarios for each of our principal risks as well as considering interdependencies and scenarios involving multiple risks. Additionally, reverse stress testing was carried out, allowing the Committee to assess the circumstances that would render the business unable to pay its liabilities as they fall due. To support the final conclusion on viability, the assessment also took into account the mitigations available to the Company to protect against these downside scenarios. Based on this analysis, the Committee recommended to the Board that it could approve and make the Viability Statement on page 32.

Internal control

The board is responsible for reviewing the adequacy and effectiveness of the risk management framework and the system of internal controls. The board has delegated responsibility for this review to the Committee. Management in each business unit are responsible for establishing and maintaining adequate internal controls. Functions such as finance, legal, procurement and quality are responsible for setting out the Company policies to be followed by the business units. The Committee, through the Internal Audit function reviews the adequacy and effectiveness of internal control procedures and identifies any weaknesses and ensures these are addressed within agreed timelines.

The system of internal control has been designed to manage rather than eliminate material risks to the achievement of our strategic and business objectives and can only provide reasonable, and not absolute assurance against material misstatement of loss.

The risk management process is reviewed annually by the Committee to ensure that it is set up to deliver appropriate risk management across the group. The risk management process is continually improving, in particular in relation to embedding across new and developing areas of the business. The Committee believe that the improvements will continue to strengthen the way that the business understands and manages risk.

External audit

There are a number of areas that the Committee considers in relation to the external auditors; their performance in discharging the audit and the interim review, their independence and objectivity, and their reappointment and remuneration. The Chairman of the Committee has regular contact with the external audit partner outside of Committee meetings and without the management of the business present.

The external auditors, Ernst & Young LLP (EY), provided the Committee with their plan for undertaking the year end audit which highlighted the proposed approach and scope of the audit for the coming year and identified the key areas of audit risk, including the audit approach for these areas. These key areas were primarily identified as areas of judgement and complexity and included accounting for discounts, acquisition accounting for Ebba, exceptional items classification, the carrying value of goodwill and indefinite lived assets, the accounting for the group's derivatives and hedging activities, revenue recognition and the valuation of the defined benefit pension scheme. The Committee reviewed and appropriately challenged the basis for these before agreeing the proposed approach and scope of the external audit.

The external auditors prepared a detailed report of their audit findings at the year end, which they took the Committee through at the meeting in November. The findings were reviewed and discussed in detail by the Committee, particularly in relation to the areas highlighted above. A similar review of the external auditors' report of their findings at the half year review is undertaken by the Committee. As part of this review the Committee questioned and challenged the work undertaken, the findings and the key assumptions made, with particular attention to the areas of audit risk identified.

Tender for external audit services

During the year, the Committee had oversight and responsibility for carrying out the tender for external audit services. The process spanned two phases, during which each firm was provided equal opportunity to engage with management and the Committee and to review relevant company information. A total of four firms, including the incumbent auditors, were invited to participate in the tender. During the first phase, key decision criteria were agreed and included; partner fit, senior audit team capability, relevant understanding of the company, commercial insight, service history, transition approach and fees.

After a number of meetings with management, written proposals were submitted by each firm followed by presentations to the Committee. The Committee considered these proposals and presentations and came to a recommendation, which was proposed to the board. Following due consideration by the board, the proposal was approved and a sub-committee was established to agree the final outcome. The sub-committee unanimously agreed that EY be re-appointed as the company's auditors having taken into account each of the decision criteria and quality of presentations, subject to shareholder approval at the AGM.

A description of the process undertaken is depicted below:

Independence and reappointment

The Committee reviews the independence of the auditors throughout the year. The external auditor is required rotate the lead audit partner every five years. The current lead auditor partner began his tenure for the financial year ended 30 September 2013. Based on the Committee's recommendation, the board is proposing that EY be reappointed to office at the AGM in January 2017.

Non-audit fees

The group has a policy regarding the provision of non-audit services by the external auditors which has been reviewed during the year to take into consideration new regulations on non-audit services. Any non-audit services provided must be pre-approved by the Committee unless the activity will have a total value of less than £5,000 and falls within the allowed services defined by FRC guidance.

Control over total non-audit fees is also exercised by reviewing spend on all activities proposed or provided by the external auditor and we can confirm that we are significantly below a 1:1 ratio in this financial year as disclosed in note 7 in the reports and accounts, and well within the FRC guidance of 70% cap that will be required from 2019.

Ian McHoul
Chairman, Audit Committee

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Governance

Remuneration Committee

John Daly
Remuneration Committee Chairman

Meetings and Composition of the Committee

The Committee comprises Gerald Corbett, Ben Gordon, Ian McHoul, Sue Clark and myself, as Chairman. The company Chairman and Chief Executive Officer (who may attend by invitation) do not attend meetings when their individual remuneration is discussed. The Committee meets as necessary and at least three times a year. As Chairman, I report on the outcome of the Committee's meetings to the board.

Main activities during the year

Full details of the Committee's responsibilities and of its activities are set out in the Directors' Remuneration Report on page 67.

Committee evaluation

The Committee was included in the board evaluation performed during the year, the details of which can be found on page 46.

Directors' remuneration report

Annual Statement from the Chairman of the Remuneration Committee

In my first year as Remuneration Committee Chairman I am pleased to present the Directors' Remuneration Report for the year ending 2 October 2016 which has been another strong year for Britvic despite the continuing sector and economic challenges in our core markets.

I would also like to take this opportunity to thank Bob Ivell for leading the Committee prior to my appointment earlier in the year and the other members for welcoming me into my new role. I am also pleased to welcome Sue Clark who, as a new member of the Committee, brings with her a wealth of business experience. I would also like to take this opportunity to say how pleased the Committee was to continue to receive a very positive response at the January 2016 AGM with 98.9% votes "For" the annual report on remuneration. The Committee remains very mindful of the current focus on executive pay and its implications across all our stakeholders and so I trust the actions taken over the course of the year and disclosed below reflect that this responsibility is very much at the forefront of the Committee's decision making.

The contents of this annual statement provide an overview of the remuneration outcomes for the period ending on 2 October 2016 and a summary of the business context in which those outcomes have been determined.

The remainder of the report sets out:

- An 'at a glance' summary of the remuneration outcomes for 2015/16 and an overview of how the Remuneration Policy for directors will be implemented in 2016/17. Page 61
- The Annual Report on remuneration which is subject to an advisory shareholder vote at the January 2017 AGM and sets out the detail of payments made to directors in respect of the year ended 2 October 2016. Page 67
- The current Remuneration Policy for directors approved by shareholders at the Annual General Meeting (AGM) in January 2015. Page 76

Executive Director changes

John Gibney stepped down from the board on 27 January 2016 and retired from the company on 5 April 2016. I am delighted to welcome Mathew Dunn as his successor. Details of John's remuneration for the year are set out in this remuneration report. I can confirm that the treatment of his remuneration on departure is in line with the approved Remuneration policy. John has not received any discretionary payments or payment in lieu of notice in respect of his retirement from the company.

Full details of Mathew Dunn's remuneration package were disclosed in last year's remuneration report. I can reconfirm that Mathew's remuneration is in line with the approved Remuneration Policy and Mathew did not receive any buy out awards or one off awards on his recruitment to the company. The company did provide Mathew with some support to assist in his relocation from South Africa to the UK. The intention to do this was disclosed last year and the details are set out in the following pages.

Business performance and remuneration outcomes for the year

Whilst the business has faced challenges over the last financial year the overall performance for the three years ending in October 2016 has been strong. This has resulted in:

- Annual bonus pay outs for Executive Directors at 80.6% of the maximum opportunity due to strong performance across all three financial measures during the year;
- The performance share plan awarded in 2013 will vest at 65.8% of the maximum opportunity reflecting sustained long-term ROIC and relative TSR performance over the last three years.
- The executive share option plan awarded in 2013 will vest at 100% of the maximum opportunity due to strong EPS growth over the performance period. However due to the recent share price volatility these vested options currently have no value as the exercise price is higher than the share price as at the year end.

In line with the remuneration reporting regulations, details of the performance targets and actual achievement against these are set out in the Annual Report on Remuneration.

Looking ahead to 2016/17

Our shareholders will be aware that the current and forward looking customer environment and price deflation in our core markets present potential challenges to the business. In addition, we are now dealing with greater economic uncertainty and unfavourable exchange rate movements following the EU referendum outcome as well as the UK government's proposed sugar tax. In this context and in recognition that salary increases awarded to the wider workforce have been moderated, the Committee have determined that no salary increases should be awarded to the Executive Directors.

In the annual bonus the Committee has introduced an additional component within the overall 30% revenue weighting. Net revenue from innovation will have a 10% weight in the annual bonus for 2016/17 and will sit alongside the total net revenue measure with a 20% weighting. This is to reflect that net revenue from innovation is an increasing focus for the business and so the Committee considered it appropriate to include it as a component of the annual bonus. The targets set and the achievement against them for the 2016/17 annual bonus measures will be disclosed in next year's remuneration report.

The Committee is also mindful that our medium term growth expectations and consensus estimates for the business have materially reduced since the range was last reviewed in 2014 where the business was in a different economic phase. The Committee, therefore embarked on a consultation exercise in the second half of the year with many of our major investors to discuss a new range that would ensure that the LTIP awards to be made in respect of 2016/17 remain stretching in this new economic context and at the same time provide an effective and realistic incentive for executive directors and the wider senior leadership team. On behalf of the Committee I would like to thank those shareholders who participated and I can confirm that a new three-year EPS range of 3% to 8% per annum growth will apply to the LTIP awards in respect of 2016/17, (see page 68 for full details). For clarity no changes are being made to the target ranges for existing LTIP awards.

Shareholder engagement and Remuneration policy review in summer 2017

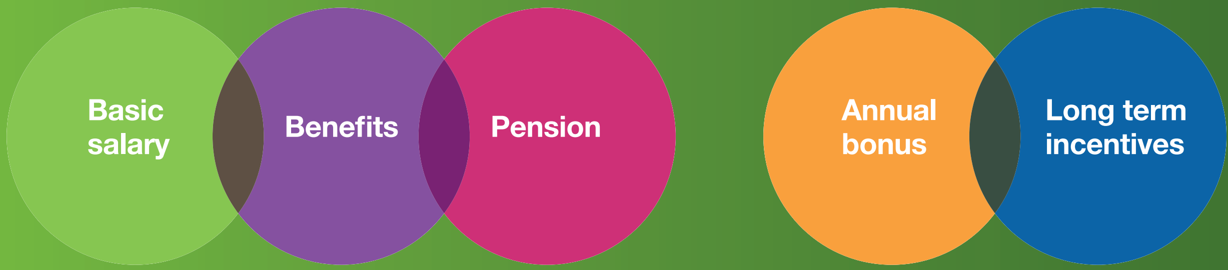
2016/17 will be the final year of the current Remuneration Policy that was approved by our shareholders at the January 2015 AGM. During the coming year the Committee will conduct a holistic review of the Remuneration Policy and consider what the structure of executive pay should be for the next policy cycle. The objective of the review will be to consider all the internal, external and wider stakeholder considerations including the implications from the various executive remuneration guidance changes anticipated over the next few months and the corresponding evolving best practice. In particular, the Committee is mindful of the recently released Investment Association guidelines including the recommendations made on the disclosure of pay ratios. I will be in contact again with our larger shareholders over the course of 2017 to listen to your views and feedback ahead of the 2018 AGM where a new Remuneration Policy will be presented for shareholder approval.

In the meantime, I look forward to receiving your support on the Annual Report on Remuneration at the January 2017 AGM. Should you have any questions relating to our approach to executive remuneration, please feel free to contact me at investors@britvic.com.

John Daly
Chairman of the Remuneration Committee

Remuneration – at a glance

FIXED PAY | **PERFORMANCE RELATED PAY**



This section summarises the remuneration outcomes for the 2015/16 year, including how the Remuneration Policy has been implemented during the year and the link between remuneration and our strategy.

Our remuneration principles

Our Remuneration Policy is designed to support our overall vision to become the most dynamic, creative and admired soft drinks company in the world. At the heart of our vision is our people which the company is required to attract, engage and retain from across our global sector. Our remuneration arrangements, therefore, are simply comprised of the two pay components – Fixed and Variable pay. Within each of these components the following arrangements above exist.

To determine the shape, size and variability of each element of pay the Committee follow five key remuneration principles:

Competitive market positioning and opportunity	To attract, retain and engage the executive talent we need to realise our vision and deliver our strategy our remuneration arrangements need to be sufficiently competitive but not excessive.
Pay aligned with sustainable long-term performance	The mix between both fixed and variable pay as well as the balance between rewarding short versus long-term performance are critical to ensure they are correctly balanced and reward those behaviours that will lead to the realisation of our long-term vision without compromise for short-term gain. In addition, all forms of variable pay are only fully delivered in return for performance materially above the standards required by Britvic and our shareholders – in other words the superior pay opportunity available can only be realised in return for superior performance.
Incentive metrics aligned with our strategy	The performance measures selected to determine both our annual bonus and long-term incentive plans have been carefully considered to focus on a simple and effective selection of those key drivers of our strategy and long-term value creation for our shareholders, (see below).
Alignment of executive and shareholder interests	To ensure the continued alignment of executive and shareholder interests, the greatest potential pay opportunity for executives is via our long-term incentive plans. Awards are based in shares and are dependent on a balance of absolute and relative growth in long-term value creation for shareholders. In particular, the mix of share options and performance shares is designed to ensure that executives are only rewarded for superior market performance and the realisation of our vision. This is further reinforced by meaningful shareholding guidelines for executives so that their long-term wealth remains tied to Britvic's sustained long-term success.
Mindful of our wider stakeholder responsibilities	In support of our vision our Executive Directors' pay arrangement are not only focused on financial returns but also mindful of performance against our wider long-term stakeholder goals. The Committee takes great care to set appropriate targets that do not compromise our wider stakeholder aspirations. Both malus and claw-back provisions are in place to address potential inappropriate actions or risk taking when determining incentive plan pay outs.

Single total figure of remuneration for Executive Directors 2015/16

Through the implementation of the Remuneration Policy and principles, the total remuneration received for 2015/16 by Executive Directors is as follows:

Executive Directors	Fixed Pay			Performance Related Pay[3]		Total
	Salary £'000	Benefits £'000	Pension £'000	Bonus £'000	LTIP £'000	£'000
Simon Litherland	594.3	23.3	146.2	670.3	342.2	**1,776.3**
Mathew Dunn[1]	273.7	94.8	59.8	322.4	---	**750.7**
John Gibney[2]	144.0	6.5	31.6	139.2	---	**321.3**

Notes:
1. Mathew Dunn joined the Board on 25 November 2015.
2. John Gibney stepped down from the Board on 27 January 2016. The above table shows John Gibney's pay up to him stepping off the Board in line with the Total Single Figure requirements. Full details of John's remuneration arrangement after stepping down from the board can be found on page 74.
3. Variable pay outcomes are summarised in the tables on page 70.

Summary of Performance related pay for 2015/16

Annual Bonus

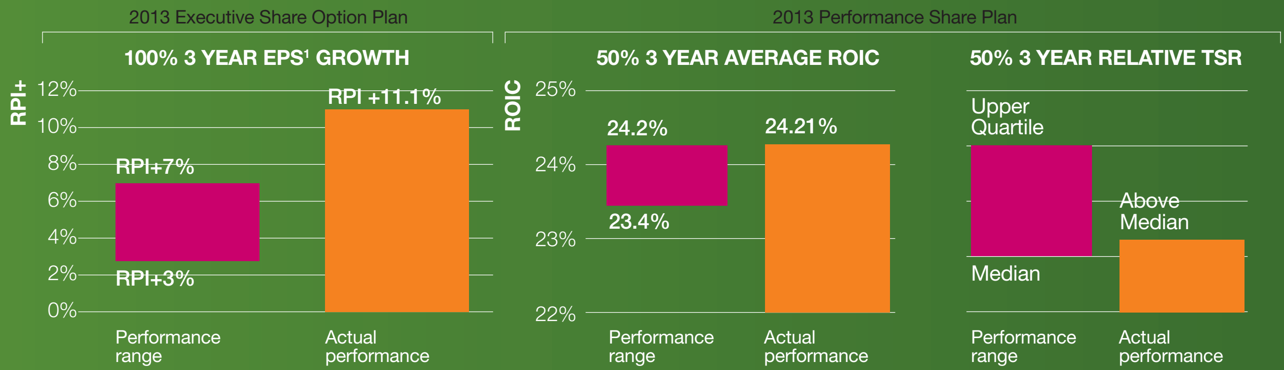
Measure	Weighting	Threshold	Target	Maximum		% Maximum achieved	% Maximum bonus achieved
		£m	£m	£m			
Profit Before Tax[1]	50%	148.8	154.1	159.8	157.9	83.4%	41.7%
Revenue[2]	30%	1,370.6	1,397.3	1,415.3	1.401.9	62.9%	18.9%
Underlying freecash flow[3]	20%	(3.9)	(1.0)	2.0	10.9	100%	20.0%
Total	**100%**	0%	50%	100%	80.6%		**80.6%**

Notes:
1.Profit before tax (PBT) – Profit before tax before exceptional and other items.
2.Revenue – Net Revenue performance on a budget currency basis.
3.Underlying free cash flow as per glossary on page 162.

These measures and definitions are consistently used throughout this Remuneration Report.

Long Term Incentives

Shown below are the outcomes versus the performance conditions set and vesting levels for the 2013 Performance Share Plan and 2013 Executive Share Option Plan:



Plan	Performance conditions and targets set	Performance outcome	Level of award vesting (% of maximum)
2013 ESOP	3-year EPS[1] growth of RPI +3% to +7% p.a.	EPS growth significantly above the performance range at RPI+11.1% p.a. was achieved	100%
2013 PSP	3-year Relative TSR (50% weighting): Ranking between median and upper quartile vs. the comparator group 3-year average ROIC (50% weighting): 23.4% to 24.2%	Relative TSR was between the median and upper quartile of the peer group resulting in a vesting of 15.8% 3 year average ROIC was above the performance range at 24.21% resulting in a vesting of 50.0%	65.8%

Note:
1. EPS – Adjusted diluted earnings per share (see note 11 on page 117 for full details). Whilst EPS is calculated excluding the impact of the share placement and earnings from the ebba acquisition which was made following this award, the vesting outcome is not impacted by this adjustment. This definition is used consistently throughout this Remuneration Report.

John Gibney's pay on retirement

John Gibney stepped down from the board on 27 January 2016 and retired from the company on 5 April 2016. John was paid up to his date of departure. John received a pro-rated bonus in respect of 2015/16 and his outstanding awards under the ESOP and PSP will vest at the normal vesting date on a pro-rated basis, subject to the achievement of the relevant performance conditions. John did not receive a 2015/16 ESOP or PSP award due to his departure, nor did he receive a salary increase on 1 January 2016. John had a deferred pension under the defined benefit pension and also the Britvic Executive Top Up Scheme (BETUS), the company's unfunded retirement benefits scheme. Both of these were closed to future accrual on 10 April 2011. John became entitled to payments from the deferred pension from his date of retirement and elected to cash out of the BETUS in exchange for any future pension entitlement under this scheme. No additional payments were made to John as a result of his departure.

Full details of John's pay prior to him stepping down from the Board are set out in the Single Total Figure of Remuneration. Details of payments for the period from him stepping down from the Board up to his retirement, including pension payments, are set out in the Payments to Past Directors disclosure on page 74.

Mathew Dunn's pay on appointment

Mathew Dunn was appointed to the position of CFO on 25 November 2015. Mathew's pay is in line with the Remuneration Policy. As part of his recruitment, Mathew received a relocation allowance with a net value of £56,148 (which was within the maximum net allowance of £70,000) to assist in his move from South Africa to the UK as previously communicated in the RNS announcement. No other payments were made to Mathew on his recruitment to compensate for awards forgone from his previous employer or otherwise.

Whilst no salary increase is to be awarded to Mathew Dunn in January 2017, the Committee has previously stated in last year's Directors' Remuneration Report that Mathew may receive a salary increase higher than that of the wider employee population in the first 3 years following appointment subject to performance.

Summary of implementation of the Remuneration Policy for 2016/17

The implementation of the Remuneration Policy for 2016/17 is based on 4 key pillars of our strategy:

The below shows how the Remuneration Policy will be implemented for the two Executive Directors for 2016/17:

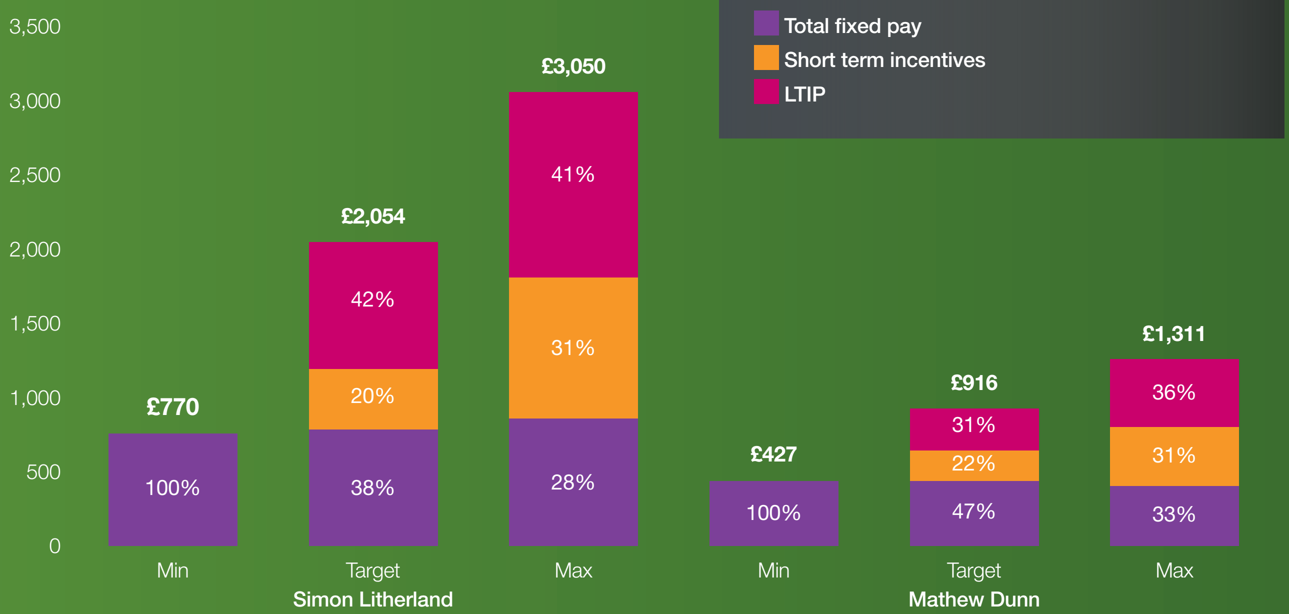
Policy Element	Simon Litherland (CEO)	Mathew Dunn (CFO)
Base salary	£600,000 No increase	£340,000 No increase
Pension	28% of salary	23% of salary
Annual Bonus	Target 70% of salary to maximum 140% of salary	Target 60% of salary to maximum 120% of salary
Annual Bonus measures	For 2016/17 the following performance metrics and weightings apply to the bonus: 50% Profit before tax & amortisation, 30% Revenue (split Total Net Revenue 20% and Net Revenue from Innovation 10%), Underlying free cash flow 20%	
ESOP	Maximum 300% of salary	Maximum 200% of salary
ESOP measures	EPS growth: Three year EPS growth of 3% to 8% per annum on a straight-line basis will apply for threshold to maximum performance, respectively	
PSP	Maximum 150% of salary	Maximum 80% of salary
PSP measures	75% EPS growth: Three year EPS growth of 3% to 8% per annum on a straight-line basis will apply for threshold to maximum performance, respectively 25% 3-year relative TSR: Threshold performance of the median of the comparator group, increasing on a straight line basis to 100% vesting for upper quartile performance The Committee will also consider underlying ROIC over the performance period to ensure it remains appropriate relative to the EPS growth delivered	
Payment for threshold performance	For the Annual Bonus, 0% of maximum will be awarded For the ESOP and PSP, 20% of maximum will be awarded	
Malus and clawback	Malus and clawback may be applied to Annual Bonus and LTIP awards in certain conditions where the payment of the bonus resulted from a material misstatement in the company's accounts or an error in the assessment of the satisfaction of a performance condition	
Shareholding requirement	200%	100%

Illustration of the application of Remuneration Policy

As described in the remuneration principles section on page 61 the Committee believes that our executive remuneration packages should provide a significant part of total potential pay based on performance. Set out below are the potential total pay outcomes for both Executive Directors across three alternative performance scenarios under the current Remuneration Policy. The three scenarios are minimum, on-target and maximum performance, respectively. For simplicity, the illustrations below are calculated before any change in share price and roll-up of dividends.

The chart has been prepared using the following assumptions:

1) Base salaries as at 1 January 2017
2) Benefits reflect those estimated to be paid in 2016/17
3) Target bonus is calculated at 50% of maximum opportunity
4) Target vesting for the PSP is 60%, being the mid-point between threshold and maximum vesting level
5) Options awarded under the ESOP are valued on the standard market value for options of 30% of the face value of award. A target vesting of 60% values the ESOP award at 18% of the maximum value



Implementation of the remuneration policy for other employees

The implementation of the Remuneration Policy described above applies specifically to Executive Directors. Where possible, principles set out in the policy have been applied to all employees to achieve alignment as per the below table:

Element	Application of policy for other employees
Base salary	Paid in cash and reviewed annually, normally taking effect 1 January. Salaries are set with reference to internal pay levels, as well as local market competitiveness compared to roles of a similar nature and size of responsibility.
Benefits	Britvic provide local market typical benefits focused on employee health and wellbeing. The majority of employees participate in the company's flexible benefits plan.
Pension	Subject to local market practice and regulations. GB employees have rights under the GB legacy defined benefit pension arrangement which is now closed to future accrual (the plan was closed to executives at the same time). A defined contribution pension was introduced following the closure of the defined benefit pension in which UK employees are entitled to participate in.
Annual bonus	Approximately 250 leaders and senior managers participate in bonus arrangements with measures aligned to that of the executive directors. Typically, all other employees are eligible to receive a bonus linked to profit and revenue of the company as well as their individual performance.
Long term incentives	The performance share plan is awarded to approximately 90 leaders globally each year. Approximately 15 leaders also receive options under the executive share option plan. Performance conditions for both awards are linked to those of the executive directors.
All employee share plans	Where possible, we offer employees annual free share awards linked to company performance as well as the opportunity to purchase Britvic shares. In some locations, alternative profit sharing arrangements are available, depending on local market practices and legislation.

The value of each element the employee may receive will vary according to the employee's seniority and level of responsibility.

Annual Report on Remuneration

Consideration by the Directors of matters relating to directors' remuneration

Membership of the Remuneration Committee

During the year, the Committee consisted wholly of independent Non-Executive Directors:

- **John Daly[1] (Chairman)**
- **Sue Clark[2]**
- **Ben Gordon**
- **Gerald Corbett**
- **Ian McHoul**
- **Bob Ivell[3]**

At the invitation of the Chairman of the Committee, the Chief Executive Officer, Chief Financial Officer, PLC Human Resources Director, Director of Compensation & Benefits and General Counsel & Company Secretary attend the meetings of the Committee to provide input to assist with the consideration of particular items, except when their own remuneration is under consideration. Details of the attendance by Committee members at Committee meetings are shown in the Corporate Governance section on page 42.

Notes:
1. John Daly succeeded Bob Ivell as Chairman on 27 January 2016.
2. Sue Clark joined the Committee as an Independent Non-Executive Director of the company on 29 February 2016.
3. Bob Ivell was Chairman of the Remuneration Committee until 27 January 2016.

Composition and terms of reference

The Committee's composition and terms of reference are in line with the 2014 UK Corporate Governance Code and are available on the company's website or on request from the Company Secretary. While the Chairman, who was independent on initial appointment, is a member of the Committee, he is not present when his own remuneration is under discussion.

The Committee meets no less than three times a year and has responsibility for:

- Reviewing 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 on behalf of shareholders
- 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 team, including pension rights, any compensation payments and benefits
- Approving the design and operation of the company's incentive arrangements, both short and long-term. This includes agreeing the targets that are applied to awards made to senior executives
- Responsibility for all of the company's employee share plans and the share dilution position
- Ensuring, via regular reviews, that the company's pay policies remain appropriate and relevant

Remuneration Committee meeting dates	Key agenda items
October 2015	Review of Executive remuneration payout projections for 2014/15. Detailed design and targets for 2015/16 annual bonus. Review of 2014/15 Directors' Remuneration Report. 2016 salary reviews for CEO and Executive Committee. Chairman's remuneration review. Update on the Executive teams' shareholding requirements. Annual Calendar for 2016.
November 2015	2014/15 Bonus and LTIP outcomes, subject to final accounts being approved by the Board. 2014/15 ESOP and PSP targets and grants for all participants. Approval of final draft of Directors' Remuneration Report.
June 2016	Consideration of recent market trends and governance developments in UK executive compensation and implications for Britvic. Review of reward structure following Britvic plc Board April strategy meeting. Consideration of Executive remuneration payout projections for 2015/16 and beyond. Consideration of 2016/17 Remuneration Policy and design. In particular: • Link to business strategy; • 2016/17 STIP design; and • 2016/17 LTIP design. Consideration of any feedback on the Directors' Remuneration Report from advisor bodies and investors. Review of the Committee's constitution and Terms of Reference.
September 2016	Review of 2015/16 Bonus and LTIP projected outcomes. Update on shareholder consultation exercise. Annual Calendar for 2017.

Advisors

PwC were appointed as advisors to the Committee in August 2014. The company is also advised by PwC on other remuneration-related items and provided consulting support on non-remuneration related issues. PwC is a member of the Remuneration Consultants Group (the professional body for executive remuneration consultants). PwC's fees in respect of advice to the Committee in the year under review were £40,100 and were charged on the basis of that firm's standard terms of business for advice provided.

The Committee also received advice from Willis Towers Watson during the year the fees for which were £12,000 and were charged on the basis of that firm's standard terms of business for advice provided. Willis Towers Watson also provide support to the company on other remuneration-related items.

During the year, Addleshaw Goddard LLP were also engaged by the Committee to provide legal advice on contractual arrangements and share schemes.

Unless otherwise stated, these advisors have no other connection with the company and the Committee, based on its experience, is satisfied that the advice it received from these organisations was objective and independent.

Statement of implementation of Remuneration Policy in the following year

The Remuneration Policy approved at the January 2015 AGM will continue to be implemented from the commencement of the new financial year (2016/17) as follows:

Base salary

In recognition of the increasingly challenging economic and commercial environment ahead in 2016/17, the Committee determined that no salary increases should be awarded to the CEO and CFO in January 2017.

	2016 base salary £'000	2017 base salary £'000	Increase
Simon Litherland	600.0	600.0	0%
Mathew Dunn	340.0	340.0	0%

Benefits and pension

Implemented in line with policy.

Annual Bonus

Implemented in line with policy. The bonus measures[1] and weightings for 2016/17 are:

- Profit before tax and amortisation (50%)
- Total Net Revenue (20%)
- Net Revenue from Innovation (10%)
- Underlying free cash flow (20%)

Target award amounts for the CEO and CFO are 70% and 60% of base salary and maximum award values are 140% and 120% of base salary, respectively.

The Committee has introduced an additional metric into the annual bonus for 2016/17 - net revenue from innovation. This will have a 10% weight in the annual bonus and will sit alongside the total net revenue measure with a 20% weighting. This is to reflect the long-term importance of innovation to the growth strategy of the company and so an increasing focus for 2016/17 was considered appropriate by the Committee.

The Committee is of the view that the performance targets under the bonus plan are commercially sensitive and that it would be detrimental to the interests of the company to disclose them before the start of the financial year. Disclosure of targets in advance could lead the company to be at a disadvantage as many competitors are not subject to the same levels of disclosure. Targets and the performance against them will be disclosed in the Directors' Remuneration Report following the end of the financial year.

Note:
1. Performance measures defined as follows:
   Profit Before Tax and amortisation (PBTA) - measured before exceptional and other items on a budget currency basis
   Total Net Revenue and Net Revenue from Innovation - measured on a constant currency basis.
   Underlying free cash flow - measured excluding movements in borrowings, dividend payments, exceptional and other items.

Long-term incentive plans (PSP and ESOP)

As set out in the Chairman's letter at the front of this report, the current and forward looking customer environment and price deflation in our core markets present potential challenges to the business. In addition we are now dealing with greater uncertainty and unfavourable exchange rate movements following the EU referendum outcome. The result of this is that growth expectations and consensus estimates for the business have reduced such that the established EPS target range would be unrealistic to achieve. The Committee, therefore, wants to ensure that the LTIP remains incentivising and relevant to the executive directors whilst at the same time sufficiently stretching and aligned with shareholder interests. During the second half of the year the Committee consulted with a number of the company's larger shareholders to agree a new EPS target range for the LTIP awards in 2016/17. This consultation exercise concluded with a decision to adopt a new three-year EPS range for LTIP awards made in 2016/17 of 3% to 8% per annum growth and a commitment to undertake a holistic review of Remuneration Policy in the summer of 2017.

ESOP	Performance conditions and targets set	Award at threshold vesting, 20% of maximum (% salary)	Maximum potential value	Face value of awards (£'000)	Performance period
Simon Litherland	Threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS growth of 8% p.a.	60%	300% of salary	£1,800	3 years commencing 3 October 2016
Mathew Dunn	Vesting is on a straight line basis between threshold and maximum.	40%	200% of salary	£680	

PSP	Performance conditions and targets set	Award at threshold vesting, 20% of maximum (% salary)	Maximum potential value	Face value of awards (£'000)	Performance period
Simon Litherland	EPS growth (75% weighting): Threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS growth of 8% p.a. Relative TSR (25% weighting): Threshold payout for ranking at median vs the comparator group of 18 companies and maximum payout for ranking at or above the upper quartile.	20%	150% of salary	£900	3 years commencing 3 October 2016
Mathew Dunn		16%	80% of salary	£272	

1. The Committee will also consider underlying ROIC over the performance period when assessing the vesting of the PSP to ensure it remains satisfactory.
2. The relative TSR comparator group will be made up of the following 17 companies following the exclusion of SAB Miller. The companies included in the TSR group are AG Barr plc, 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, Smith & Nephew, Tate and Lyle, Wetherspoon.

Single total figure of Directors' remuneration (subject to audit)

Non-Executive Directors

Details of the total fees paid to Non-Executive Directors and the Chairman for the year ended 27 September 2015 and 2 October 2016 are set out in the table below.

	Basic Fee £'000		Remuneration Committee Chair fee £'000		Audit Committee Chair fee £'000		SID fee £'000		Total fees paid £'000	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Gerald Corbett	244.1	235.8	---	---	---	---	---	---	244.1	235.8
Joanne Averiss	54.4	52.4	---	---	---	---	---	---	54.4	52.4
John Daly[1]	54.4	33.4	5.8	---	---	---	5.8	---	66.1	33.4
Ben Gordon	54.4	52.4	---	---	---	---	---	---	54.4	52.4
Bob Ivell[2]	24.8	50.9	2.9	8.0	---	---	2.9	8.0	30.6	66.9
Ian McHoul	54.4	52.4	---	---	8.7	8.0	---	---	63.1	60.4
Sue Clark[3]	30.7	---	---	---	---	---	---	---	30.7	---
Euan Sutherland[4]	30.7	---	---	---	---	---	---	---	30.7	---

Notes:
1. John Daly succeeded Bob Ivell as Chairman of the Remuneration Committee on 27 January 2016.
2. Bob Ivell stepped down as Chairman of the Remuneration Committee on 27 January and Board on 29 February 2016.
3. Sue Clark joined the Committee as an Independent Non-Executive Director of the company on 29 February 2016.
4. Euan Sutherland joined the Board as an Independent Non-Executive Director of the company on 29 February 2016.

Executive Directors

The table below sets out the total and a breakdown of the remuneration received by each Executive during the year under review. Additional details of each component are set out below the table.

	Simon Litherland (CEO)		Mathew Dunn (CFO)		John Gibney (CFO retired)[2]	
	2016 (£'000)	2015 (£'000)	2016 (£'000)	2015 (£'000)	2016 (£'000)	2015 (£'000)
Salary	594.3	574.4	273.3	---	144.0	370.4
Benefits	23.3	22.6	94.8	---	6.5	22.1
Pension	146.2	141.2	59.8	---	31.6	81.0
Annual Bonus	670.3	428.6	322.4	---	139.2	236.9
LTIP[1]	342.2	1,908.4	---	---	---	1,179.4
Total	1,776.3	3,075.2	750.7	---	321.3	1,889.8

Notes:
1. 2015 LTIP values re-stated based on the share price at vesting of £7.04 on 6 March 2016.
2. The values shown for John Gibney are in respect of services as an executive director up to him stepping down from the board on 27 January 2016. Details of John's pay following his departure from the Board are set out in the Payments to Past Directors disclosure on page 74.

i) **Base salary** - Corresponds to the amounts received during the year
During the year under review Simon Litherland's salary was increased from £580,000 to £600,000 on 1 January 2016.
Mathew Dunn was appointed on 25 November 2015 with a salary of £340,000.
John Gibney's salary up to date of departure on 5 April 2016 was £374,400. The table above shows the salary paid to John up to 27 January 2016 when he stepped down from the Board.

ii) **Benefits (subject to audit)** - Corresponds to the taxable value of all benefits paid in respect of the year
Benefits comprise car allowance, private medical assurance, life assurance, free and matching shares under the Share Incentive Plan.
As described in last year's remuneration report, Mathew Dunn received a relocation allowance with a net value of £56,148 in addition to the other benefits he received for the year.

iii) **Pension (subject to audit)** - The table below sets out the value of the cash allowance paid to Directors for the year under review and the increase in value of the accrued pension.

	Value of cash allowance paid (£'000)	Value of defined contribution pension contributions (£'000)	Total value of pension shown in Total Single Figure table. (£'000)
Simon Litherland	146.2	---	146.2
Mathew Dunn	12.9	46.9	59.8
John Gibney[1]	31.6	---	31.6

Notes:
1 The values shown for John Gibney are in respect of services as an executive director up to him stepping off the board on 27 January 2016.

Simon Litherland's, Mathew Dunn's, and John Gibney's normal retirement age is 60. Mathew Dunn receives a contribution to the Defined Contribution section of the Britvic Pension Plan up to the HMRC annual allowance each tax year. The balance of his entitlement is paid as a cash allowance.

The cash allowance payable to the executives:

- Reflects contributions the company would have made to the defined contribution section of the Plan had these individuals elected to join, less a deduction to ensure the cash allowance is cost neutral to the company from a National Insurance perspective.
- Was paid at a rate of 24.6% of pensionable pay (base salary only) for Simon Litherland, 22.0% of pensionable pay (base salary only) for John Gibney and 4.7% for Mathew Dunn.

John Gibney had a deferred pension in the defined benefit section of the Plan and was a member of the Britvic Executive Top Up Scheme ('BETUS'), the company's unfunded retirement benefits scheme.

Both the Plan and BETUS were closed to future accrual on 10 April 2011.

On his retirement, John commenced receipt of his deferred pension. John received a cash lump sum of £375,000 and is entitled to an annual pension payable for life of £139,363. John elected to cash out of BETUS and received a cash sum of £1,055,848 in exchange for any further entitlement under BETUS.

iv) **Annual bonus (subject to audit)** - Corresponds to the total bonus earned under the bonus plan in respect of 2016 performance.
The table below sets out the bonus outcome for each Executive and the respective performance targets and actual achieved performance.

Performance measure	Weighting (% of bonus maximum)	Performance required for threshold payout	Performance required for target payout	Performance required for maximum payout	Actual Performance
PBT	50%	£148.8m	£154.1m	£159.8m	£157.9m
Revenue[1]	30%	£1,370.6m	£1,397.3m	£1,415.3m	£1,401.9m
Underlying free cash flow	20%	£(3.9)m	£(1.0)m	£2.0m	£10.9m
Total	**100%**				

Notes:
1. Revenue is calculated on a budget currency basis

Performance measure	2016 Maximum bonus opportunity (% Salary)			2016 bonus earned (% of salary)			2016 bonus earned (£'000)		
	CEO	CFO[1]	CFO retired[2]	CEO	CFO[1]	CFO retired[2]	CEO	CFO[1]	CFO retired[2]
PBT	70%	60%	60%	58.4%	50.0%	50.0%	347.0	166.9	72.1
Revenue	42%	36%	36%	26.4%	22.6%	22.6%	157.0	75.5	32.6
Underlying free cash flow	28%	24%	24%	28.0%	24.0%	24.0%	166.4	80.0	34.6
Total	**140%**	**120%**	**120%**	**112.8%**	**96.7%**	**96.7%**	**670.3**	**322.4**	**139.2**

Notes:
1. Mathew Dunn joined the company and was appointed to the Board on 25 November 2015.
2. The values shown for John Gibney are in respect of services up to him stepping off the Board on 27 January 2016. John remained employed until 5 April 2016 and received a pro-rated bonus with a value of £58,500 for this period as shown on page 74. The value of this payment was linked to the same performance conditions as set out in the above table.

v) Long-term incentives (subject to audit) – Corresponds to the vesting outcome of the 2013 ESOP and PSP with three year performance periods ending 2 October 2016

2013 ESOP	Performance conditions and targets set	Maximum potential value	Performance outcome	Level of award vesting (% of maximum)	Total value of vesting (£'000)	Number of shares
Simon Litherland	Threshold vesting for EPS growth of RPI +3% p.a. Maximum vesting for EPS growth of RPI +7% p.a. Vesting is on a straight line basis between threshold and maximum. Exercise price for the options is £6.645	300% of salary	EPS growth significantly above the performance range at RPI+11.1% p.a.	100%	Nil (the share price over the final quarter of the financial year is below the exercise price of £6.645 and therefore the options have no value as at the year-end).	230,248
John Gibney[2]		250% of salary		100%		108,164

2013 PSP	Performance conditions and targets set	Maximum potential value	Performance outcome	Level of award vesting (% of maximum)	Total value of vesting (£'000)	Number of shares
Simon Litherland	Relative TSR (50% weighting): Threshold payout for raking at median vs the comparator group of 18 companies and maximum payout for ranking at or above the upper quartile. ROIC (50% weighting): Threshold payout for total ROIC of 23.4% over the three year performance period and maximum payout for ROIC of 24.2% Vesting is on a straight line basis between threshold and maximum.	100% of salary	Britvic's TSR was positioned between the median and upper quartile vs the comparator group resulting in 15.8% of the total award vesting. 3 year average ROIC of 24.21% p.a. was achieved resulting in 50% of the total award vesting. Rolled up dividends earned over the period are included within the total value of the vesting award.	65.8%	342.2	54,525
John Gibney[2]		100% of salary		65.8%	192.9	30,620

Notes:
1. The EPS outcome is calculated excluding the impact of the share placement and ebba acquisition in July 2015 as the award was made prior to this occurring.
2. Mathew Dunn joined the Company on 25 November 2015 and therefore was not granted a 2013 LTIP award.
3. John Gibney retired on 5 April 2016. John's ESOP and PSP will vest at the normal vesting date on a pro-rated basis to reflect his service up to the point of retirement. As vesting occurs after his retirement date, the value of his LTIP is declared in the 'payments to past directors' section on page 74.
4. The combined PSP and ESOP vesting values were estimated at £342,235 for Simon Litherland and £192,906 for John Gibney.
5. A share price estimate of £6.30 was used to calculate the value of the above awards which is based on the average share price over the last quarter of the financial year.
6. The relative TSR comparator group is made up of the following 18 companies; AG Barr plc, 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.
7. Threshold vesting for this award is set at 25% of maximum for both PSP and ESOP

Outside appointments

Simon Litherland is the President and Chairman of ISBA (the voice of British Advertisers).

Scheme interests awarded during the year (subject to audit)

The following tables set out the ESOP and PSP awards granted to Executive Directors under the LTIP during the year under review (2015/16). All awards are subject to performance conditions and were granted on 4 December 2015.

ESOP	Performance conditions and targets set	Award at threshold vesting, 20% of maximum (% salary)	Maximum potential value	Face value of awards (£'000)	Performance period
Simon Litherland	Threshold vesting for EPS growth of 6% p.a. Maximum vesting for EPS growth of 12% p.a. Vesting is on a straight line basis between threshold and maximum. Exercise price for the options is £7.12.	60%	300% of salary	£1,740	3 years commencing 28 September 2015
Mathew Dunn		40%	200% of salary	£680	

PSP	Performance conditions and targets set	Award at threshold vesting, 20% of maximum (% salary)	Maximum potential value	Face value of awards (£'000)	Performance period
Simon Litherland	EPS growth (75% weighting): Threshold vesting for EPS growth of 6% p.a. Maximum vesting for EPS growth of 12% p.a. Relative TSR (25% weighting): Threshold payout for ranking at median vs the comparator group of 18 companies and maximum payout for ranking at or above the upper quartile.	30%	150% of salary	£900	3 years commencing 28 September 2015
Mathew Dunn		16%	80% of salary	£272	

Notes:
1. The share price used to determine the award levels for the PSP and ESOP was £7.12 as at the date of grant.
2. The Committee will also consider underlying ROIC over the performance period when assessing the vesting of the PSP to ensure it remains satisfactory.
3. The relative TSR comparator group is made up of the following 17 companies; AG Barr plc, 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, Smith & Nephew, Tate and Lyle, Wetherspoon.

Directors' shareholding requirements and interests in shares (subject to audit)

The table below sets out the shareholding of directors and connected persons and requirements as at 2 October 2016. A shareholding requirement of 200% of salary for the CEO and 100% for the CFO applies. The CEO was appointed to role in February 2013 and currently has a shareholding of 120% of salary. The CFO was appointed to role on 25 November 2015 and currently has a shareholding of 0% of salary. Under the shareholding requirement arrangement both executive directors may not sell any vested shares from the company LTIPs (except to settle taxes and the payment of exercise prices or following approval by the Committee) until their shareholding requirement has been satisfied.

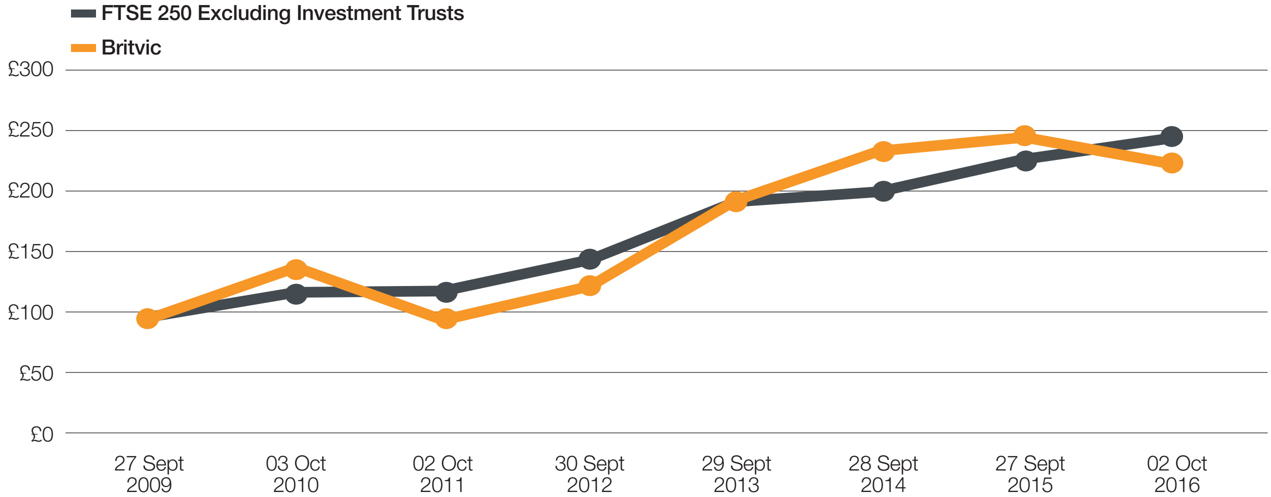
	Interest in shares in the Company as at 2 October 2016					
	Ordinary shares		Performance shares	Share options		
	Total shares	% of salary[2]	Subject to performance conditions	Subject to performance conditions	Vested but unexercised	Exercised in the period
Simon Litherland	106,022	120%	340,060	493,484	519,185	---
Mathew Dunn	0	0%	39,586	95,551	0	---
Joanne Averiss	14,696	---	---	---	---	---
Sue Clark	15,172	---	---	---	---	---
Gerald Corbett	53,695	---	---	---	---	---
John Daly	0	---	---	---	---	---
John Gibney[3]	289,746	525%	74,580	219,937	7,017	733,852
Ben Gordon	11,393	---	---	---	---	---
Bob Ivell[1]	10,870	---	---	---	---	---
Ian McHoul	10,000	---	---	---	---	---
Euan Sutherland	0	---	---	---	---	---

Notes:
1. Bob Ivell stepped down from the Board on 29 February 2016.
2. Based on 12 month average share price of £6.78 and salary as at 2 October 2016.
3. Represents John Gibney's holdings as at his date of retirement

Performance graph and table

The graph below shows the Total Shareholder Return (TSR) for Britvic plc and the FTSE 250 excluding investment trusts over the seven year period ended 2 October 2016. The table overleaf shows total remuneration for the Chief Executive over the same period.

Britvic's Historical TSR Performance Growth in the value of a hypothetical £100



The Committee considers the FTSE 250 (excluding Investment Trust Index) is a relevant index for total shareholder return as it represents a broad equity index in which the company is a constituent member.

Remuneration history for Chief Executive from 2010 to 2016

£'000	2010	2011	2012	2013	2014	2015	2016
Simon Litherland total single figure of remuneration	N/A	n/a	n/a	1,114.6	1,964.3	3,075.2	1,776.3
Paul Moody total single figure of remuneration	1,955.3	1,819.7	670.1	1,412.6	n/a	n/a	n/a
Bonus (% of maximum)	95%	0%	0%	98.6% for Simon Litherland 0% for Paul Moody	72.2%	53.3%	80.6%
LTIP (% of maximum)	100% (ESOP 100% PSP 100%)	89.6% (ESOP 86% PSP 91%)	0% (ESOP 0% PSP 0%)	0% for Paul Moody (ESOP 0% PSP 0%) n/a for Simon Litherland	63.6% (ESOP 69.0% PSP 50%)	100% (ESOP 100% PSP 100%)	91.0% (ESOP 100% PSP 65.8%)

Percentage change in remuneration for CEO

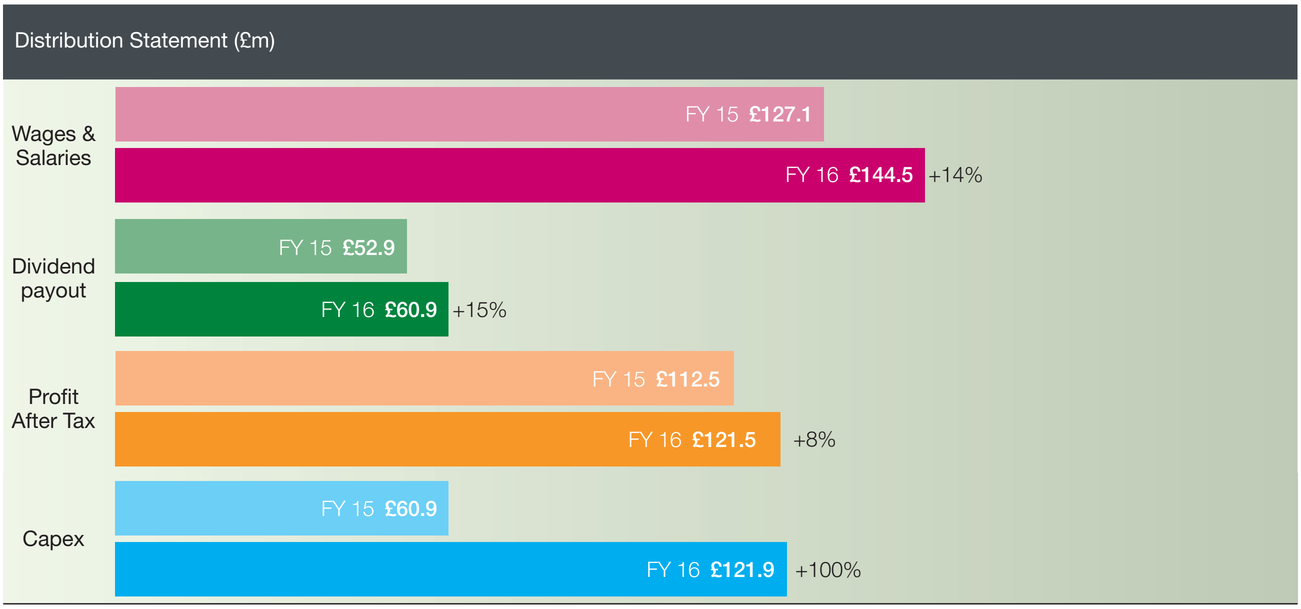
The table below shows how the percentage change in the Chief Executive's salary, benefits and bonus between 2015 and 2016 compared with the percentage change in the weighted average of each of those components for all full-time equivalent employees based in Great Britain (GB). The GB employee workforce was chosen as a suitable comparator group as the CEO is based in GB (albeit with a global role and responsibilities) and pay changes across the Group vary widely depending on local market conditions.

In recognition of the increasingly challenging economic commercial environment in which the business operates no salary increases will be awarded to the CEO and CFO for 2016/2017.

Element	Chief Executive % increase	GB Employees % increase
Base salary	3.5%	4.8%
Taxable benefits	3.1%	3.5%
Bonus	56.4%	144.8%

Relative importance of spend on pay

The following chart sets out this information as it applies to the company, comparing figures for the year under review and the previous year. Profit after tax and capital expenditure are also shown below for context:



Notes:
Capital expenditure is defined as net cash flow from the purchase and sale of both tangible and intangible assets.
Profit after tax is before the deduction of exceptional and other items.

Payments made to past Directors (subject to audit)

John Gibney remained employed by the company after stepping down from the board on 27 January 2016 to retirement on 5 April 2016 to assist with the smooth transition to the new CFO. Details of his pay received after he stepped off the Board up to his retirement are set out below.

	Salary £'000	Benefits £'000	Pension[1] £'000	Bonus £'000	LTIP £'000	**Total £'000**
John Gibney	60.5	10.2	13.3	58.5	192.9	**335.4**

Details for the calculation of LTIP vesting have been disclosed on page 71. The bonus value reflects the pro rated portion of his bonus earned following him stepping off the Board. The value is based on the assessment against performance conditions as set out on page 63 which resulted in an overall outcome of 96.7% of salary paid on a pro rated basis.

John became entitled to payments from the deferred pension from his date of retirement and as a consequence received a cash sum of £375,000 and is entitled to an annual pension payable for life of £139,363. John elected to cash out of the BETUS and received a cash sum of £1,055,848 in exchange for any future pension entitlement under this scheme.

Payments made for loss of office (subject to audit)

No payments for loss of office were made during the year.

Directors' contracts

Details of the Executives' service contracts and the Non-Executive Directors letters of appointment are set out below. All directors' service contracts and letters of appointment are available for inspection at the company's registered office and at the AGM up until the start of the meeting.

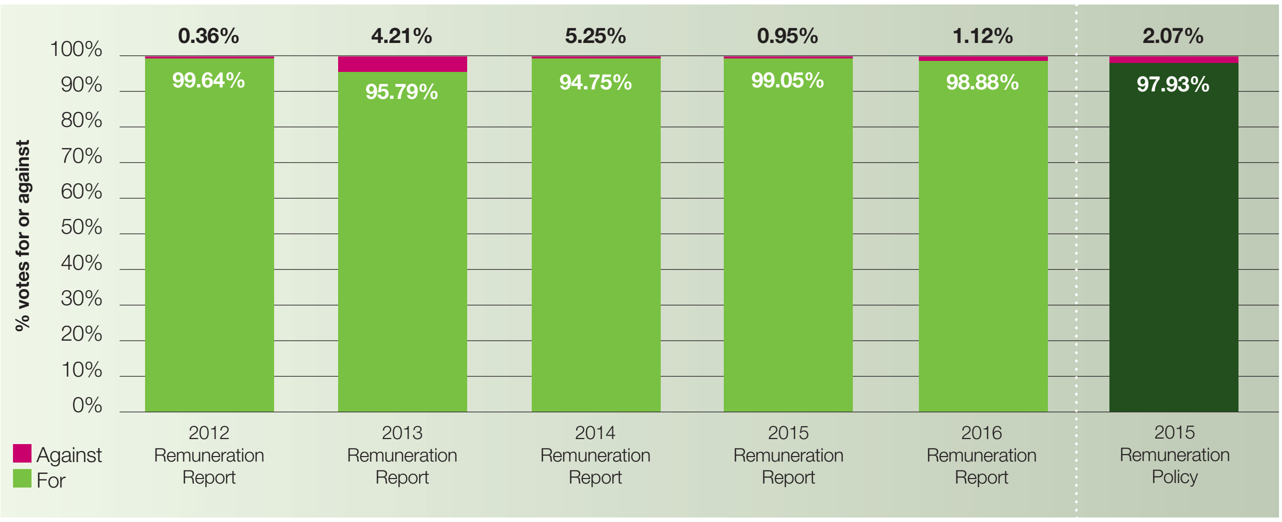
Directors	Effective date of contract	Unexpired term (approx. months)
Simon Litherland	14 February 2013	12
Mathew Dunn[1]	28 September 2015	12
Gerald Corbett	15 December 2014	14
Joanne Averiss	15 December 2014	14
Ben Gordon	16 April 2014	6
Ian McHoul	10 March 2014	5
John Daly[2]	27 January 2015	15
Sue Clark[3]	29 February 2016	28
Euan Sutherland[3]	29 February 2016	28

Notes:
1. Mathew Dunn was appointed on 25 November 2015.
2. John Daly was appointed on 27 January 2015.
3. Sue Clark and Euan Sutherland were appointed on 29 February 2016.

Executive Directors contracts operate on a 12 month rolling basis.

Statement of voting outcomes at general meeting

The following chart sets out the result from the advisory vote on the Directors' Remuneration Report for the past 5 years at the relevant AGMs and the binding vote on the Directors' Remuneration Policy at the 2015 AGM. As evidenced by the voting outcomes below, Britvic has received consistent support for its executive remuneration arrangements in this period:



Report/Policy	Votes For	Votes Against	Votes Withheld
2016 Remuneration report	196,632,194	2,226,303	201,153
2015 Remuneration report	190,958,650	1,828,072	334,424
2014 Remuneration report	174,219,763	9,661,732	8,809,241
2013 Remuneration report	171,751,061	7,555,269	2,582,938
2012 Remuneration report	154,461,496	560,016	6,315,270
2015 Remuneration policy	188,539,826	3,994,950	586,370

This Directors' Remuneration Report will be subject to an advisory vote at the 2017 AGM.

Directors' Remuneration Policy

For reference, the following is an extract from Britvic's Remuneration Policy approved at the 2015 AGM. The full policy can be found in the 2013/14 remuneration report on www.britvic.com.

There is no intention to revise the policy more frequently than every three years. However the Committee will review the Remuneration Policy annually in order to ensure it remains aligned with the company's strategy, appropriately positioned against the market and aligned with corporate governance requirements.

In the event a change to the policy is required, the Committee will consult with Britvic's major shareholders prior to submitting the policy for approval by all shareholders.

Please note that because the below is an extract of the Remuneration Policy, some of the text relates specifically to the 2015 financial year.

Our overall approach to remuneration

The principal objective of our executive Remuneration Policy is to support a performance-based culture that will help drive the successful execution of our business strategy. We aim to provide competitive levels of remuneration opportunity for our senior Executives and leadership team, a significant portion of which is in the form of variable pay.

In setting the Remuneration Policy the Committee carefully considered corporate governance best practice and the company's environmental and social responsibilities.

Remuneration Policy table

The table below sets out the Remuneration Policy the Committee will continue to apply to Directors in 2017 following its approval at the 2015 AGM.

Element and link to strategy	Operation
Base Salary Element of fixed pay that reflects the individual's role, position, experience and contribution to the group.	Base salaries are paid in cash and reviewed annually, with any changes normally taking effect from 1 January. Out of cycle reviews may be conducted if considered appropriate by the Committee. Base salaries are set with reference to comparator groups made up of similar sized UK listed companies (both pan-sector and from the food and beverages sector). The Committee also has reference to international food and beverages companies. Alternative peer groups may be considered depending on the location and domicile of Directors based outside of the UK.
Benefits To provide market typical benefits which are valued by recipients and allow Executives to carry out their duties efficiently.	Benefits and allowances include but are not limited to: annual car benefit (or allowance), membership of the company's private medical healthcare plan, and the ability to 'buy' or 'sell' holiday under the company's flexible benefits plan, payment of up to two subscriptions to recognised professional bodies, and life assurance. There is also a relocation policy which provides for reasonable expenses to be paid subject to the Committee's approval. Other benefits may be provided from time to time if considered reasonable and appropriate by the Committee and will be explained in the Annual Report on Remuneration for the relevant year.
Pension Supports a market aligned compensation package and assists participants plan for retirement.	Pension provision is provided in the form of a defined contribution (DC) pension or a cash allowance where the individual opts out of the pension scheme as a result of exceeding the tax efficient pension savings limits set by HMRC. A legacy defined benefit pension and Executive Top Up Scheme (BETUS), a securitised unfunded unregistered pension scheme, closed to future accrual on 10 April 2011. Current Executive Directors have accrued benefits under these arrangements.

Maximum opportunity and payment at target	Performance measures
Whilst there is no prescribed formulaic maximum, annual increases will normally be in the context of overall business performance and the level awarded to the general GB-based workforce. Higher increases may be made where there have been significant changes in the responsibility and accountability in a role, where there are large variances to the market, for example in the case of a new Executive Director appointed on a salary below the market median, or where there is a significant change in the relationship of the company relative to the peer group. Any significant increases will be fully explained.	n/a
The maximum levels of benefit provision are: • Provision of a company car or car allowance paid in cash. The company car rental cost would not exceed £10,800 and a cash allowance would not exceed £10,634 per annum • Private medical insurance on a private basis • The value of any professional subscriptions paid by the company may vary but would not be excessive • Life assurance cover of 4 times base salary The value of any relocation allowance provided is dependent on the relevant circumstances when the need arises. However the Committee would not pay more than necessary in such situations. Up to 5 days holiday may be sold at a prorated value of the individual's salary.	n/a
For the defined contribution pension, the maximum annual contribution is: • 28% of base salary for the CEO • 25% of base salary for the CFO For the cash allowance, the maximum contributions reflect those under the DC pension less a deduction to ensure the cash allowance is broadly cost neutral to the company from a National Insurance perspective. A discounted one-off cash settlement of the BETUS may be offered to an eligible member of the legacy defined benefit plan who is leaving or retiring from the company.	n/a

Element and link to strategy	Operation
Annual Bonus To motivate employees and incentivise delivery of annual performance targets.	Annual bonuses are paid after the year end of the financial year to which they relate. Targets are set at the beginning of the performance year which runs from the start to the end of each financial period. The Committee has the discretion to adjust the bonus outcome if the pure application of a formula is not felt to produce an appropriate result in light of overall underlying performance. In particular the Committee has the discretion to adjust payments downwards if profits have fallen. Any adjustment made using this discretion will be explained. Malus and clawback may be applied in respect of the bonus in certain situations where the payment of the bonus resulted from a material misstatement in the company's accounts or an error in the assessment of the satisfaction of a performance condition.
Long-Term Incentives – Executive Share Option Plan (ESOP) and Performance Share Plan (PSP) To motivate and incentivise delivery of sustained, long-term performance and encourage share price and dividend growth over the performance period of the awards. The Committee believes that long-term incentive plan measures should be simple, aligned to sustainable long-term shareholder value creation as well as providing line of sight to management so that they are meaningful and incentivising.	**ESOP** - Allows for annual grants of market value options. Awards vest after three years, subject to performance conditions. Options expire 10 years following the grant date. **PSP** - Allows for annual grants of performance share awards. Awards vest after three years, subject to performance conditions. Under the PSP participants are entitled to dividend equivalents between award and vesting in respect of awards that vest. Malus and clawback may be applied in respect of LTIP awards in certain situations where the vesting of an LTIP award resulted from a material misstatement in the company's accounts or an error in the assessment of the satisfaction of a performance condition.
Shareholding Guidelines To encourage long-term share ownership by the Executive Directors so that interests are aligned with other long-term investors	Executive Directors are to acquire and then hold a certain shareholding from the date of their appointment to the board. Until this holding is acquired, the Executive Directors may not sell any shares received through the long term incentives operated by the company other than to finance the cost of exercising share 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).

Maximum opportunity and payment at target	Performance measures
Target and maximum opportunities are: • 70% and 140% of base salary for the CEO • 60% and 120% for the CFO The level of payment at threshold is set on an annual basis but will not exceed 25% of the maximum award value.	The specific measures, targets and weighting may vary from year to year in order to align with the group's strategy, but always with a substantial proportion based on key financial metrics. For 2014/15 the annual bonus will be based 100% on key financial metrics. The performance conditions are set annually based on the metrics the Committee feels are most appropriate for the business and create value for shareholders. These may include, but are not limited to, profit, revenue and cash flow metrics. Strategic KPIs may be chosen to support particular objectives for the year. Annual bonus targets are set with reference to internal budgets and analyst consensus forecasts, with maximum pay-out requiring performance well ahead of budget. Further details of performance measures for the 2015/16 annual bonus are given on page 63.
ESOP - The maximum opportunities are: • 300% of base salary for the CEO • 250% of base salary for the CFO PSP - The maximum opportunity is 150% of base salary for the CEO and 100% for the CFO. Under the ESOP and PSP 20% of the maximum award vests for achieving threshold performance increasing to 100% of the maximum opportunity vesting for achieving maximum performance on a straight line basis.	The Committee chooses performance metrics measured over three years that support the company's long-term strategic priorities, provide a direct link with shareholder value and ensure a clear line of sight for participants between performance and reward. For ESOP grants made in 2014/15, performance will be measured using an EPS performance condition. For PSP grants made in 2014/2015, 75% of performance will be measured using the same EPS performance condition as for the ESOP, with the remaining 25% of performance measured using relative TSR. ROIC over the performance period will also be considered by the Committee in determining the level of vesting at the end of the period. EPS growth is a key measure of our success in growing value for shareholders over time. The setting of the EPS targets takes into account analyst consensus forecasts, internal projections, and the levels of performance required over the long-term to deliver absolute value appreciation for shareholders. Relative TSR strongly links share price growth and dividends to the rewards executives receive. The relative nature of the measure ensures participants only receive awards if outperformance is achieved against a basket of investment comparables. ROIC is an important financial discipline to ensure growth in the business continues to be value enhancing over the long-term. The Committee may adjust the performance measures for future awards and the weighting of these measures if it feels this will create greater alignment with business and strategic priorities. A significant change to the measures used would only be adopted following consultation with major shareholders.
Shareholdings are set at 200% of base salary for the CEO and 100% for the CFO from the date of appointment to the board. The Committee will monitor progress on this requirement on an annual basis.	n/a

Element and link to strategy	Operation
All-employee Share Plans To allow Executives to participate in share plans on the same terms as other employees.	Executive Directors may participate in the Britvic Share Incentive Plan, which is an all-employee HMRC approved share plan open to employees based in Great Britain. The plan has three parts, all of which the Directors participate in: • Free share awards, which are made annually subject to the company's performance and at the discretion of the Committee • Partnership shares, which are purchased by employees through payroll deductions • Matching shares, which are provided by the employer to individuals purchasing partnership shares The Committee reserves the right to use its discretion to amend the operation of the all-employee share plan from time to time.
Chairman and Non-Executive Director (NED) fees To attract and retain experienced and skilled Non-Executive Directors.	The fees paid to the Chairman are determined by the Committee, while the fees of the NEDs are determined by the Board with affected persons absenting themselves from the discussions as appropriate. Annual fees are paid to the Chairman and other NEDs on a monthly basis. Additional fees are paid to NEDs who are members of and who chair a board Committee and to the Senior Independent Director (SID). NED fee levels are periodically reviewed by the board (for NEDs) and the Committee (for the Chairman). Any increases to fees are normally effective from 1st January. NEDs do not participate in company incentive arrangements, and do not receive any form of pension provision. NEDs will be reimbursed by the company for all reasonable expenses incurred in performing their duties of office.

Maximum opportunity and payment at target	Performance measures
• Free share awards, up to a maximum of 4% of earnings, capped at £3,600 per annum. • Partnership shares, up to £1,800 per year. • Matching shares, on a one for one basis up to a maximum of £650 per year.	The Committee has the discretion to limit the free share awards in light of performance against internal profit targets.
The maximum fee level for each NED is set by reference to fees paid in UK-listed companies of a similar size and scope to Britvic. Any planned increases in fees will take into account general increases across the wider employee population.	n/a

Remuneration policy notes

Differences in Remuneration Policy for all employees
All employees are entitled to base salary and benefits and may also receive bonus, pension and share awards the value of which vary according to the individual's seniority and level of responsibility.

Share awards made prior to the implementation of approved Remuneration Policy
Unvested ESOP and PSP awards will continue to pay out in accordance with the relevant plan rules. Any payments under these plans will be disclosed in the Annual Report on Remuneration as required by the regulations. A summary of the operation of the outstanding awards is set out below:

Element	Summary of operation	Performance measures
ESOP awards made prior to the 2014/15 financial year	Maximum PSP opportunity is 100% of salary for the CEO and CFO. ESOP is as shown in the main policy table. Threshold payout is 25% of the maximum opportunity increasing to maximum on a straight line basis.	100% EPS growth
PSP awards made prior to the 2014/15 financial year		50% relative TSR 50% ROIC

Committee discretion
In addition to the discretion set out in this policy report, the Committee may apply discretion in operating the Remuneration Policy in certain matters including the following:

- The timing of any payments
- The impact of a change of control or restructuring
- Any adjustments to performance conditions or awards required as a result of a corporate event (such as a transaction, corporate restructuring event, special dividend or rights issue)
- The operation of malus and clawback provisions
- Minor administrative matters to improve the efficiency of operation of the plans or to comply with local tax law or regulation

Discretion regarding the treatment of leavers is set out in Service contracts and the policy on the payment for loss of office section.

The Committee also reserves the right to make a remuneration payment that originated from before the individual became an Executive Director.

In relation to the annual bonus and LTIP plans, the Committee retains the ability to amend the performance conditions and/or measures in respect of any award or payment if one or more event(s) have occurred which would lead the Committee to consider that it would be appropriate to do so, provided that such an amendment would not be materially less difficult to meet.

If the Committee used any of the discretions set out above these would, where relevant, be disclosed in the next Annual Remuneration Report and the views of major shareholders may also be sought.

Statement of consideration of employment conditions elsewhere in Britvic

The Committee is kept regularly updated on pay and conditions across the Group and has reference to average pay increases and the average salaries for the wider employee population. These metrics are considered by the Committee when reviewing the remuneration for Executive Directors.

The company did not consult with employees when drawing up the Remuneration Policy.

Statement of consideration of shareholder views

The Committee is committed to on-going dialogue with the company's shareholder base. This can take a variety of forms, such as:

- Meetings with major shareholders to consider significant potential changes to policy or specific issues of interest to particular shareholder groups
- Other dialogue to update shareholders and take their feedback on planned refinements to arrangements

In drawing up the Remuneration Policy approved at the last AGM, the Chair of the Committee wrote to Britvic's major shareholders and key institutional representative bodies and held several follow up meetings. The views expressed by our shareholders during this process have been considered in the development of the Remuneration Policy.

Approach to remuneration on recruitment

When hiring a new Executive Director, or making internal promotions to the Board, the Committee will in principle apply the same policy as for existing Executive Directors, as detailed in the Remuneration Policy. The rationale for the package offered will be explained in the next Annual Remuneration Report.

For internal promotions any commitments made prior to appointment may continue to be honoured as the Executive is transitioned to the new remuneration arrangements.

Our recruitment Remuneration Policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre Executives to strengthen the management team and secure the skill sets to deliver our strategic objectives. The details are set out in the table below:

Area	Policy and operation
Base salary	• Base salary would be set at an appropriate level to recruit the best candidate based on their skills, experience and current remuneration. In some instances it may be appropriate to recruit on a salary at the lower end of the typical market range and progress salary increases above the typical rate of increases provided to the wider employee workforce to align with performance and policy over time
Benefits and pension	• Benefits and pension would be in line with normal policy and may include, where appropriate, relocation benefits or other benefits reflective of normal market practice in the territory in which the Executive Director is employed
Annual bonus	• Awards would be made under the annual bonus plan in line with the Remuneration Policy • Maximum opportunity would not exceed 140% of base salary
Normal LTIP awards (ESOP and PSP)	• Awards would be made under the LTIP plans in line with the Remuneration Policy • Under the ESOP, maximum opportunity would not exceed 300% of base salary • Under the PSP, maximum opportunity would not exceed 150% of base salary
Additional LTIP awards (ESOP and PSP)	• On the recruitment of a director the Committee may make a one-off performance linked award under the ESOP and PSP subject to the below limits. Under the ESOP an award of up to 500% of base salary may be made in a year to an executive (inclusive of the normal annual award that would be granted to an executive) • Under the PSP an award of up to 200% of base salary may be made in a year to an executive (inclusive of the normal annual award that would be granted to an executive)
Replacement awards	• The Committee will normally seek to avoid using replacement awards. However where, in exceptional circumstances, replacement awards are considered by the Committee to be necessary, they are not subject to a formal maximum, although would be designed to reflect only the value of remuneration forgone by the recruited Executive or less. In making any buyout awards the Committee would take into account any additional LTIP awards made as set out above
Service contracts	• The Committee may agree a contractual notice period with the Executive which initially exceeds twelve months, as applies to other Executives, particularly if it is necessary to attract Executives who will be required to relocate their families • This will reduce to a twelve month rolling notice period once the individual is twelve months from the end of their initial notice period

Service contracts and policy on payment for loss of office

The table below sets out items that are contained within the service contracts for the Executive Directors. It is the policy that these will apply to any future Director.

Item	Policy
Notice period	• 12 months if given by the company • 6 months if given by the Executive
Remuneration	• Base salary and pension • Eligibility to participate in the annual bonus and LTIP and other share incentive plans
Benefits	• Provision of company car or cash alternative • Payment of professional subscriptions for up to two recognised professional bodies • Eligibility for private medical insurance
Contractual termination payment	• The company may terminate the Executive's employment at any time and with immediate effect and will pay the Executive an after tax sum in lieu of notice equal to the basic salary which the Executive would have been entitled to receive during their notice period. A payment may also be made in respect of outstanding untaken holiday entitlement accrued up to and including the date of termination • Payments in lieu of notice would be paid monthly and are subject to mitigation if the Executive obtains alternative income during the period • If the Executive is terminated for reasons such as gross misconduct no payment in lieu of notice will be due • The Committee may at its discretion put the Executive on garden leave for any period provided that base salary and contractual benefits are paid during this period. The Committee would only use this discretion when appropriate and would seek to minimise the cost to the company if such discretion was required
Non-Executive Directors	• The NEDs do not have service contracts but instead have letters of appointment for a three-year term • On termination NEDs shall only be entitled to accrued fees as at the date of termination

In the event of a settlement agreement, the Committee may agree payments it considers reasonable in settlement of legal claims. This may include reasonable reimbursement of professional fees in connection with such agreements.

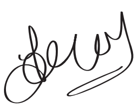
The table below sets out details of how an Executive Directors incentives and pension would be treated on termination. Items of fixed pay are detailed in the previous table.

Incentives	Treatment
Annual Bonus	• In the case of retirement with the agreement of the Committee, redundancy, death in service, or such other reason as the Committee may in its discretion approve, the bonus will be pro-rated to the date of termination and paid on the normal payment date • Executives leaving for any other reason will normally forfeit their awards
ESOP & PSP	• Awards for executives who are treated as a 'good leaver' under the rules of the LTIPs (reasons include ill health, injury, disability, redundancy, change of control, retirement with the consent of the company, and any other reason at the Committee's discretion) will vest at the normal vesting date unless the Committee determines the awards should vest at an alternative date taking into consideration the extent to which any performance conditions have been satisfied and time served over the performance period • If the executive is not a 'good leaver', the awards will lapse immediately on termination • If the executive ceases to be a director as a result of death, awards will vest as soon as practicable taking into consideration the extent to which any performance conditions have been satisfied and time served over the performance period
Pension	• The Committee may consider offering a discounted one-off cash settlement to a member who is leaving the company to reduce the company's balance sheet exposure to the BETUS liability. This is normally used at retirement • All members of the defined benefits section of the pension plan (Plan) 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 of the EERF formed part of the agreement with the Plan trustee on the closure of the defined benefit section of the Plan. The company has given notice to all of the Plan members that the EERF will be withdrawn by 5 April 2016

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.

On behalf of the board



John Daly
Chairman of the Remuneration Committee

Directors' report

The directors present their report and the audited consolidated financial statements of the company and the group for the 53 weeks ended 2 October 2016.

Additional disclosures

Other information that is relevant to this report and which is also incorporated by reference, including information required in accordance with the UK Companies Act 2006 and Listing Rule 9.8.4R, can be located as follows:

Business model	Page 8
Strategy for delivering objectives	Pages 12-13
Results	Pages 9-21
Financial assets and liabilities	Page 98
Principal risks	Pages 28-31
Corporate responsibility	Pages 24-27
Greenhouse gas emissions	Pages 26-27
Our people	Pages 23-25
Going concern	Page 87
Viability statement	Page 32
Long-Term incentive plans*	Pages 141-142
Dividend waiver*	Page 86

*as required under Listing Rule 9.8.4R

Business review and future development

A review of the group's operations during the year and its plans for the future is given in the Chairman's introduction, the Chief Executive Officer's Review and the Chief Financial Officer's Review between pages 2 to 23. Details of the group's business model and strategy are summarised between pages 8, 9, 12 and 13.

Results and dividends

The group's profit before taxation attributable to the equity shareholders amounted to £151.9m (2015: £137.6m) and the profit after taxation amounted to £114.5m (2015: £103.8m). An interim dividend of 7.0p (2015: 6.7p) per ordinary share was paid on 8 July 2016.

Subject to shareholder approval, the directors have proposed a final dividend of 17.5p (2015: 16.3p) per ordinary share payable on 3 February 2017 to shareholders on the register at the close of business on 9 December 2016, giving a total dividend in respect of 2016 of 24.5p (2015: 23.0p), an increase of 6.5% per cent over the previous year.

Articles of association

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

Directors

The following were directors of the company during the year: Gerald Corbett, Simon Litherland, John Gibney (resigned on 27 January 2016), Joanne Averiss, Sue Clark (appointed 29 February 2016), Mathew Dunn (appointed 25 November 2015), John Daly, Ben Gordon, Bob Ivell (resigned 1 March 2016), Ian McHoul and Euan Sutherland (appointed 29 February 2016).

Subject to company law and the company's articles, the directors may exercise all of the powers of the company and may delegate their power and discretion to committees. The executive team 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 AGM following appointment and to retire at the AGM held in the third calendar year after election or last re-election, but to comply with the UK Corporate Governance Code all of the directors will submit themselves for election (Sue Clark and Euan Sutherland) or re-election at the AGM. The biographical details of the directors are set out on pages 36 and 37 of this report. The service contracts of the Executive Directors and letters of appointment of the Non-Executive Directors are available for inspection at the company's registered office.

Directors' interests

The directors' interests in ordinary shares of the company are shown within the Directors' Remuneration Report on page 72. 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 under their service contract or letter of appointment, which was subsisting during or existing at the end of year and which was significant in relation to the group's business. Further details of Joanne Averiss' appointments are set out on page 43 in the Corporate Governance Report.

There are procedures in place to deal with any conflicts of interest and these have operated effectively during the year.

Directors' liabilities

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

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

Directors' remuneration

The Remuneration Committee, on behalf of the board, has adopted a policy that aims to attract and retain the directors needed to run the group effectively. The policy is contained within the Directors' Remuneration Report on pages 76 to 81.

Employees

For full information on our employees, including the areas of learning and development, employee communication and engagement, health, safety and wellbeing and equal opportunities these are included in our Sustainable business review on pages 24 to 27.

Human rights

Britvic does not have a specific human rights policy. Britvic's Code of Conduct sets out our guidelines on human rights in that wherever Britvic operates in the world, it ensures that work is carried out in a safe and clean environment. Proper standards of employment comply with local laws. Britvic only works with suppliers who adopt the ethical business standard required under Britvic's ethical business policy.

Political donations

No political donations were made by the group and its subsidiaries (2015: nil).

Greenhouse gas emissions

Details of the greenhouse gas emissions in tonnes of carbon dioxide equivalent (CO2e) for our office and manufacturing locations are set out in the Sustainable business review on page 27.

Major shareholders

At 2 October 2016, the company had been notified, in accordance with the Disclosure and Transparency Rules, of the following interests amounting to three per cent or more of the voting rights in the issued ordinary share capital of the company:

	Number of ordinary shares	Percentage of voting rights	Nature of holding
FMR LLC	18,432,163	7.00%	Indirect
Standard Life Investments Ltd	14,838,243	5.645%	Direct/ indirect
APG Asset Management N.V	12,522,359	5.07%	Direct
Prudential plc group of companies	13,102,948	4.98%	Indirect
PepsiCo, Inc.	11,813,032	4.88%	Direct

At 29 November 2016, the company had been notified, in accordance with the Disclosure and Transparency Rules, of the following interests amounting to three per cent or more of the voting rights in the issued ordinary share capital of the company:

	Number of ordinary shares	Percentage of voting rights	Nature of holding
APG Asset Management N.V	16,080,643	6.12%	Direct
Blackrock, Inc.	13,195,300	5.01%	Indirect
Prudential plc group of companies	13,193,028	5.01%	Indirect

Share capital

The company's issued share capital comprised a single class of shares divided into ordinary shares of 20 pence each (referred to as "ordinary shares"). As at 2 October 2016, the company's issued share capital comprised of 262,871,256 ordinary shares.

Rights and restrictions attaching to shares

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 or proxies in relation to resolutions to be proposed 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 which may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- Pursuant to the Listing Rules of the Financial Conduct Authority and Britvic's share dealing code whereby certain employees of the group require the approval of the company to deal in its ordinary shares.

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

Dividend Waiver

The trustees of the Britvic Share Incentive Plan have elected to waive dividends on shares held under trust relating to dividends payable during the year.

Shares held in employee benefit trusts

Under the rules of the Britvic Share Incentive Plan ('the Plan') eligible employees are entitled to acquire shares in the company. Plan shares are held in trust for participants by Equiniti Share Plan Trustees Limited ('the Trustees'). Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustees no vote is registered. In addition, the Trustees do not vote on any unawarded shares held under the Plan as surplus assets. As at 28 November 2016, the Trustees held 1.24% (2015: 0.08%) of the issued share capital of the company.

Similarly, if First Names (Jersey) Limited, as Trustee of the Britvic Employee Benefit Trust ('the Trustee'), holds ordinary shares on trust for the benefit of the executive directors, senior executives and managers of the group, a dividend waiver is in place. The Trustee is not permitted to vote on any unvested shares held in the trust unless expressly directed to do so by the company. The Trustees held 0.19% of the issued share capital as at 28 November 2016 (2015: 0.5%).

Change of control provisions

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. Further details of these agreements can be found on page 28.

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 policies for managing each of the group's main financial risk areas are referred to in the Treasury Management section of the Chief Financial Officer's review on page 22 and in more detail within note 24 of the consolidated financial statements.

Research and development

The group carries out research and development necessary to support its principal activities as a manufacturer and distributor of soft drinks.

Branches

As a global group, our interests and activities are held or operated through subsidiaries, branches, joint arrangements or associates which are established in, and subject to the laws and regulations of, many different jurisdictions.

Going concern and viability

The Directors consider that the group and the company have adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

The UK Corporate Governance Code requires the directors to assess and report on the prospects of the Group over a longer period. This longer term viability statement is set out on page 32.

Events since the balance sheet date

Subsequent to the period end, the group announced the acquisition, subject to competition approval, of East Coast Suppliers Limited, a licensed wholesaler in Ireland. The acquisition price is deemed not material to the group.

2017 annual general meeting

The AGM will be held at RSA House, Durham House Street, off the Strand, London WC2N 6HG, at 11.00am on 31 January 2017. Details of the resolutions to be proposed at the AGM are set out in the separate circular which has been sent to all shareholders with this Annual Report.

Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information (as defined in section 418 of the Companies Act 2006) of which the auditor is unaware and that each director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors confirm full compliance with the Competition and Markets Authority's Statutory Audit Services Order. A full competitive audit tender was undertaken during the year which resulted in Ernst & Young LLP being retained. Further information relating to the tender process can be found on page 55 of the Audit Committee report.

Disclaimer

The purpose of this Annual Report is to provide information to the members of the company and it has been prepared for, and only for, the members of the company as a body, and no other persons. The company, its directors and employees, agents and advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. A cautionary statement in respect of forward-looking statements contained in this Annual Report appears on the inside front cover of this document.

The directors' report was approved by the Board on 29 November 2016.

By Order of the Board

Clare Thomas
General Counsel and Company Secretary

Britvic plc
Company No. 5604923

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts, including the consolidated financial statements and the Company financial statements, the Directors' Report, including the Remuneration Report and the Strategic Report, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the Company financial statements and the Remuneration Report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom generally accepted accounting practice, UK GAAP). In preparing the consolidated financial statements, the Directors have also elected to comply with IFRS, issued by the International Accounting Standards Board (IASB). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company on a consolidated and individual basis and for the profit or loss of the Company on a consolidated basis for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the consolidated financial statements comply with IFRS as issued by the IASB and IFRS adopted by the EU and, with regard to Company financial statements, that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the consolidated financial statements and Company financial statements on a going concern basis unless it is inappropriate to presume that the Company, on a consolidated and individual basis, will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company on a consolidated and individual basis, and to enable them to ensure that the consolidated financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation and the Company financial statements and the Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and its subsidiaries and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names and functions are listed on page 36 to 37, confirms that:

- to the best of their knowledge, the consolidated financial statements and the Company financial statements, which have been prepared in accordance with IFRS as issued by the IASB and IFRS as adopted by the EU and UK GAAP respectively, give a true and fair view of the assets, liabilities, financial position and profit of the Company on a consolidated and individual basis;
- to the best of their knowledge, the Strategic Report contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company on a consolidated and individual basis, together with a description of the principal risks and uncertainties that it faces; and
- they consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Simon Litherland
Chief Executive Officer

29 November 2016

Mathew Dunn
Chief Financial Officer

29 November 2016

Financial statements

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Independent Auditor's Report to the members of Britvic plc

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 2 October 2016 and of the group's profit for the 53 week period then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom generally accepted accounting practice including FRS 101; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

What we have audited

We have audited the financial statements of Britvic plc for the 53 week period ended 2 October 2016 which comprise:

GROUP	PARENT COMPANY
Consolidated income statement for the 53 week period ended 2 October 2016	Balance sheet as at 2 October 2016
Consolidated statement of comprehensive income/(expense) for the 53 week period ended 2 October 2016	Cash Flow Statement for the 53 week period ended 2 October 2016
Consolidated balance sheet as at 2 October 2016	Statement of changes in equity for the 53 week period ended 2 October 2016
Consolidated statement of cash flows for the 53 week period ended 2 October 2016	Related notes 1 to 14
Consolidated statement of changes in equity for the 53 week period ended 2 October 2016	
Related notes 1 to 32	

The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom accounting standards (United Kingdom generally accepted accounting practice) including FRS 101.

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 88, the directors are responsible for the preparation of the 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 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 and 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those which had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

These risks are consistent with those identified and reported in 2015 with the exception of one additional area within the risk of management override of internal control, being the accounting for, and valuation of, the contingencies that management have identified in respect of the Group's acquisition of Britvic Brazil in the current year.

The risks noted below are discussed in the Audit Committee Report on pages 50 to 55 and in the accounting policy notes on pages 101 to 108.

RISK – revenue recognition

Description of risk

- Revenue is recognised on confirmation of product delivery to customers. Given the volume of deliveries and market focus on revenue performance we consider there is a risk in relation to the potential overstatement of revenue at the period end.

Our response to this risk

- we tested controls over revenue recognition, including those relating to the timing of revenue recognition;
- we performed revenue transaction testing, which included ensuring that the transaction had been appropriately recorded in the income statement at the right time;
- we performed cut-off testing on customer delivery notes around the period end;
- we reviewed post year end credit notes for any items that related to the audit period;
- we examined the appropriateness of the roll-forward adjustments recorded for both Britvic Brazil and Britvic France that are posted due to the non-coterminous year end dates of these components with the Group.
- we looked for and tested journal entries relating to revenue for transactions close to the period end to ensure they were valid entries. We also analysed and selected journals for testing which appeared unusual in nature either due to size, preparer or being manually posted. We verified the journals to originating documentation to confirm that the entry was valid; and
- we ensured that the financial statement disclosures were in accordance with accounting standards.
- The above work was performed at all full and specific scope locations.

Within International Standard on Auditing (UK&I) 240 there is a presumption that there are risks of fraud in revenue recognition. We therefore evaluated the revenue transactions or assertions which give rise to such risk in the current year as noted above.

Key observations communicated to the Audit Committee

Based on our procedures we are satisfied that the revenue cut-off was appropriate.

RISK – management override of internal control over discounts

Description of risk

- The risk of material misstatement due to management override of controls is considered a risk in every audit. Management has the primary responsibility to prevent and detect fraud. We are required by professional auditing standards to consider how this risk may manifest itself and design appropriate procedures.
- Management could manipulate results through the accounting for promotional discounts and long term discounts which are deducted from revenue.

Our response to this risk

- we obtained an understanding of the Group's processes for the recognition and management of discounts provided to customers including obtaining an understanding of the design of the controls in place within the GB, Ireland and International divisions where such discounts are most prevalent;
- we tested a sample of long term and promotional discount expenses throughout the period and the period end accruals by agreeing balances through to supporting documentation and ensured that the revenue recognition policies adopted complied with IFRS;
- we performed analytical procedures including the correlation of revenue to discounts to assess completeness of discounts;
- we performed testing of post year end discounts, both settled and recorded, as evidence of the appropriateness of discount accruals recognised at the year end;
- we reviewed post year end credit notes for any items that related to the audit period;
- we held bi-annual meetings with the customer account teams in GB to update our knowledge of the status of customer negotiations and the process by which discounts have been recorded;
- we looked for and tested journal entries relating to revenue for transactions close to the period end to ensure they were valid entries. We also analysed and selected journals for testing which appeared unusual in nature either due to size, preparer or being manually posted. We verified the journals to originating documentation to confirm that the entry was valid; and
- we ensured that the financial statement disclosures were in accordance with accounting standards.

Key observations communicated to the Audit Committee

Based on our procedures, we have not identified any management override of the discounts either expensed or accrued in the financial statements.

RISK – management override of internal control over customer claims and other financial items
Description of risk • The risk of material misstatement due to management override of controls is considered a risk in every audit. Management has the primary responsibility to prevent and detect fraud. We are required by professional auditing standards to consider how this risk may manifest itself and design appropriate procedures; • There are a number of judgemental accruals which are susceptible to manipulation by management including customer claims in GB, group wide bonuses and contingent liabilities associated with the acquisition of ebba ("Britvic Brazil").
Our response to this risk • We performed procedures, including analytical procedures and journal entry testing, sufficient to address the identified risk in respect of subjective areas which were considered to be most susceptible to management override. • For GB customer claims: - we held bi-annual discussions with a sample of customer account teams directly involved in negotiations with customers, including those responsible for the relationship with the big supermarkets. Through these discussions we understood the current relationship with each customer and the status of any claims; - we reviewed the methodology and process by which claims have been accrued for appropriateness and consistency with the prior year, specifically reviewing the process for identifying claims which have not been received and audited a sample of payments made after the year end to audit the accuracy of the accrued amounts; and - we compared the level of aged debt held in relation to significant customers to the customer claims provision and investigated any additional significant un-provided aged debts that did not have a corresponding provision within the customer claims provision. • For other financial items (including group wide bonuses): - we audited the inputs in the assessments made by management to determine if balanced judgement and accurate calculations have been applied; - where possible, we have tested post year payments to validate the amounts recorded at the reporting period end; and - where similar accruals and provisions were held in the previous period we compared assumptions used in the current period calculations to those used previously and tested any changes in assumptions to gain assurance that they are appropriate. • For the contingent liabilities arising on the acquisition of Britvic Brazil: - we have reviewed the contract terms of the sale and purchase agreement to understand the nature of any items covered by warranties given in the sale and purchase agreement; - we have traced the gross liabilities through to supporting documentation; and - we have assessed the appropriateness of the weighted average probability applied to the gross liabilities to arrive at the fair value.
Key observations communicated to the Audit Committee Based on our procedures, we have not identified any instances of management override in the areas noted.

Our application of materiality

The scope of our work is influenced by materiality. We apply this concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion. As we develop our audit strategy we determine materiality at the overall level and at the individual account level (referred to as our performance materiality).

Materiality £7.7m → **Performance materiality £5.8m** → **Reporting threshold £0.39m**

Materiality

The magnitude of an omission or misstatement that individually, or in aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £7.7 million (2015: £7.5 million), which is approximately 5% (2015: 5%) of pre-tax profit adjusted for the exceptional costs associated with the acquisition and integration of Britvic Brazil because, in our view, this is the most relevant measure of the underlying financial performance of the Group. This materiality provided the basis for determining the nature, timing and extent of our audit procedures, and identifying and assessing the risk of material misstatement.

Starting basis	Profit before tax of £151.9m as per the Annual Report
Adjustment	Acquisition and integration costs associated with Britvic Brazil of £5.2m as per Note 5 of the Annual Report
Materiality	Represents 5% of the adjusted profit before tax

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that overall performance materiality for the group should be 75% (2015: 75%) of planning materiality, namely £5.8 million (2015: £5.6 million).

Audit work at individual components is undertaken based on a percentage of our total performance materiality. The performance materiality set for each component is based on the relative size of the component and our view of the risk of misstatement at that component. In the current year the range of performance materiality allocated to components was £0.6 million to £4.9 million (2015: £0.6 million to £4.8 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.39 million (2015: £0.38 million), as well as differences below that threshold that, in our view warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit

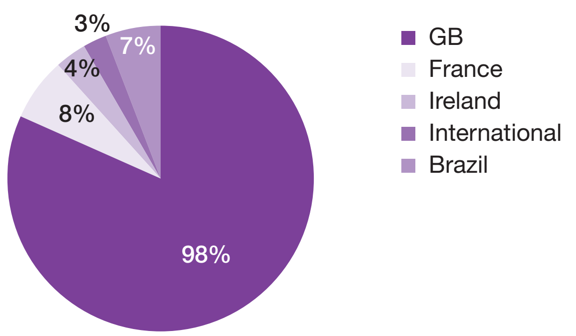
Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group which, when taken together, enable us to form an opinion on the group financial statements under International Standards on Auditing (UK and Ireland). We take into account size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed at each entity.

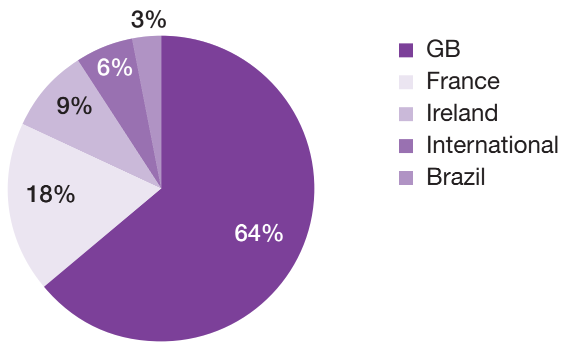
In addition to auditing the Group level functions our group audit scope focused on five businesses, of which GB, France and Brazil were subject to a full scope audit for the 53 week period ended 2 October 2016. Certain operations of the remaining two businesses - Ireland and International - were subject to a specific scope audit, where the extent of the audit work was based on our assessment of the risk of material misstatement in specific account balances and the materiality of those operations to the Group's business.

Together with the Group functions, which were also subject to a full scope audit, these operations represent the principal business units of the Group and account for 97% (2015: 95%) of the Group's total assets, 96% (2015: 96%) of the Group's revenue and 95% (2015: 90%) of the Group's adjusted profit before tax. For 2016, the full scope components contributed 105% of the Group's adjusted profit before tax. The two specific scope components contributed 8% of the Group's revenue and (10)% of the Group's adjusted profit before tax. The audit scope of these components did not include testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

ADJUSTED PBT



REVENUE



For the remaining locations, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group Financial Statements.

We have obtained an understanding of the entity-level controls of the Group as a whole which assisted us in identifying and assessing risks of material misstatement due to fraud or error, as well as assisting us in determining the most appropriate audit strategy.

Changes from the prior year

Our scoping broadly remains unchanged from the prior year other than the allocation of a full scope audit for Brazil, since this entity was acquired on 30 September 2015.

Involvement with component teams

The Senior Statutory Auditor leads the audit of GB, the audit of both specific scope locations, and the audit of the group functions. The Senior Statutory Auditor visited Brazil, a full scope location, participated in the Brazil and France component team's planning including the discussion of fraud and error and joined the closing meeting calls in both territories.

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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements;
- the information given in the Corporate Governance Report set out on pages 34 to 35 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		
ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies Act 2006 reporting	We are required 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. • a Corporate Governance Statement has not been prepared by the company.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the directors' statement in relation to going concern, set out on page 87, and longer-term viability, set out on page 32; and • the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity		
ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Simon O'Neill (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham

29 November 2016

Notes:
1. The maintenance and integrity of the Britvic Group plc web site is the responsibility of the directors; the work carried out by the auditor 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.
2. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

For the 53 weeks ended 2 October 2016

		53 weeks ended 2 October 2016			52 weeks ended 27 September 2015		
		Before exceptional & other items	**Exceptional & other items***	**Total**	Before exceptional & other items	Exceptional & other items*	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m
Revenue		**1,431.3**	**-**	**1,431.3**	1,300.1	-	1,300.1
Cost of sales		**(659.3)**	**-**	**(659.3)**	(581.4)	-	(581.4)
Gross profit		**772.0**	**-**	**772.0**	718.7	-	718.7
Selling and distribution costs		**(402.3)**	**-**	**(402.3)**	(355.6)	-	(355.6)
Administration expenses		**(191.0)**	**(2.3)**	**(193.3)**	(194.1)	(12.4)	(206.5)
Operating profit/(loss)	6	**178.7**	**(2.3)**	**176.4**	169.0	(12.4)	156.6
Finance income	9	**1.7**	**0.7**	**2.4**	0.3	3.6	3.9
Finance costs	9	**(22.5)**	**(4.4)**	**(26.9)**	(22.3)	(0.6)	(22.9)
Profit/(loss) before tax		**157.9**	**(6.0)**	**151.9**	147.0	(9.4)	137.6
Taxation	10	**(36.3)**	**(1.1)**	**(37.4)**	(34.5)	0.7	(33.8)
Profit/(loss) for the period attributable to the equity shareholders		**121.6**	**(7.1)**	**114.5**	112.5	(8.7)	103.8
Earnings per share							
Basic earnings per share	11			**43.8p**			41.8p
Diluted earnings per share	11			**43.5p**			41.2p
Adjusted basic earnings per share**	11			**49.3p**			46.3p
Adjusted diluted earnings per share**	11			**49.0p**			45.7p

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

All activities relate to continuing operations.

Consolidated statement of comprehensive income/(expense)

For the 53 weeks ended 2 October 2016

	Note	**53 weeks ended 2 October 2016 £m**	52 weeks ended 27 September 2015 £m
Profit for the period attributable to the equity shareholders		**114.5**	103.8
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement (losses)/gains on defined benefit pension schemes	22	(58.7)	3.2
Deferred tax on defined benefit pension schemes	10a	8.7	(3.7)
Current tax on additional pension contributions	10a	3.3	3.1
Deferred tax on other temporary differences	10a	0.2	-
		(46.5)	2.6
Items that may be subsequently reclassified to profit or loss			
Gains in the period in respect of cash flow hedges	25	68.5	10.1
Amounts recycled to the income statement in respect of cash flow hedges	25	(64.1)	(22.1)
Amounts recycled to goodwill on acquisition of subsidiary	31	10.2	-
Tax recycled to goodwill on acquisition of subsidiary	31	(2.0)	-
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	10a	(0.7)	2.5
Exchange differences on translation of foreign operations	25	36.5	(1.5)
Tax on exchange differences accounted for in the translation reserve	10a	3.9	-
		52.3	(11.0)
Other comprehensive income/(expense) for the period, net of tax		**5.8**	(8.4)
Total comprehensive income for the period attributable to the equity shareholders		**120.3**	95.4

Consolidated balance sheet

As at 2 October 2016

	Note	2 October 2016 £m	27 September 2015 £m
Assets			
Non-current assets			
Property, plant and equipment	13	**382.4**	244.2
Intangible assets	14	**417.9**	305.1
Other receivables		**4.4**	2.4
Derivative financial instruments	25	**98.6**	90.4
Deferred tax asset	10f	**6.5**	-
Pension asset	22	**0.6**	22.4
		910.4	664.5
Current assets			
Inventories	16	**112.7**	86.7
Trade and other receivables	17	**317.9**	293.9
Current income tax receivables	10c	**5.1**	-
Derivative financial instruments	25	**81.0**	10.9
Cash and cash equivalents	18	**205.9**	239.6
		722.6	631.1
Non-current assets held for sale		**1.4**	3.5
Total assets		**1,634.4**	1,299.1
Current liabilities			
Trade and other payables	23	**(437.2)**	(417.4)
Interest bearing loans and borrowings	21	**(288.1)**	(2.9)
Derivative financial instruments	25	**(1.1)**	(13.8)
Current income tax payable	10c	**(13.1)**	(24.0)
Provisions	26	**(6.8)**	(1.3)
Other current liabilities		**(33.1)**	-
		(779.4)	(459.4)
Non-current liabilities			
Interest bearing loans and borrowings	21	**(491.7)**	(572.4)
Deferred tax liabilities	10f	**(53.0)**	(46.4)
Pension liability	22	**(18.0)**	(5.1)
Derivative financial instruments	25	**(4.3)**	(1.3)
Provisions	26	**(5.9)**	(1.2)
Other non-current liabilities		**(1.1)**	(1.5)
		(574.0)	(627.9)
Total liabilities		**(1,353.4)**	(1,087.3)
Net assets		**281.0**	211.8
Capital and reserves			
Issued share capital	19	**52.6**	52.2
Share premium account		**129.1**	123.2
Own shares reserve		**(3.3)**	(11.4)
Other reserves	20	**146.5**	94.1
Retained losses		**(43.9)**	(46.3)
Total equity		**281.0**	211.8

The financial statements were approved by the board of directors and authorised for issue on 29 November 2016. They were signed on its behalf by:

Simon Litherland

Mathew Dunn

Consolidated statement of cash flows

For the 53 weeks ended 2 October 2016

	Note	53 weeks ended 2 October 2016 £m	52 weeks ended 27 September 2015 £m
Cash flows from operating activities			
Profit before tax		**151.9**	137.6
Net finance costs	9	**24.5**	19.0
Other financial instruments		**(13.6)**	3.9
Impairment of property, plant and equipment and intangible assets	13	**0.7**	0.1
Depreciation	13	**33.2**	29.9
Amortisation	14	**16.3**	11.1
Share based payments	27	**6.6**	10.6
Net pension charge less contributions		**(25.9)**	(22.2)
Increase in inventory		**(0.3)**	(4.4)
Decrease/(increase) in trade and other receivables		**10.9**	(21.5)
(Decrease)/increase in trade and other payables		**(40.3)**	36.1
Increase/(decrease) in provisions		**3.3**	(3.1)
Profit on disposal of property, plant and equipment and intangible assets		**(0.3)**	-
Income tax paid		**(34.2)**	(30.2)
Net cash flows from operating activities		**132.8**	166.9
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**6.7**	4.1
Purchases of property, plant and equipment		**(114.2)**	(54.1)
Purchases of intangible assets		**(7.7)**	(7.0)
Interest received		**1.7**	-
Acquisition of subsidiary, net of cash acquired	31	**(41.2)**	-
Net cash flows used in investing activities		**(154.7)**	(57.0)
Cash flows from financing activities			
Interest paid, net of derivative financial instruments		**(22.2)**	(21.6)
Interest bearing loans drawndown/(repaid)	21	**104.5**	(0.9)
Acquired debt repaid	21	**(38.0)**	-
Repayment of 2009 USPP Notes	21	**-**	(18.0)
Issue costs paid	21	**-**	(2.2)
Issue of shares relating to incentive schemes for employees		**5.9**	3.7
Issue of shares under a non pre-emptive placing, net of costs	19	**(1.1)**	87.8
Purchase of own shares		**(2.1)**	(9.2)
Dividends paid to equity shareholders	12	**(60.9)**	(52.9)
Net cash flows used in financing activities		**(13.9)**	(13.3)
Net (decrease)/increase in cash and cash equivalents		**(35.8)**	96.6
Cash and cash equivalents at beginning of period		**239.6**	143.3
Exchange rate differences	28	**2.1**	(0.3)
Cash and cash equivalents at the end of the period	18	**205.9**	239.6

Consolidated statement of changes in equity

For the 53 weeks ended 2 October 2016

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves (note 20) £m	Retained Losses £m	Total £m
At 28 September 2014	49.4	33.5	(2.9)	105.1	(102.0)	83.1
Profit for the period	-	-	-	-	103.8	103.8
Other comprehensive Income/(expense)	-	-	-	(11.0)	2.6	(8.4)
	-	-	-	(11.0)	106.4	95.4
Issue of shares relating to incentive schemes for employees	0.3	5.5	(2.1)	-	-	3.7
Issue of shares under a non pre-emptive placing	2.5	85.3	-	-	-	87.8
Transaction costs relating to placement of ordinary shares	-	(1.1)	-	-	-	(1.1)
Own shares purchased for share schemes	-	-	(13.4)	-	-	(13.4)
Own shares utilised for share schemes	-	-	7.0	-	(5.6)	1.4
Movement in share based schemes	-	-	-	-	8.2	8.2
Current tax on share based payments	-	-	-	-	0.6	0.6
Deferred tax on share based payments	-	-	-	-	(1.0)	(1.0)
Payment of dividend	-	-	-	-	(52.9)	(52.9)
At 27 September 2015	**52.2**	**123.2**	**(11.4)**	**94.1**	**(46.3)**	**211.8**
Profit for the period	-	-	-	-	114.5	114.5
Other comprehensive Income/(expense)	-	-	-	52.3	(46.5)	5.8
	-	-	-	52.3	68.0	120.3
Issue of shares relating to incentive schemes for employees	0.4	5.9	(1.8)	-	-	4.5
Own shares purchased for share schemes	-	-	(3.2)	-	-	(3.2)
Own shares utilised for share schemes	-	-	13.1	-	(12.1)	1.0
Movement in share based schemes	-	-	-	-	7.1	7.1
Current tax on share based payments	-	-	-	-	1.8	1.8
Deferred tax on share based payments	-	-	-	-	(1.4)	(1.4)
Movement in non-distributable profit	-	-	-	0.1	(0.1)	-
Payment of dividend	-	-	-	-	(60.9)	(60.9)
At 2 October 2016	**52.6**	**129.1**	**(3.3)**	**146.5**	**(43.9)**	**281.0**

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, France and Brazil.

The financial year represents 53 weeks ended 2 October 2016 (prior financial year 52 weeks ended 27 September 2015). For the UK, Ireland and International the results are for the 53 weeks ended 2 October 2016 (prior financial year 52 weeks ended 27 September 2015). For France and Brazil the results are for the calendar year ended 30 September 2016 (prior calendar year ended 30 September 2015).

The financial statements were authorised for issue by the board of directors on 29 November 2016.

2. Statement of compliance

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

3. Accounting policies

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

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

Going concern
The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements. As at 2 October 2016, the consolidated balance sheet is showing a net assets position of £281.0m (27 September 2015: net assets of £211.8m).

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, the group has a £400.0m bank facility with a recently extended maturity date of November 2021, and £659.8m of private placement notes which have maturity dates between 2016 and 2026.

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

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

The financial statements of subsidiaries are prepared using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiary undertakings acquired 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.

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

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

3. Accounting policies (continued)

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

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

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

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

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

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

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

Land is not depreciated.

Freehold properties are depreciated over 50 years.

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

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

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

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

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

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

Business combinations and 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. The consideration transferred in a business combination is measured at fair value which includes recording deferred consideration at discounted values where the impact of discounting is material.

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.

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

Intangible assets

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

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

3. Accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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.

3. Accounting policies (continued)

Fair value

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

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

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

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

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

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

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

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

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

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

Derivative financial instruments and hedging

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

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

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

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, intangible assets, provisions for pensions and other post-retirement benefits, provisions for share-based payments and unutilised losses incurred in overseas jurisdictions.

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

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

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

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

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

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

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

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

Defined benefit costs are categorised as follows:

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

3. Accounting policies (continued)

Pensions and post retirement benefits (continued)

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

Defined contribution plans

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

Employee benefits

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

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

Interest bearing loans and borrowings

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

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

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

Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

Foreign operations

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

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

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.

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.

3. Accounting policies (continued)

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

Key judgements and estimates

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

Post-retirement benefits

The determination of the pension and other post-retirement benefits cost and obligation is based on assumptions determined with independent actuarial advice. The assumptions include discount rate, inflation, pension and salary increases, expected return on scheme assets, mortality and other demographic assumptions. These key assumptions are disclosed in note 22.

Franchise rights

Franchise rights represent franchise agreements acquired as part of the Britvic Ireland business combination which provides long term rights to distribute certain soft drinks. These agreements were allocated a 35 year useful economic life at the time of acquisition based on a third party assessment. As at 2 October 2016 these intangible assets have a remaining useful life of 26 years. The franchise agreement itself has a remaining contract life of 9 years which is less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the franchise agreements, without significant cost, is highly probable. Evidence to support this conclusion is:

- Significant emphasis on maintaining a strong relationship with Pepsi, strengthened through the addition of Pepsico products to Britvic's portfolio in recent years;
- Lack of alternative suppliers; and
- High barriers of entry to the Irish soft drinks bottling market.

Intangible assets with indefinite lives

Management have made a judgement that certain intangible assets relating to brands have indefinite lives.

It is expected that the trademarks with indefinite lives 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.

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.

New standards adopted in the current period

During the period, the group did not adopt any new standards.

3. Accounting policies (continued)

New standards and interpretations not applied

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

		Effective date – periods commencing on or after
International Financial Reporting Standards (IFRS)		
IFRS 9	Financial Instruments	1 January 2018
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS10, IFRS12 and IAS 28 – Investment Entities	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 11	Amendments to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations	1 January 2016
IFRS 10 and IAS 28	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
International Accounting Standards (IAS)		
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 1	Amendments to IAS 1 – Disclosure Initiatives	1 January 2016
IAS 27	Amendments to IAS 27 – Equity Method in Separate Financial Statements	1 January 2016
Annual IFRS Improvement Process		
AIP IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal	1 January 2016
AIP IFRS 7	Financial Instruments: Disclosure – Servicing contracts	1 January 2016
AIP IAS 19	Employee Benefits – Discount rate: regional market issue	1 January 2016

The group is currently confirming the impacts of the above new standards and interpretations on its results, financial position and cash flows, which are not expected to have a material profit impact with the exception of IFRS 16: 'Leases' which provides a single lessee accounting model, requiring lessees to recognise right of use assets and lease liabilities on the balance sheet for all applicable leases.

4. 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.

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

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

These business units sell soft drinks into their respective markets.

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

4. Segmental reporting (continued)

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

53 weeks ended 2 October 2016	GB stills £m	GB carbs £m	Total GB £m	Ireland £m	France £m	Brazil £m	International £m	Total £m
Revenue	304.4	607.7	**912.1**	133.9	244.5	89.5	51.3	**1,431.3**
Brand contribution	133.9	250.7	**384.6**	48.4	75.9	17.5	9.7	**536.1**
Non-brand advertising & promotion *								(12.2)
Fixed supply chain**								(96.9)
Selling costs**								(126.4)
Overheads and other costs*								(121.9)
Operating profit before exceptional & other items								**178.7**
Finance costs before exceptional & other items								(20.8)
Exceptional & other items								(6.0)
Profit before tax								**151.9**

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

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

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

4. Segmental reporting (continued)

Geographic information

Revenues from external customers

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

	2016 £m	2015 £m
United Kingdom	**959.8**	939.4
Republic of Ireland	**112.0**	100.8
France	**250.9**	252.7
Brazil	**89.5**	-
Other	**19.1**	7.2
Total revenue	**1,431.3**	**1,300.1**

Non-current assets

	2016 £m	2015 £m
United Kingdom	**342.4**	253.9
Republic of Ireland	**120.6**	102.0
France	**231.9**	194.8
Brazil	**107.0**	-
Other	**2.7**	1.0
Total	**804.6**	**551.7**

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

5. Exceptional and other items

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

	Note	**53 weeks ended 2 October 2016 £m**	52 weeks ended 27 September 2015 £m
Costs in relation to the integration of subsidiary	(a)	**(5.2)**	-
Costs in relation to the acquisition of subsidiary	(a)	**-**	(6.5)
Gain on disposal of previously impaired assets		**-**	0.4
Gain on held for sale properties	(b)	**3.2**	0.8
Strategic restructuring – cost initiatives	(c)	**(0.6)**	(3.6)
Strategic restructuring – business capability programme	(d)	**(8.4)**	(1.4)
Costs in relation to the closure of operations	(e)	**(2.4)**	-
Fair value movements	(f)	**11.1**	(2.1)
Total included in administration expenses		**(2.3)**	(12.4)
Fair value movements	(f)	**0.6**	3.6
Total included in finance income		**0.6**	3.6
Fair value movements	(f)	**(0.4)**	(0.6)
Unwind of discount on deferred consideration	(g)	**(3.3)**	-
Debt repayment charges	(h)	**(0.6)**	-
Total included in finance costs		**(4.3)**	(0.6)
Total exceptional and other items before tax		**(6.0)**	(9.4)

5. Exceptional and other items (continued)

a) Costs relating to the acquisition and integration of Empresa Brasileira de Bebidas e Alimentos SA (Ebba). Primarily these costs relate to employee costs, travel costs and advisors fees (see note 31).

b) Gain on held for sale properties in the current period relates to the sale of two properties in Britvic GB. In the prior period the gain relates to a sale of property in Britvic Ireland.

c) Strategic restructuring - cost initiatives relate to the completion of cost initiatives announced in May 2013, following the closure of two factories in Britvic GB and subsequent reorganisation.

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

e) Costs relating to the closure of operations in India.

f) Fair value movements relate to the fair value movement of derivative financial instruments where either hedge accounting cannot be applied to future transactions or where there is ineffectiveness in the hedge relationship including a £11.6m gain on FX forwards taken out as part of cash management for expected future payments in relation to the deferred consideration of the purchase of Ebba.

g) Included in the consideration for Ebba is an amount due in September 2017 (see note 31). This amount has been included on acquisition discounted to net present value. The unwind of this discount until September 2017 is shown as exceptional costs.

h) Debt repayment charges were incurred on the repayment of acquired debt in Ebba (see note 31).

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

6. Operating profit/(loss)

This is stated after charging/(crediting):

	2016 £m	2015 £m
Cost of inventories recognised as an expense	**659.4**	581.4
Including write-down of inventories to net realisable value	**3.2**	2.4
Research and development expenditure written off	**4.3**	3.5
Net foreign currency exchange differences	**(5.7)**	1.0
Depreciation of property, plant and equipment	**33.2**	29.9
Amortisation of intangible assets	**16.3**	11.1
Operating lease payments – minimum lease payments	**11.0**	13.5

7. Auditor's remuneration

	2016 £m	2015 £m
Audit of the group financial statements	**0.1**	0.1
Audit of subsidiaries	**0.5**	0.5
Total audit	**0.6**	0.6
Audit related assurance services	**0.1**	0.1
Other non-audit services not covered above	**0.1**	0.2
Total non-audit services	**0.2**	0.3
Total fees	**0.8**	0.9

8. Staff costs

	2016 £m	2015 £m
Wages and salaries	**145.3**	127.0
Social security costs	**23.1**	19.6
Net pension charge	**9.7**	12.8
Expense of share based compensation (note 27)	**6.6**	10.6
	184.7	170.0

	2016 £m	2015 £m
Directors' emoluments	**3.1**	2.4
Aggregate gains made by directors on exercise of options	**-**	-

	2016 No.	2015 No.
Number of directors accruing benefits under defined benefit schemes	**-**	-

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

	2016 No.	2015 No.
Distribution	**321**	290
Production	**2,004**	1,386
Sales and marketing	**1,413**	911
Administration	**620**	530
	4,358	3,117

9. Finance income and costs

	2016 £m	2015 £m
Finance income		
Bank deposits	**1.7**	0.3
Fair value movement on interest rate swap (see note 25)	**0.3**	1.5
Ineffectiveness in respect of cash flow hedges	**0.4**	2.1
Total finance income	**2.4**	3.9
Finance costs		
Bank loans, overdrafts and loan notes	**(22.5)**	(22.2)
Unwind of discount in provisions	**-**	(0.1)
Unwind of discount on deferred consideration	**(3.3)**	-
Debt repayment charges	**(0.6)**	-
Ineffectiveness in respect of fair value hedges	**(0.5)**	(0.6)
Total finance costs	**(26.9)**	(22.9)
Net finance costs	**(24.5)**	(19.0)

10. Taxation

a) Tax on profit on continuing operations

	Before exceptional & other items £m	Exceptional & other items £m	2016 Total £m
Income statement			
Current income tax			
Current income tax charge	(33.6)	(0.6)	(34.2)
Amounts over provided in previous years	2.4	-	2.4
Total current income tax charge	**(31.2)**	**(0.6)**	**(31.8)**
Deferred income tax			
Origination and reversal of temporary differences	(4.1)	-	(4.1)
Amounts under provided in previous years	(1.0)	(0.5)	(1.5)
Total deferred tax charge	**(5.1)**	**(0.5)**	**(5.6)**
Total tax charge in the income statement	**(36.3)**	**(1.1)**	**(37.4)**
Statement of comprehensive income/(expense)			
Current tax on additional pension contributions			3.3
Deferred tax on defined benefit plans			8.7
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve			(0.7)
Tax recycled to goodwill on acquisition of subsidiary			(2.0)
Tax on exchange differences accounted for in the translation reserve			3.9
Deferred tax on other temporary differences			0.2
Total tax credit in the statement of comprehensive income/(expense)			**13.4**
Statement of changes in equity			
Current tax on share options exercised			1.8
Deferred tax on share options granted to employees			(1.4)
Total tax credit in the statement of changes in equity			**0.4**

10. Taxation (continued)

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

b) Reconciliation of the total tax charge

The tax expense in the consolidated income statement is higher (2015: higher) than the standard rate of corporation tax in the UK of 20.0% (2015: 20.5%). The differences are reconciled below:

	Before exceptional & other items £m	**Exceptional & other items £m**	**2016 Total £m**
Profit/(loss) before tax	**157.9**	**(6.0)**	**151.9**
Profit/(loss) multiplied by the UK average rate of corporation tax of 20.0%	**(31.6)**	**1.2**	**(30.4)**
Permanent differences	**(2.5)**	**(0.3)**	**(2.8)**
Impact of change in tax rates on deferred tax liability	**1.4**	**-**	**1.4**
Tax over/(under) provided in previous years	**1.5**	**(0.5)**	**1.0**
Overseas tax rate differences	**(2.1)**	**0.9**	**(1.2)**
Losses not recognised	**(3.0)**	**(2.4)**	**(5.4)**
	(36.3)	**(1.1)**	**(37.4)**
Effective income tax rate	**23.0%**		**24.6%**

A decline in the impact of overseas tax differences on the operating effective income tax rate (ETR) in the current period reflects the change in geographical mix of profits earned during the current period. Future period operating ETR will continue to be impacted by the profit mix of operational jurisdictions. Permanent items have increased due to non-qualifying expenditure relating to capital investment for the business capability programme.

10. Taxation (continued)

b) Reconciliation of the total tax charge (continued)

In the total tax charge there are higher unrecognised tax losses driven by the Brazil acquisition during the period which partly relate to one off acquisition costs disclosed in exceptional items.

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

c) Income tax

	2016	2015
	£m	£m
Income tax recoverable	**5.1**	-
Income tax payable	**(13.1)**	(24.0)
	(8.0)	**(24.0)**

The £16.0m reduction in net income tax payable from £24.0m in 2015 to £8.0m in 2016 arises due to prior year adjustments reducing the tax due, compounded by in year quarterly instalment payments for 2015 and 2016, based on previous estimates of corporation tax due, for both the UK and France. Other material reducing items include tax on current period share scheme exercises, credit for loss on the prior period FX forwards hedging the Brazil acquisition and incremental tax recoverable as a result of the acquisition of Brazil.

d) Uncertain tax positions

Uncertainties in relation to tax liabilities have been provided for in the tax payable account to the extent that it is considered probable that the group will be required to settle a tax liability in the future. Settlement of tax provisions could potentially result in future cash tax payments however these are not expected to result in an increased tax charge as they have been fully provided for in accordance with management's best estimates of the most likely outcomes.

e) Unrecognised tax items

The group expects that future remittances of earnings from its overseas subsidiaries will be covered by the UK dividend exemption and so no tax is recognised on the un-remitted earnings of these subsidiaries.

A deferred tax asset has been recognised in relation to losses made in the preceding period. These are expected to be recoverable on an ongoing basis due to a reduction in interest charges leading to higher profits in subsequent periods. Tax losses may be carried forward indefinitely, but the amount of carry forwards losses that can be utilised in certain territories is limited to 30% of taxable income in each carry forward year.

No deferred tax asset has been recognised in respect of unused tax losses of £8.3m (2015: £8.8m). Previously unrecognised losses arising on India have been eliminated as a result of the closure of the business.

There are no other unrecognised temporary differences associated with investments.

10. Taxation (continued)

f) Deferred tax

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

	2016 £m	2015 £m
Deferred tax liability		
Accelerated capital allowances	**(10.4)**	(5.8)
Acquisition fair value adjustments	**(36.5)**	(33.9)
Other temporary differences	**-**	(1.5)
Post employment benefits	**(11.6)**	(20.3)
Deferred tax liability	**(58.5)**	(61.5)
Deferred tax asset		
Employee incentive plan	**3.4**	5.8
Unutilised losses incurred in overseas jurisdictions	**8.0**	4.2
Other temporary differences	**0.6**	5.1
Deferred tax asset	**12.0**	15.1
Net deferred tax liability	**(46.5)**	(46.4)

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:

	2016 £m	2015 £m
Net deferred tax assets	**6.5**	-
Net deferred tax liabilities	**(53.0)**	(46.4)
	(46.5)	(46.4)

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

	2016 £m	2015 £m
Employee incentive plan	**(1.0)**	0.9
Accelerated capital allowances	**(1.5)**	(0.4)
Post employment benefits	**(0.1)**	(0.4)
Acquisition fair value adjustments	**(0.5)**	0.9
Utilised losses incurred in overseas jurisdictions	**(2.6)**	(1.6)
Other temporary differences	**0.1**	(0.7)
Deferred tax charge	**(5.6)**	(1.3)

In 2016, there is a £0.5m charge relating to exceptional items (2015: £0.3m charge) included within the overall £5.6m deferred tax charge (2015: overall £1.3m charge) in the consolidated income statement.

g) Impact of rate change

Finance Act 2015 and 2016 enacted reductions in the UK corporation tax rate from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020 respectively. The effect of the reduction from 20% to 17% is to reduce the deferred tax provision by a net £2.5m, comprising a credit of £1.4m to the income statement and a credit of £1.1m to the consolidated statement of comprehensive income.

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:

	2016 £m	2015 £m
Basic earnings per share		
Profit for the period attributable to equity shareholders	**114.5**	103.8
Weighted average number of ordinary shares in issue for basic earnings per share	**261.7**	248.6
Basic earnings per share	**43.8p**	41.8p
Diluted earnings per share		
Profit for the period attributable to equity shareholders	**114.5**	103.8
Effect of dilutive potential ordinary shares – share schemes	**1.5**	3.1
Weighted average number of ordinary shares in issue for diluted earnings per share	**263.2**	251.7
Diluted earnings per share	**43.5p**	41.2p

The group has granted share options to employees which have the potential to dilute basic EPS in the future which have not been included in the calculation of diluted EPS as they are antidilutive for the periods presented (see note 27).

The group presents as exceptional and other items on the face of the consolidated income statement, those items of income and expense which, because of the size, nature or 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:

	Note	**2016 £m**	2015 £m
Adjusted basic earnings per share			
Profit for the period attributable to equity shareholders		**114.5**	103.8
Add: Net impact of exceptional and other items		**7.1**	8.7
Add: Intangible assets amortisation (acquisition related)	14	**7.4**	2.6
		129.0	115.1
Weighted average number of ordinary shares in issue for basic earnings per share		**261.7**	248.6
Adjusted basic earnings per share		**49.3p**	46.3p
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		**129.0**	115.1
Weighted average number of ordinary shares in issue for diluted earnings per share		**263.2**	251.7
Adjusted diluted earnings per share		**49.0p**	45.7p

12. Dividends paid and proposed

	2016 £m	2015 £m
Declared and paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2015: 16.3p per share (2014: 14.8p per share)	**42.6**	36.4
Interim dividend for 2016: 7.0p per share (2015: 6.7p per share)	**18.3**	16.5
Dividends paid	**60.9**	52.9
Proposed		
Final dividend for 2016: 17.5p per share (2015: 16.3p per share)	**46.0**	42.6

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	Assets under construction £m	Total £m
At 28 September 2014 net of accumulated depreciation and impairment	71.5	24.0	76.9	27.1	21.5	221.0
Exchange differences	(1.8)	(0.4)	(2.0)	-	-	(4.2)
Additions	-	-	-	-	61.3	61.3
Transfers on completion	9.7	1.7	20.8	11.6	(43.8)	-
Disposals at cost	(0.2)	-	(2.8)	(15.1)	-	(18.1)
Depreciation eliminated on disposals	0.2	-	2.7	14.1	-	17.0
Depreciation charge for the period	(2.8)	(1.0)	(16.2)	(9.9)	-	(29.9)
Assets transferred to held for sale	-	(2.8)	-	-	-	(2.8)
Reclassification	-	-	(0.3)	0.3	-	-
Impairment	-	-	(0.1)	-	-	(0.1)
At 27 September 2015 net of accumulated depreciation and impairment	76.6	21.5	79.0	28.1	39.0	244.2
Exchange differences	8.6	1.4	10.8	0.8	1.1	22.7
Additions	-	-	-	-	134.2	134.2
Transfers on completion	3.4	0.7	20.5	23.4	(48.0)	-
Acquisition of subsidiary	7.1	-	11.7	0.4	-	19.2
Disposals at cost	(0.7)	-	(9.7)	(10.1)	-	(20.5)
Depreciation eliminated on disposals	0.3	-	9.1	8.4	-	17.8
Depreciation charge for the period	(3.1)	(1.0)	(19.4)	(9.7)	-	(33.2)
Assets transferred to held for sale	(0.8)	-	(0.5)	-	-	(1.3)
Reclassification	(0.2)	-	0.2	-	-	-
Impairment	-	-	(0.7)	-	-	(0.7)
At 2 October 2016 net of accumulated depreciation and impairment	**91.2**	**22.6**	**101.0**	**41.3**	**126.3**	**382.4**
At 2 October 2016						
Cost (gross carrying amount)	136.1	37.0	398.5	190.9	126.3	888.8
Accumulated depreciation and impairment	(44.9)	(14.4)	(297.5)	(149.6)	-	(506.4)
Net carrying amount	**91.2**	**22.6**	**101.0**	**41.3**	**126.3**	**382.4**
At 27 September 2015						
Cost (gross carrying amount)	100.8	32.2	282.0	139.8	39.0	593.8
Accumulated depreciation and impairment	(24.2)	(10.7)	(203.0)	(111.7)	-	(349.6)
Net carrying amount	76.6	21.5	79.0	28.1	39.0	244.2

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Other £m	Total £m
Cost as at 28 September 2014, net of accumulated amortisation	91.0	18.4	30.4	26.0	133.9	-	299.7
Exchange differences	(5.1)	(1.0)	(1.6)	-	(4.1)	-	(11.8)
Additions	-	-	-	8.2	-	-	8.2
Disposals at cost	-	-	-	(6.6)	-	-	(6.6)
Amortisation eliminated on disposals	-	-	-	6.4	-	-	6.4
Amortisation charge for the period	-	(0.6)*	(2.0)*	(8.5)	-	-	(11.1)
Other movement**	-	-	-	-	20.3	-	20.3
At 27 September 2015	85.9	16.8	26.8	25.5	150.1	-	305.1
Exchange differences	23.7	2.9	10.2	0.3	24.2	0.3	61.6
Additions	-	-	-	8.2	-	-	8.2
Acquisition of subsidiary	22.2	-	15.7	-	21.0	0.7	59.6
Disposals at cost	-	-	-	(2.3)	-	-	(2.3)
Amortisation eliminated on disposals	-	-	-	2.0	-	-	2.0
Amortisation charge for the period	(1.8)*	(0.7)*	(4.9)*	(8.7)	-	(0.2)	(16.3)
At 2 October 2016	**130.0**	**19.0**	**47.8**	**25.0**	**195.3**	**0.8**	**417.9**
At 2 October 2016							
Cost (gross carrying amount)	162.2	25.6	73.7	86.4	263.6	1.0	612.5
Accumulated amortisation and impairment	(32.2)	(6.6)	(25.9)	(61.4)	(68.3)	(0.2)	(194.6)
Net carrying amount	**130.0**	**19.0**	**47.8**	**25.0**	**195.3**	**0.8**	**417.9**
At 28 September 2015							
Cost (gross carrying amount)	111.3	21.8	43.9	73.6	210.0	-	460.6
Accumulated amortisation and impairment	(25.4)	(5.0)	(17.1)	(48.1)	(59.9)	-	(155.5)
Net carrying amount	85.9	16.8	26.8	25.5	150.1	-	305.1

* Acquisition related amortisation (see note 11).

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

Trademarks

Britvic Ireland and Britvic France

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.

Britvic Brazil

Trademarks in Brazil have been allocated useful economic lives of 14.3 years. As at 2 October 2016 these intangible assets have a remaining useful life of 13.3 years.

14. Intangible assets (continued)

Franchise rights

Franchise rights represent franchise agreements acquired as part of the Britvic Ireland business combination which provides long term rights to distribute certain soft drinks. These agreements were allocated a 35 year useful economic life at the time of acquisition based on a third party assessment. As at 2 October 2016 these intangible assets have a remaining useful life of 26 years. The franchise agreement itself has a remaining contract life of 9 years which is less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the franchise agreements, without significant cost, is highly probable.

Evidence to support this conclusion is:

- Significant emphasis on maintaining a strong relationship with Pepsi, strengthened through the addition of Pepsico products to Britvic's portfolio in recent years;
- Lack of alternative suppliers; and
- High barriers of entry to the Irish soft drinks bottling market.

In the unlikely event that it was deemed that the contract might not be renewed then the useful economic life would need to be reduced to its remaining contractual life. As at 2 October 2016 this would increase the annual amortisation for franchise rights by £1.4m to £2.1m.

Customer lists

Britvic France

Customer lists recognised on the acquisition of Britvic France relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 20 years. At 2 October 2016 these intangible assets have a remaining useful life of 14 years.

Britvic Ireland

Customer lists represent those customer relationships acquired which are valued in respect of the grocery and wholesale businesses. These customer lists have been allocated useful economic lives of between 10 and 20 years. At 2 October 2016 these intangible assets have a remaining useful life of between 1 and 11 years.

Britvic Brazil

Customer lists recognised on the acquisition of Britvic Brazil relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of between 4 and 6 years. At 2 October 2016 these intangible assets have a remaining useful life of between 3 and 5 years.

Software costs

Software is capitalised at cost. As at 2 October 2016 these intangible assets have a remaining useful life of up to 7 years.

Goodwill

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

Intangible assets recognised on the acquisition of Britvic Ireland, Britvic France and Britvic Brazil are valued in local currency 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:

	2016 £m	2015 £m
Goodwill CGUs		
Britvic GB		
Orchid	**6.0**	6.0
Tango	**8.9**	8.9
Robinsons	**38.6**	38.6
Britvic Soft Drinks business (BSD)	**7.8**	7.8
Britvic Ireland	**17.2**	14.7
Britvic France	**87.2**	74.1
Britvic Brazil	**29.6**	-
	195.3	150.1
	2016	2015
	£m	£m
Trademarks with indefinite lives		
Britvic Ireland CGUs		
Britvic	**6.5**	5.5
Cidona	**5.8**	4.9
Mi Wadi	**8.9**	7.6
Ballygowan	**2.4**	2.1
Club	**14.6**	12.5
	38.2	32.6
Britvic France CGUs		
Teisseire	**49.5**	42.1
Moulin de Valdonne	**4.1**	3.5
Pressade	**4.7**	4.0
Fruité	**4.3**	3.7
	62.6	53.3
Total Trademarks with indefinite lives	**100.8**	85.9

Goodwill amounts for Britvic GB were recognised on acquisitions made within Britvic GB.

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

Method of impairment testing

Goodwill and intangible assets with indefinite lives

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

15. Impairment testing of intangible assets (continued)

Method of impairment testing (continued)

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

	2016	2015
Britvic GB	**9.4%**	10.9%
Britvic Ireland	**8.4%**	9.3%
Britvic France	**10.9%**	12.8%
Britvic Brazil	**17.9%**	-

Key assumptions used in value in use calculations

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

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

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.

Cash flows are based on the latest approved budgets and forecasts (in most cases this is periods beyond one year). The applicable long term growth rates are:

	2016	2015
Britvic GB	**2.1%**	2.0%
Britvic Ireland	**2.7%**	2.5%
Britvic France	**1.6%**	2.0%
Britvic Brazil	**2.9%**	-

Intangible assets with finite lives

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

Results and conclusions

No impairments have been identified during the 53 week period ended 2 October 2016. In 2015 no impairments were identified.

Other than for the Britvic trademark within Britvic Ireland where the recoverable amount is equal to its carrying value, the directors do not consider that a reasonably possible change in the assumptions used to calculate the value in use of remaining goodwill and intangible assets would result in any impairment. The key assumption to which the calculation of value in use for the Britvic trademark within Britvic Ireland is most sensitive is the discount rate where an increase in the discount rate from 8.4% to 9.4% would result in an impairment charge of £1.1m.

16. Inventories

	2016 £m	2015 £m
Raw materials	**39.5**	24.6
Finished goods	**59.8**	54.0
Consumable stores	**12.1**	7.2
Returnable packaging	**1.3**	0.9
Total inventories at lower of cost and net realisable value	**112.7**	86.7

17. Trade and other receivables (current)

	2016 £m	2015 £m
Trade receivables	**278.6**	269.2
Other receivables	**16.0**	9.4
Prepayments	**23.3**	15.3
	317.9	293.9

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the group operates. As at 2 October 2016, trade receivables at nominal value of £3.0m (2015: £1.8m) were impaired and fully provided against. Movements in the provision for impairment of receivables were as follows:

	Total £m
At 28 September 2014	1.2
Charge for period	2.5
Utilised	(0.2)
Unused amounts reversed	(1.7)
At 27 September 2015	1.8
Acquisition of subsidiary	0.6
Exchange differences	0.3
Charge for period	3.1
Utilised	(0.1)
Unused amounts reversed	(2.7)
At 2 October 2016	**3.0**

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.

17. Trade and other receivables (current) (continued)

The ageing analysis of trade receivables is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			<30 days	30 – 60 days	60 – 90 days	90 – 120 days	> 120 days
	£m	£m	£m	£m	£m	£m	£m
2016	**278.6**	**239.0**	**29.2**	**4.8**	**1.2**	**1.2**	**3.2**
2015	269.2	224.9	23.8	5.8	5.3	1.2	8.2

The credit quality of trade receivables that are neither past due nor impaired is considered good. Refer to note 24 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.

18. Cash and cash equivalents

	2016 £m	2015 £m
Cash at bank and in hand	**15.3**	14.3
Deposits	**190.6**	225.3
Cash and cash equivalents in the statement of cash flows	**205.9**	239.6

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

At 2 October 2016 the group had available £286.5m (2015: £400.0m) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met. These facilities have a maturity date of November 2021.

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

19. Share capital

Issued, called up and fully paid ordinary shares	**No. of shares**	**Value £**
At 28 September 2014	247,229,115	49,445,823
Shares issued relating to incentive schemes for employees	1,549,282	309,856
Shares issued under a non pre-emptive placing	12,361,455	2,472,291
At 27 September 2015	261,139,852	52,227,970
Shares issued relating to incentive schemes for employees	1,731,404	346,281
At 2 October 2016	**262,871,256**	**52,574,251**

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

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

Of the issued and fully paid ordinary shares, 500,983 shares (2015: 1,678,637 shares) are own shares held by an employee benefit trust. This equates to £100,197 (2015: £335,727) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 27.

An explanation of the group's capital management process and objectives is set out in note 24.

20. Other reserves

	Hedging reserve £m	Translation reserve £m	Capital reserve £m	Merger reserve £m	Total £m
At 28 September 2014	1.4	16.4	-	87.3	105.1
Gains in the period in respect of cash flow hedges	10.1	-	-	-	10.1
Amounts recycled to the income statement in respect of cash flow hedges	(22.1)	-	-	-	(22.1)
Deferred tax in respect of cash flow hedges	2.5	-		-	2.5
Exchange differences on translation of foreign operations	-	(1.5)	-	-	(1.5)
At 27 September 2015	(8.1)	14.9	-	87.3	94.1
Gains in the period in respect of cash flow hedges	68.5	-	-	-	68.5
Amounts recycled to the income statement in respect of cash flow hedges	(64.1)	-	-	-	(64.1)
Amounts recycled to goodwill on acquisition of subsidiary	10.2	-	-	-	10.2
Tax recycled to goodwill on acquisition of subsidiary	(2.0)	-	-	-	(2.0)
Deferred tax in respect of cash flow hedges	(0.7)	-	-	-	(0.7)
Exchange differences on translation of foreign operations	-	36.5	-	-	36.5
Tax on exchange differences	-	3.9	-	-	3.9
Movement in non-distributable profit	-	-	0.1	-	0.1
At 2 October 2016	**3.8**	**55.3**	**0.1**	**87.3**	**146.5**

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

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

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

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

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

Capital reserve
The capital reserve relates to accumulated earnings which are not distributable to shareholders.

21. Interest bearing loans and borrowings

	2016 £m	2015 £m
Current		
Finance leases	**(0.9)**	(0.1)
Bank loans	**(114.2)**	(0.1)
Private placement notes	**(173.7)**	(3.4)
Less: unamortised issue costs	**0.7**	0.7
Total current	**(288.1)**	(2.9)

	2016 £m	2015 £m
Non-current		
Finance leases	**(2.9)**	(0.1)
Bank loans	**(0.9)**	(0.4)
Private placement notes	**(489.4)**	(574.0)
Less: unamortised issue costs	**1.5**	2.1
Total non-current	**(491.7)**	(572.4)
Total interest bearing loans and borrowings	**(779.8)**	(575.3)

Total interest bearing loans and borrowings comprise the following:

	2016 £m	2015 £m
Finance leases	**(3.8)**	(0.2)
2007 Notes	**(223.5)**	(192.8)
2009 Notes	**(174.5)**	(151.3)
2010 Notes	**(138.9)**	(119.8)
2014 Notes	**(122.9)**	(110.1)
Accrued interest	**(3.3)**	(3.4)
Bank loans	**(115.1)**	(0.5)
Capitalised issue costs	**2.2**	2.8
	(779.8)	(575.3)

Analysis of changes in interest-bearing loans and borrowings

	2016 £m	2015 £m
At the beginning of the period	**(575.3)**	(562.3)
Acquisition of subsidiary	**(36.7)**	-
Acquired debt repaid	**38.0**	-
Net loans (drawndown)/repaid	**(104.5)**	0.9
Partial repayment of 2009 Notes	**-**	18.0
Issue costs	**-**	2.2
Net repayment of finance leases	**0.1**	0.1
Amortisation of issue costs and write off of financing fees	**(0.6)**	(0.7)
Net translation loss and fair value adjustment	**(100.9)**	(33.7)
Accrued interest	**0.1**	0.2
At the end of the period	**(779.8)**	(575.3)
Derivatives hedging balance sheet debt *	**157.5**	71.8
Debt translated at contracted rate	**(622.3)**	(503.5)

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

21. Interest bearing loans and borrowings (continued)

Bank loans

The bank loans classified as non-current are repayable by December 2018 (2015: December 2018).

Loans outstanding at 02 October 2016 attract interest at an average rate of 0.49% for euro denominated loans and 4.25% for Brazilian Reals denominated loans (2015: 4.52% for euro denominated loans).

Private placement notes

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

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

The group entered into a number of cross-currency swap agreements in relation to the loan notes to manage any foreign exchange risk on interest rates or on the repayment of the principal borrowed. These swaps expire in line with the loan notes and are discussed in note 25.

See note 24 for an analysis of the interest rate profile and the maturity of the borrowings and related interest rate swaps.

22. Pensions

Net (liability)/asset by scheme

	GB £m	ROI £m	NI £m	France £m	2016 Total £m
Present value of benefit obligation	**(805.4)**	**(91.3)**	**(39.8)**	**(3.9)**	**(940.4)**
Fair value of plan assets	**804.9**	**77.7**	**40.4**	**-**	**923.0**
Net (liability)/asset	**(0.5)**	**(13.6)**	**0.6**	**(3.9)**	**(17.4)**

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

GB Schemes

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

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

Certain properties and group brands have been transferred to Britvic PP and Britvic Brands LLP respectively, all of which are leased back to Britvic Soft Drinks Limited. The group retains operational flexibility over the properties and brands including the ability to substitute the properties and brands held by Britvic PP and Britvic Brands respectively. The BPP is entitled to a share of the profits in Britvic SLP until 2026. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at this time, up to a maximum of £105m.

22. Pensions (continued)

GB Schemes (continued)
Contributions are paid into the defined benefit section of the BPP as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. In addition to the expected partnership income of at least £5m per annum, the group will make payments to the BPP of £15m per annum by 31 December each year, in 2016 and 2017. Additional contributions of £15m per annum by 31 December in the years 2018 and 2019 will be made should the formal actuarial valuation in 2016 reveal that these contributions are necessary to return the BPP to full funding on a self-sufficiency basis by 31 March 2020. During this year £20.0m of additional contributions were paid to the BPP, of which £15.0m was paid by the group and £5.0m relates to income received from the pension funding partnership ('PFP') structure. The triennial valuation of the scheme as at 31 March 2016 is currently underway and is expected to be complete by 31 March 2017.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2016 was £12.0m (2015: £11.4m).

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.

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

The amount recognised as an expense in relation to the Irish defined contribution schemes in the consolidated income statement for 2016 was £0.7m (2015: £0.6m).

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

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

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

Net benefit income/(expense)

	2016 Total £m	2015 Total £m
Current service cost	**(1.3)**	(1.2)
Past service credit	**2.2**	-
Net interest on net defined benefit asset/(liability)	**1.1**	0.4
Curtailment/settlement gain	**1.2**	0.1
Net income/(expense)	**3.2**	(0.7)

The past service cost gain during the current period arose on the GB scheme due to a Pension Increase Exchange that was offered to members, in which members were given the option to exchange pensions which will receive future inflationary increases, for a higher pension now which will not increase in future. The curtailment/settlement gain in the current period of £1.2m arose due to the retirement of an executive and the exchange of his benefits in the BETUS for a cash lump sum recognised in administration expenses.

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

22. Pensions (continued)

Taken to the statement of comprehensive income

	2016 Total £m	2015 Total £m
Actual return on scheme assets	**188.0**	48.1
Less: Amounts included in net interest expense	**(27.1)**	(27.0)
Return on plan assets (excluding amounts included in net interest expense)	**160.9**	21.1
Gains/(losses) due to demographic assumptions	**(0.5)**	(0.7)
Losses due to financial assumptions	**(226.1)**	(18.7)
Experience gains	**7.0**	1.5
Remeasurement losses taken to the statement of comprehensive income	**(58.7)**	3.2

Movements in present value of benefit obligation

	GB £m	ROI £m	NI £m	France £m	2016 Total £m
At 27 September 2015	**(619.4)**	**(61.2)**	**(30.1)**	**(2.8)**	**(713.5)**
Exchange differences	**-**	**(12.6)**	**-**	**(0.6)**	**(13.2)**
Settlement gain	**1.2**	**-**	**-**	**-**	**1.2**
Past service credit	**2.2**	**-**	**-**	**-**	**2.2**
Current service cost	**-**	**(1.0)**	**(0.1)**	**(0.2)**	**(1.3)**
Member contributions	**-**	**(0.2)**	**-**	**-**	**(0.2)**
Interest cost on benefit obligation	**(23.1)**	**(1.7)**	**(1.1)**	**(0.1)**	**(26.0)**
Benefits paid	**26.4**	**2.2**	**1.1**	**0.1**	**29.8**
Remeasurement losses	**(192.7)**	**(16.8)**	**(9.7)**	**(0.3)**	**(219.5)**
At 2 October 2016	**(805.4)**	**(91.3)**	**(39.9)**	**(3.9)**	**(940.5)**
Weighted average duration of the liabilities	**22 years**	**23 years**	**20 years**	**15 years**	

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

22. Pensions (continued)

Movements in fair value of plan assets

	GB £m	ROI £m	NI £m	2016 Total £m
At 27 September 2015	**639.3**	**58.9**	**32.6**	**730.8**
Exchange differences	**-**	**11.2**	**-**	**11.2**
Interest income on plan assets	**24.4**	**1.6**	**1.1**	**27.1**
Return on scheme assets excluding interest income	**147.6**	**7.1**	**6.2**	**160.9**
Employer contributions	**20.0**	**0.9**	**1.6**	**22.5**
Member contributions	**-**	**0.2**	**-**	**0.2**
Benefits paid	**(26.4)**	**(2.2)**	**(1.1)**	**(29.7)**
At 2 October 2016	**804.9**	**77.7**	**40.4**	**923.0**

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

Principal assumptions

The assets and liabilities of the pension schemes were valued on an IAS 19 (Revised) basis at 2 October 2016 by Towers Watson (BPP and the French schemes), Invesco (BIPP) and Buck (BNIPP).

Financial assumptions

2016	**GB %**	**ROI %**	**NI %**	**France %**
Discount rate	**2.30**	**1.50**	**2.20**	**0.80 - 1.15**
Rate of compensation increase	**n/a**	**2.00**	**3.55**	**2.00 - 3.00**
Pension increases	**1.80 - 2.85**	**-**	**2.05 - 2.25**	**-**
Inflation assumption	**3.05**	**1.30**	**2.25**	**0.02**

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

* Rate dependent on employee and business unit.

22. Pensions (continued)

Demographic assumptions

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

	2016 GB Years	2016 ROI Years	2016 NI Years	2015 GB Years	2015 ROI Years	2015 NI Years
Current pensioners (at age 65) – males	**21.5**	**21.0**	**22.3**	21.4	20.9	22.2
Current pensioners (at age 65) – females	**24.5**	**23.5**	**25.6**	24.4	23.4	25.0
Future pensioners currently aged 45 (at age 65) – males	**23.2**	**23.4**	**24.4**	23.2	23.3	24.0
Future pensioners currently aged 45 (at age 65) – females	**26.4**	**25.6**	**27.6**	26.3	25.5	26.6

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

Sensitivities

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

Assumption	Change in assumption	Impact on GB liabilities	Impact on ROI liabilities	Impact on NI liabilities	Impact on France liabilities
Discount rate	Increase by 0.5%	Decrease by £81.6m	Decrease by £9.6m	Decrease by £3.6m	Decrease by £0.3m
	Decrease by 0.5%	Increase by £95.4m	Increase by £11.1m	Increase by £4.3m	Increase by £0.3m
Inflation rate	Increase by 0.25%*	Increase by £30.6m	Increase by £2.5m	Increase by £4.2m	Increase by £0.2m
	Decrease by 0.25%*	Decrease by £22.8m	Decrease by £2.4m	Decrease by £3.8m	Decrease by £0.1m
Longevity rates	Increase by 1 year	Increase by £27.3m	Increase by £1.6m	Increase by £4.1m	n/a

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

Categories of scheme assets

	GB £m	ROI £m	NI £m	2016 Total £m	2016 Total %
UK equities	**46.0**	**2.3**	**10.0**	**58.3**	**6**
Overseas equities	**5.2**	**30.1**	**9.9**	**45.2**	**5**
Properties	**3.4**	**-**	**-**	**3.4**	**1**
Corporate bonds	**339.1**	**-**	**5.9**	**345.0**	**37**
Fixed interest gilts	**73.2**	**41.6**	**5.8**	**120.6**	**13**
Index linked gilts	**267.3**	**-**	**8.3**	**275.6**	**30**
Cash and other assets	**70.7**	**3.7**	**0.5**	**74.9**	**8**
Total	**804.9**	**77.7**	**40.4**	**923.0**	**100**

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

22. Pensions (continued)

Categories of scheme assets (continued)
The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets whereas the fair values of properties are not based on quoted market prices. The fixed interest and index linked asset classes include leveraged gilt funds.

Normal contributions of £0.8m are expected to be paid into the defined benefit pension schemes during the 2017 financial year.

Additional contributions of £21.5m are expected to be paid into the defined benefit pension schemes during the 2017 financial year, of which £16.5m is expected to be paid by the group and £5.0m by the partnership.

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

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

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

The trustee of the BPP agreed to implement an investment strategy which consists of a diverse range of fixed interest and index-linked securities, which will provides a significant hedge against inflation and interest rate risk. The intention is to continue to remove equities from the investment portfolio to further reduce investment risk.

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

23. Trade and other payables (current)

	2016 £m	2015 £m
Trade payables	**249.8**	261.9
Other payables	**44.4**	23.6
Accruals	**94.7**	80.7
Other taxes and social security	**48.3**	51.2
	437.2	417.4

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

24. 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 17 and 23 respectively).

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

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

Interest rate risk
The group's policy is to manage its interest cost by maintaining a mix of fixed and variable rate debt. The group enters into interest rate swaps, cross currency swaps and forward rate agreements to hedge underlying debt obligations. At 2 October 2016 after taking into account the effect of these instruments, approximately 55% of the group's borrowings are at a fixed rate of interest (2015: 77%).

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).

24. Financial risk management objectives and policies (continued)

	Increase/ (decrease) in basis points	Effect on profit/(loss) before tax £m	Effect on equity £m
2016			
Sterling	**200**	**1.1**	**21.5**
	(200)	**(1.1)**	**(24.2)**
Euro	**200**	**(3.1)**	**3.9**
	(200)	**3.1**	**(4.2)**
2015			
Sterling	200	0.6	25.7
	(200)	(0.6)	(28.8)
Euro	200	(1.4)	3.9
	(200)	1.4	(4.4)

Foreign currency risk

Foreign currency risk is primarily in respect of exposure to fluctuations to the sterling-euro, sterling-US dollar, euro-US dollar and sterling-Brazilian real 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. In addition during the current period the group has entered into forward currency contracts to fix the sterling amount payable on the deferred consideration due on the purchase of a subsidiary in Brazil.

The group also has transactional exposures arising from purchases of prime materials, capital expenditure and interest costs in currencies other than the functional currency of the individual group entities. Non-functional currency purchases and interest costs are mainly in the currencies of US dollars and euros. As at 2 October 2016 the group has hedged 74% (2015: 62%) 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, euro and Brazilian real 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
2016			
Sterling/euro	**10**	**4.1**	**(12.0)**
	(10)	**(4.1)**	**12.0**
Sterling/US dollar	**10**	**0.1**	**(1.0)**
	(10)	**(0.1)**	**1.0**
Euro/US dollar	**10**	**1.1**	**(1.7)**
	(10)	**(1.1)**	**1.7**
Sterling/Brazilian real	**10**	**(3.2)**	**-**
	(10)	**3.2**	**-**
2015			
Sterling/euro	10	1.9	(4.5)
	(10)	(1.9)	4.5
Sterling/US dollar	10	0.4	(1.1)
	(10)	(0.4)	1.1
Euro/US dollar	10	0.4	(1.4)
	(10)	(0.4)	1.4

24. 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 experience of bad debts is not significant. The maximum exposure is the carrying amount disclosed in note 17. There are no significant concentrations of credit risk within the group.

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

Commodity price risk

The main commodity price risk arises in the purchases of prime materials, being polyethylene terephthalate (PET), sugar, steel and frozen concentrated orange juice. The group does not enter into derivative contracts to hedge commodity price risk however in the normal course of business where it is considered commercially advantageous, the group enters into fixed price contracts with suppliers to protect against unfavourable commodity price changes.

Share schemes equity price risk

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

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

	Increase/ (decrease) in share price %	Effect on profit before tax £m
2016	**10**	**0.7**
	(10)	**(0.7)**
2015	10	1.0
	(10)	(1.0)

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 and 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 group's bank facility has a maturity of November 2021 and is unsecured. As at 2 October 2016, the group had drawn down £113.5m (2015: £nil) under this facility. In addition to this facility the group had £1.6m of outstanding external borrowings all of which were secured (2015: £0.5m all of which were secured).

24. Financial risk management objectives and policies (continued)

The table below summarises the maturity profile of the group's financial liabilities at 2 October 2016 based on contractual undiscounted payments and receipts including interest:

2016	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Bank loans	114.2	0.9	-	115.1
Private placement notes	198.4	397.8	153.7	749.9
Derivatives hedging private placement notes - payments	132.2	255.9	111.5	499.6
Derivatives hedging private placement notes - receipts	(144.5)	(278.4)	(114.8)	(537.7)
	186.1	375.3	150.4	711.8
Trade and other payables (excluding other taxes and social security)	388.9	-	-	388.9
Finance leases	0.9	2.9	-	3.8
Other financial liabilities	1.1	0.7	-	1.8
	691.2	379.8	150.4	1,221.4

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

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 25.

24. Financial risk management objectives and policies (continued)

Fair values of financial assets and financial liabilities

Hierarchy

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

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

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

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

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

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

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

The fair value of the group's fixed rate interest-bearing borrowings and loans at 2 October 2016 was £690.3m (2015: £596.8m) compared to a carrying value of £661.3m (2015: £575.1m). The fair value of the group's fixed rate interest-bearing borrowings and loans are determined by using discounted cash flow methods using discount rates that reflect the group's borrowing rate as at the end of the reporting period.

Capital management

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

The following table summarises the capital of the group:

	2016 £m	2015 £m
Financial assets		
Cash and cash equivalents	**(205.9)**	(239.6)
Derivatives hedging balance sheet debt	**(157.5)**	(71.8)
Financial liabilities		
Financial liabilities held at amortised cost	**779.8**	575.3
Adjusted net debt	**416.4**	263.9
Equity	**281.0**	211.8
Capital	**697.4**	475.7

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

The group monitors capital on the basis of the adjusted net debt/EBITDA ratio. Adjusted net debt is calculated as being the net of cash and cash equivalents, interest bearing loans and borrowings and the element of the fair value of interest rate currency swaps hedging the balance sheet value of the US private placement notes. Adjusted net debt is shown in note 28. 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.

25. Derivatives and hedge relationships

As at the 2 October 2016 the group had entered into the following derivative contracts.

	2016 £m	2015 £m
Consolidated balance sheet		
Non-current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps[1]	**58.1**	44.8
Fair value of the USD GBP cross currency floating interest rate swaps [3]	**39.0**	21.5
Fair value of the GBP euro cross currency floating interest rate swaps [2]	**1.0**	24.1
Fair value of forward currency contracts	**0.5**	-
	98.6	90.4
Current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps[1]	**41.6**	3.4
Fair value of the USD GBP cross currency floating interest rate swaps [3]	**16.8**	4.6
Fair value of the GBP euro cross currency floating interest rate swaps [2]	**1.7**	1.1
Fair value of forward currency contracts [1]	**9.3**	1.8
Fair value of forward currency contracts	**11.6**	-
	81.0	10.9
Current liabilities: derivative financial instruments		
Fair value of forward currency contracts [1]	**(0.3)**	(10.9)
Fair value of forward currency contracts	**-**	(1.3)
Fair value of foreign exchange swaps	**-**	(1.3)
Fair value of interest rate swaps	**-**	(0.3)
Fair value of equity forwards	**(0.8)**	-
	(1.1)	(13.8)
Non-current liabilities: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps[1]	**-**	(0.3)
Fair value of the GBP euro cross currency fixed interest rate swaps [2]	**(3.6)**	-
Fair value of the USD GBP cross currency floating interest rate swaps [3]	**-**	-
Fair value of equity forwards	**(0.7)**	(1.0)
	(4.3)	(1.3)

[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.

25. Derivatives and hedge relationships (continued)

Derivatives not designated as part of hedge relationships

Equity derivatives –equity forwards
The group operates several employee incentive share schemes. It has an exposure to the share price for the schemes in which shares are purchased in the market to satisfy the requirements of the plan. The group has equity forwards against schemes that mature in 2016 and 2017.

Forward currency contracts – Ebba
As part of cash management for expected future payments in relation to the deferred consideration of the purchase of Ebba BR$150.0m of BR$/sterling FX forwards were in existence at 2 October 2016 (2015: BR$50.0m in relation to operational requirements).

Derivatives designated as part of hedge relationships
As at the 2 October 2016 these hedging relationships are categorised as follows:

Cash flow hedges

Forward currency contracts
The forward currency contracts hedge the expected future purchases in the period to March 2018 and have been assessed as part of effective cash flow hedge relationships as at 2 October 2016.

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

Cross currency interest rate swaps
USD GBP cross currency interest rate swaps

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

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP Notes. The maturity profile of the USPP Notes can be seen in note 21.

During the year the cash flow hedge has been tested for effectiveness and as a result a £0.4m gain (2015: £2.1m gain) has been recognised in the income statement in respect of ineffectiveness.

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

2016	Net unrealised gain/(loss) within equity £m	Related deferred tax asset/(liability) £m
Forward currency contracts	**9.5**	**(1.6)**
2007 cross currency swaps	**2.3**	**(0.4)**
2010 cross currency swaps	**(3.9)**	**0.7**
2014 cross currency swaps	**(3.4)**	**0.6**

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

Fair value hedges

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

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

The increase in fair value of the cross currency interest rate swaps, excluding maturities, of £29.7m (2015: £11.9m increase) has been recognised in finance costs and offset with a similar loss on the borrowings of £30.2m (2015: £12.5m loss). The net loss of £0.5m (2015: £0.6m loss) represents the ineffective portion on the hedges of the debt.

25. Derivatives and hedge relationships (continued)

Net investment hedges

2009 and 2010 GBP EUR cross currency interest rate swaps

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

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

No ineffectiveness has been recognised in the consolidated income statement (2015: £nil).

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

	2016 £m	2015 £m
Consolidated statement of comprehensive income		
Amounts recycled to the income statement in respect of cash flow hedges		
Forward currency contracts*	**(8.7)**	(0.7)
2007 cross currency interest rate swaps**	**(30.6)**	(11.8)
2010 cross currency interest rate swaps**	**(12.1)**	(4.7)
2014 cross currency interest rate swaps**	**(12.8)**	(4.9)
	(64.2)	(22.1)
Ineffectiveness recognised in the income statement in respect of cash flow hedges		
2010 cross currency interest rate swaps**	**0.4**	1.5
2014 cross currency interest rate swaps**	**-**	0.6
	0.4	2.1
Gains/(losses) in the period in respect of cash flow hedges		
Forward currency contracts	**17.1**	(8.2)
2007 cross currency interest rate swaps	**29.0**	10.7
2010 cross currency interest rate swaps	**10.9**	3.4
2014 cross currency interest rate swaps	**11.5**	4.2
	68.5	10.1
Exchange differences on translation of foreign operations		
Movement on 2009 GBP euro cross currency interest rate swaps	**(18.8)**	6.3
Movement on 2010 GBP euro cross currency interest rate swaps	**(7.2)**	3.9
Exchange movements on translation of foreign operations	**62.5**	(11.7)
	36.5	(1.5)

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

26. Provisions

	Restructuring £m	Other £m	Total £m
At 28 September 2014	3.8	1.9	5.7
Provisions made during the year	0.6	-	0.6
Provisions utilised during the year	(1.9)	(0.3)	(2.2)
Unused amounts reversed	(1.4)	(0.1)	(1.5)
Unwinding of discount	-	0.1	0.1
Exchange differences	-	(0.2)	(0.2)
At 27 September 2015	1.1	1.4	2.5
Provisions made during the year	4.2	1.9	6.1
Acquisition of subsidiary	-	4.3	4.3
Provisions utilised during the year	(1.7)	(0.2)	(1.9)
Unused amounts reversed	(0.2)	(0.7)	(0.9)
Exchange differences	0.2	2.4	2.6
At 2 October 2016	**3.6**	**9.1**	**12.7**
Current	**3.6**	**3.2**	**6.8**
Non-current	**-**	**5.9**	**5.9**
Total	**3.6**	**9.1**	**12.7**

Restructuring provisions
Restructuring provisions at 2 October 2016 and 27 September 2015, primarily relate to contract termination costs, consultation fees and employee termination benefits, recognised by the group following the implementation of cost initiatives announced in May 2013.

Other provisions
Other provisions at 27 September 2015, primarily relate to onerous lease provisions that have arisen due to the exit of certain group premises, and the period over which these will be settled ranges from 1 to 8 years. In addition during the current period certain provisions have been recognised on the acquisition of a subsidiary in Brazil which relate to regulatory and legal claims and are expected to be settled in 1 to 5 years. The impact of discounting was deemed to be immaterial.

27. Share-based payments

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

The expense recognised for share-based payments in respect of employee services received during the 53 weeks ended 2 October 2016, including national insurance is £6.6m (2015: £10.6m). 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 HMRC approved share plan open to employees based in GB. Employees are entitled to receive the annual free share award, where granted by the group, provided they are employed by the company on the last day of each financial year and on the award date. Employees can't sell these shares for three years from their date of award. There are no cash settlement alternatives. Employees also have the opportunity to invest up to £138 every 4 weeks (£1,800 per year) through the partnership share scheme. This is deducted from their gross salary. Matching shares are offered on the basis of one free matching share for each ordinary share purchased with a participant's savings, up to a maximum of £50 (2015: £50) per four week pay period.

27. Share-based payments (continued)

The Britvic Share Incentive Plan ('SIP') (continued)
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.

	2016 No. of shares	2016 Weighted average fair value	2015 No. of shares	2015 Weighted average fair value
Annual free shares award	**290,737**	**706.7p**	316,288	655.1p
Matching shares award – 1 free share for every ordinary share purchased	**112,732**	**677.8p**	108,421	700.1p

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

Options granted in 2016 and 2015
The performance condition requires the increase in EPS of 6% - 12% pa compound over a three year performance period for the options to vest. If the EPS growth is 6%, 20% of the options will vest, with full vesting at 12% EPS growth. Straight-line apportionment will be applied between these two levels to determine the number of options that vest and no options will vest if the EPS growth is below the lower threshold.

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

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

	Number of share options	Weighted average exercise price (pence)
Outstanding at 28 September 2014	5,341,935	383.9
Granted	1,007,632	671.0
Exercised	(1,232,994)	303.2
Forfeited	(31,844)	639.1
Lapsed	(466,483)	331.6
Outstanding at 27 September 2015	4,618,246	471.5
Granted	966,932	710.9
Exercised	(1,438,294)	304.4
Lapsed	(250,608)	670.9
Outstanding at 2 October 2016	**3,896,276**	**579.8**
Exercisable at 2 October 2016	**1,324,139**	**381.5**

The weighted average share price for share options exercised during the period was 706.7p (2015: 711.8p).

The share options outstanding as at 2 October 2016 had a weighted average remaining contractual life of 7.3 years (2015: 6.9 years) and the range of exercise prices was 221.0p – 711.7p (2015: 221.0p – 671.0p).

The weighted average fair value of options granted during the period was 110.7p (2015: 101.3p).

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

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

27. Share-based payments (continued)

The Britvic Performance Share Plan ('PSP') (continued)

Awards granted in 2016

Two awards were granted in 2016. The first award is split between the senior leadership team and the senior management team. The performance condition applied to awards granted to members of the senior leadership team is divided 75% and 25% between EPS and the total shareholder return (TSR) performance conditions respectively. EPS is the only condition applied to awards granted to senior management team. The EPS condition is the same as described in the ESOP section for options granted in 2015.

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

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 second award is an exceptional award under the Performance Share Plan and has been awarded to selected employees. The performance condition applied to awards granted is continued employment for three years from date of grant.

Awards granted in 2015

Awards granted in 2015 were as per the first award in 2016 outlined above.

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

Number of shares and nil cost options subject to specific conditions	TSR condition	EPS condition	ROIC condition	Continued employment condition
Outstanding at 28 September 2014	916,248	2,036,147	916,245	-
Granted	174,142	861,161	10,365	-
Exercised	(292,376)	(337,124)	(22,455)	-
Forfeited	(7,086)	(55,990)	(4,376)	-
Lapsed	-	(263,209)	(398,169)	-
Outstanding at 27 September 2015	790,928	2,240,985	501,610	-
Granted	151,802	1,085,117	9,378	147,004
Exercised	(358,438)	(729,777)	(304,523)	-
Lapsed	(50,018)	(315,665)	(26,541)	-
Outstanding at 2 October 2016	**534,274**	**2,280,660**	**179,924**	**147,004**

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

2 October 2016	5.2	4.9	-	-
27 September 2015	6.2	5.7	5.7	-

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

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

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

	2016	2015
Dividend yield (%)	**3.79 - 3.94**	3.84
Expected volatility (%)	**25.6 - 25.7**	26.5
Risk-free interest rate (%)	**0.6 - 0.9**	0.7 - 1.2
Expected life of option (years)	**3 - 5**	3 - 5
Share price at date of grant (pence)	**676.0 - 704.5**	648.0
Exercise price (pence)	**683.0 - 711.7**	671.0

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

28. Notes to the consolidated cash flow statement

Analysis of net debt

	2015	Cash flows	Exchange differences	Other movement	**2016**
	£m	£m	£m	£m	**£m**
Cash and cash equivalents	239.6	(35.8)	2.1	-	**205.9**
Debt due within one year	(2.9)	(66.5)	(15.0)	(203.7)	**(288.1)**
Debt due after more than one year	(572.4)	-	(85.7)	166.4	**(491.7)**
	(335.7)	(102.3)	(98.6)	(37.3)	**(573.9)**
Derivatives hedging the balance sheet debt *	71.8	-	85.7	-	**157.5**
Adjusted net debt	(263.9)	(102.3)	(12.9)	(37.3)	**(416.4)**

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

* 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.

29. Commitments and contingencies

Operating lease commitments

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

			2016
	Land and buildings	**Other**	**Total**
	£m	**£m**	**£m**
Within one year	**3.0**	**6.0**	**9.0**
After one year but not more than five years	**10.7**	**8.9**	**19.6**
After more than five years	**26.7**	**0.1**	**26.8**
	40.4	**15.0**	**55.4**

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

29. Commitments and contingencies (continued)

Finance lease commitments

Future minimum lease payments under finance leases are as follows:

	2016 £m	2015 £m
Within one year	**0.9**	0.1
After one year but not more than five years	**2.9**	0.2
	3.8	0.3

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

Capital commitments

At 2 October 2016, the group has commitments of £50.6m (2015: £8.9m) relating to the acquisition of new plant and machinery.

Contingent liabilities

The group had no material contingent liabilities at 2 October 2016 (2015: none).

30. Related party disclosures

The consolidated financial statements include the financial statements of Britvic plc and the subsidiaries listed in the table below.

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 EMEA Limited	Marketing and distribution of soft drinks	England and Wales	100
Britvic Soft Drinks Limited	Manufacture and sale of soft drinks	England and Wales	100
Robinsons Soft Drinks Limited	Holding company	England and Wales	100
Orchid Drinks Limited	Brand licence holder	England and Wales	100
Red Devil Energy Drinks Limited	Brand licence holder	England and Wales	100
Britvic International Investments Limited	Holding company	England and Wales	100
Britvic Overseas Limited	Holding company	England and Wales	100
Britvic Pensions Limited	Dormant	England and Wales	100
Britvic Property Partnership	Pension funding vehicle	England and Wales	100
Britvic Brands LLP	Pension funding vehicle	England and Wales	100
Britvic Asset Company No.1 Limited	Pension funding vehicle	England and Wales	100
Britvic Asset Company No.2 Limited	Pension funding vehicle	England and Wales	100
Britvic Asset Company No.3 Limited	Pension funding vehicle	England and Wales	100
Britvic Asset Company No.4 Limited	Pension funding vehicle	England and Wales	100
Britvic Finance Partnership LLP	Financing company	England and Wales	100
Robinsons (Finance) No.2 Limited	Financing company	England and Wales	100
Britvic Scottish Limited Partnership	Pension funding vehicle	Scotland	100
Britvic Finance Limited	Financing company	Jersey	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 Americas Limited	Marketing and distribution of soft drinks	Republic of Ireland	100
Britvic Ireland Pension Trust DAC	Pension trust company	Republic of Ireland	100
Robinsons (Finance) Limited	Financing company	Republic of Ireland	100
Counterpoint Wholesale (Ireland) Limited	Wholesale of soft drinks to the licensed trade	Republic of Ireland	100
Counterpoint Wholesale (NI) Limited	Wholesale of soft drinks to the licensed trade	Northern Ireland	100
Britvic Northern Ireland Pensions Trust Ltd	Pension trust company	Northern Ireland	100
Britvic North America LLC	Marketing and distribution of soft drinks	USA	100
Britvic France SNC	Holding partnership	France	100
Fruité Entreprises SAS	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
Britvic Brasil Holdings SA	Holding company	Brazil	100
Empresa Brasileira de Bebidas e Alimentos SA	Manufacture and sale of soft drinks	Brazil	100
Britvic Asia PTE. Ltd	Holding company	Singapore	100
Britvic India Manufacturing Private Ltd.	Manufacture and sale of soft drinks	India	100
Britvic International Support Services Ltd	Dormant	England and Wales	100
Greenbank Drinks Company Limited	Dormant	England and Wales	100
The Really Wild Drinks Company Limited	Dormant	England and Wales	100
H. D. Rawlings Limited	Dormant	England and Wales	100
R. White & Sons Limited	Dormant	England and Wales	100
Idris Limited	Dormant	England and Wales	100
The Southern Table Water Company Ltd	Dormant	England and Wales	100
Britvic Corona Limited	Dormant	England and Wales	100
Britvic Beverages Limited	Dormant	England and Wales	100
Sunfresh Soft Drinks Limited	Dormant	England and Wales	100
The London Essence Company Limited	Dormant	England and Wales	100
Hooper, Struve & Company Limited	Dormant	England and Wales	100
British Vitamin Products Limited	Dormant	England and Wales	100
Britvic Healthcare Trustee Limited	Dormant	England and Wales	100
Wisehead Productions Limited	Dormant	England and Wales	100
Britvic Licensed Wholesale Limited	Dormant	Republic of Ireland	100
Britvic Munster Limited	Dormant	Republic of Ireland	100

30. Related party disclosures (continued)

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.

	2016 £m	2015 £m
Short-term employee benefits	**5.9**	6.1
Post-employment benefits	**0.5**	0.1
Share-based payments	**0.7**	2.0
	7.1	8.2

See note 8 for details of directors' emoluments.

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

31. Acquisition of subsidiary

On 30 September 2015, the group acquired 100% of the issued share capital of Empresa Brasileira de Bebidas e Alimentos SA (Ebba), a leading soft drinks company in Brazil. The acquisition is in line with the strategic direction of the group, specifically to pursue international expansion by capitalising on global opportunities in the kids, family and adult categories, where Britvic has the leading brands in its core markets.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	£m
Property, plant and equipment	19.2
Intangible assets	38.6
Other non-current assets	0.1
Deferred tax assets	5.3
Inventory	12.4
Trade and other current receivables	12.2
Current tax assets	0.3
Cash and cash equivalents	1.4
Total assets	**89.5**
Trade and other current payables	(8.8)
Interest bearing loans and borrowings	(36.7)
Provisions	(4.3)
Other non-current liabilities	(1.0)
Total liabilities	**(50.8)**
Total identifiable net assets	**38.7**
Goodwill	21.0
Total consideration	**59.7**
Satisfied by:	
Cash	42.6
Deferred consideration (discounted)	19.1
Tax receivable	(2.0)
Total consideration	**59.7**
Net cash outflow arising on acquisition:	
Cash consideration	42.6
Less: cash and cash equivalent balances acquired	(1.4)
Total consideration transferred	**41.2**

31. Acquisition of subsidiary (continued)

The consideration for the acquisition comprises an initial cash consideration of £32.4m (BR$193.8m) and the cost of foreign exchange forwards taken out to hedge the purchase of the company of £10.2m less £2.0m tax receivable in relation to the foreign exchange forwards. The deferred consideration of £25.4m (BR$152.2m) is due on 30 September 2017 and is included in the consolidated balance sheet in other current liabilities at its current discounted value of £31.2m. In addition there was a repayment of Ebba debt of £32.1m (BR$192.5m) subsequent to acquisition*.

Included in goodwill are certain intangible assets that cannot be individually separated and reliably measured due to their nature. These items include the assembled workforce and the market presence which Ebba has in the Brazilian market that Britvic can use to exploit the potential of its global brands.

Trade and other current receivables with a fair value of £12.2m have been recognised on acquisition. The gross contractual amounts on these receivables are £12.8m with £0.6m not expected to be collected.

From the date of acquisition to 2 October 2016, the acquired business contributed £89.5m to revenue and £17.5m to brand contribution for the period. Due to the timing of the acquisition on 30 September 2015, the revenue and contribution for the period is materially the same as if Ebba had been completed on the first day of the financial period. Foreign exchange gains of £8.7m on goodwill have been recognised in the consolidated statement of other comprehensive income in the period to 2 October 2016.

Integration related costs of £5.2m have been incurred in the current period. Acquisition related costs of £6.5m were incurred in the prior period. These have been included within exceptional and other items (see note 5).

*All £ amounts are at the £:BR$ rate prevailing at the acquisition date of 30 September 2015 with the exception of the current value of the deferred consideration.

32. Post balance sheet event

Subsequent to the period end, the group announced the acquisition, subject to competition approval, of East Coast Suppliers Limited, a licensed wholesaler in Ireland. The acquisition price is deemed not material to the group.

Company balance sheet

At 2 October 2016

	Note	2016 £m	2015 £m
Non-current assets			
Investments in group undertakings	5	**775.0**	768.4
Other receivables		**0.2**	-
Derivative financial instruments	9	**98.1**	90.4
Deferred tax asset		**0.8**	-
		874.1	858.8
Current assets			
Trade and other receivables	6	**358.6**	163.9
Derivative financial instruments	9	**71.7**	9.2
Cash and cash equivalents		**-**	87.8
		430.3	260.9
Current liabilities			
Trade and other payables	7	**(92.1)**	(81.1)
Bank overdraft	8	**(27.7)**	(34.5)
Interest bearing loans	8	**(173.0)**	(2.7)
Derivative financial instruments	9	**-**	(11.8)
Other payables		**(1.6)**	-
		(294.4)	(130.1)
Net current assets		**135.9**	130.8
Total assets less current liabilities		**1,010.0**	989.6
Non-current liabilities			
Interest bearing loans and borrowings	8	**(487.9)**	(571.9)
Derivative financial instruments	9	**(3.6)**	(0.3)
Other non-current liabilities		**-**	(1.5)
		(491.5)	(573.7)
Net assets		**518.5**	415.9
Capital and reserves			
Issued share capital	10	**52.6**	52.2
Share premium account		**129.1**	123.2
Own shares reserve		**(3.3)**	(11.4)
Hedging reserve		**(4.2)**	(0.8)
Merger reserve		**87.3**	87.3
Retained earnings		**257.0**	165.4
Total equity		**518.5**	415.9

The financial statements were approved by the board of directors and authorised for issue on 29 November 2016. They were signed on its behalf by:

Simon Litherland

Mathew Dunn

Company cash flow statement

For the 53 weeks ended 2 October 2016

	2016 £m	2015 £m
Cash flows from operating activities		
Profit before tax	**157.5**	44.4
Finance income	**(146.7)**	(54.0)
Other financial instruments	**(23.0)**	11.5
Increase in trade and other receivables	**2.1**	(2.6)
(Decrease)/increase in trade and other payables	**0.5**	10.5
Net cash flows from operating activities	**(9.6)**	9.8
Cash flows from investing activities		
Interest received	**0.5**	3.3
Dividend received	**164.7**	72.0
Net cash flows used in investing activities	**165.2**	75.3
Cash flows used in financing activities		
Issue costs paid	**-**	(2.2)
Interest paid	**(20.1)**	(23.7)
Repayment of 2009 USPP Notes	**-**	(18.0)
Internal loans repaid	**(158.3)**	(10.1)
Purchases of own shares	**(2.1)**	(11.9)
Issue of shares relating to incentive schemes for employees	**5.9**	3.7
Issue of shares under a non-pre-emptive placing, net of costs	**(1.1)**	87.8
Dividend paid to equity shareholders	**(60.9)**	(52.9)
Net cash flows used in financing activities	**(236.6)**	(27.3)
Net (decrease)/increase in cash and cash equivalent	**(81.0)**	57.8
Cash and cash equivalent at beginning of period	**53.3**	(4.5)
Cash and cash equivalent at the end of the period	**(27.7)**	53.3

Company statement of changes in equity

For the 53 weeks ended 2 October 2016

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 28 September 2014	49.4	33.5	(2.9)	2.2	87.3	171.3	340.8
Profit for the year	-	-	-	-	-	44.4	44.4
Movement in cash flow hedges	-	-	-	(3.0)	-	-	(3.0)
Total comprehensive income	-	-	-	(3.0)	-	44.4	41.4
Issue of shares	2.8	89.7	(2.1)	-	-	-	90.4
Own shares purchased for share schemes	-	-	(13.4)	-	-	-	(13.4)
Own shares utilised for share schemes	-	-	7.0	-	-	(5.6)	1.4
Movement in share based schemes	-	-	-	-	-	8.2	8.2
Payment of dividend	-	-	-	-	-	(52.9)	(52.9)
At 27 September 2015	52.2	123.2	(11.4)	(0.8)	87.3	165.4	415.9
Profit for the year	-	-	-	-	-	157.5	157.5
Movement in cash flow hedges	-	-	-	(4.2)	-	-	(4.2)
Deferred tax in respect of cash flow hedges	-	-	-	0.8	-	-	0.8
Total comprehensive income	-	-	-	(3.4)	-	157.5	154.1
Issue of shares	0.4	5.9	(1.8)	-	-	-	4.5
Own shares purchased for share schemes	-	-	(3.2)	-	-	-	(3.2)
Own shares utilised for share schemes	-	-	13.1	-	-	(12.1)	1.0
Movement in share based schemes	-	-	-	-	-	7.1	7.1
Payment of dividend	-	-	-	-	-	(60.9)	(60.9)
At 2 October 2016	**52.6**	**129.1**	**(3.3)**	**(4.2)**	**87.3**	**257.0**	**518.5**

Notes to the company financial statements

1. Significant accounting policies, judgements, estimates and assumptions

Statement of compliance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)
The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the provisions of the Companies Act 2006.

There were no material measurement or recognition adjustments on the adoption of FRS 101.

Basis of preparation
These financial statements are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards and present information about the company as an individual undertaking, and not about its group.

The financial statements are prepared under the historical cost convention except for the measurement of derivative instruments at fair value. 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 financial statements are presented in GBP sterling and all values are rounded to the nearest million pounds (£ million).

Significant accounting policies: use of judgement, estimates and assumptions
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 income and expenditure during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. There are no significant judgements and estimates relevant to these financial statements.

Foreign currency translations
The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement and should be read in conjunction with the information provided under Derivative financial instrument and hedging in Notes 3, 24 and 25 of the consolidated financial statements.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Investments
The company recognises its investments in subsidiaries at cost less any provisions made for impairment. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

In respect of IFRS 2 'Share based payment', the company records an increase in its investment in subsidiaries to reflect the share-based compensation expense recorded by its subsidiaries.

Share-based payments
The cost of the equity-settled transactions with employees of other members within of the group is measured by reference to the fair value at the date at which equity instruments are granted and is recognised as a capital contribution in investments in subsidiary undertakings over the vesting period, which ends on the date on which the employees become fully entitled to the award. A corresponding credit is recognised within equity. Fair value is determined by using an appropriate, widely used, valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

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.

1. Significant accounting policies, judgements, estimates and assumptions (continued)

Income taxes

The current income tax 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.

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.

Financial assets

All financial assets held by the company are classified as loans and receivables. Financial assets include cash and cash equivalents, other receivables and loans. The company determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus directly attributable transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets, do not qualify as trading assets and have 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 consolidated income statement when loans and receivables are derecognised or impaired.

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.

Financial liabilities

All financial liabilities are initially recognised in the balance sheet at fair value less directly attributable transactions costs and are subsequently measured at amortised cost using the effective interest rate method.

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

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.

Derivative financial instruments

The company 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.

Fair value hedges

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

1. Significant accounting policies, judgements, estimates and assumptions (continued)

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

Other reserves

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

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

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

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.

New standards and interpretations not applied
See note 3 of the consolidated accounts for details of new standards and interpretations not applied.

2. Auditor's remuneration

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

3. Profit of the company

The company made a profit of £157.5m in the period (2015: profit £44.4m).

4. Directors' remuneration

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

	2016 £m	2015 £m
Directors' emoluments	**3.1**	2.4
Aggregate gains made by directors on exercise of options	**-**	-

	2016 No.	2015 No.
Number of directors accruing benefits under defined benefit schemes	**-**	-

Further information relating to directors' remuneration for the 53 weeks ended 2 October 2016 is shown in the Directors remuneration report on pages 67 to 84.

5. Investments in group undertakings

	2016 £m	2015 £m
Cost and net book value at the beginning of the period	**768.4**	757.8
Capital contribution	**6.6**	10.6
Cost and net book value at the end of the period	**775.0**	768.4

The list of the subsidiary undertakings of which Britvic plc is, either directly or through subsidiary companies, the beneficial owner of the whole of the equity share capital is given in note 30 of the consolidated financial statements.

6. Trade and other receivables

Loans due from subsidiary undertakings	Interest basis	2016 £m	2015 £m
Britvic Soft Drinks Limited	6 month Euribor	**85.0**	72.5
Britvic Asia PTE Limited	6 month Sibor	**10.8**	8.2
Britvic EMEA Limited	6 month Libor	**30.0**	-
Robinsons Soft Drinks Limited	Interest free	**86.7**	73.7
Robinsons Soft Drinks Limited	6 month Libor	**65.0**	-
Britvic Overseas Limited	6 month Libor	**75.8**	-
Britvic North America LLC	1 month US Libor	**4.7**	6.8
		358.0	161.2
Other amounts due from subsidiary undertakings			
Britvic Overseas Limited	Interest free	**0.6**	2.7
		358.6	163.9

All of the amounts due from subsidiary undertakings are repayable on demand.

7. Trade and other payables

	2016 £m	2015 £m
Amounts due to subsidiary undertakings	**88.7**	75.2
Accruals and deferred income	**3.4**	5.9
	92.1	81.1

Amounts due to subsidiary undertakings

Loans due to subsidiary undertakings	Interest basis	2016 £m	2015 £m
Orchid Drinks Limited	6 month Libor	**7.9**	7.7
Britvic Americas Limited	6 month Sibor	**11.0**	-
		18.9	7.7
Other amounts due to subsidiary undertakings			
Britvic Soft Drinks Limited	Interest free	**69.8**	67.5
		88.7	75.2

All of the amounts due to subsidiary undertakings are repayable on demand.

8. Interest bearing loans and borrowings

	2016 £m	2015 £m
Current		
Bank overdrafts	**27.7**	34.5
Private placement notes	**173.7**	3.4
Unamortised issue costs	**(0.7)**	(0.7)
Total current	**200.7**	37.2
Non-current		
Private placement notes	**489.4**	574.0
Unamortised issue costs	**(1.5)**	(2.1)
Total non-current	**487.9**	571.9

Private placement notes

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

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

The company entered into a number of cross-currency swap agreements in relation to the loan notes to manage any foreign exchange risk on interest rates or on the repayment of the principal borrowed. These swaps expire in line with the loan notes and are discussed in note 25 of the consolidated financial statements.

See note 24 of the consolidated financial statements for an analysis of the interest rate profile and the maturity of the borrowings and related interest rate swaps.

Fair values of financial assets and financial liabilities

Hierarchy

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

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

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

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

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

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

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

The fair value of the company's fixed rate interest-bearing borrowings and loans at 2 October 2016 was £689.9m (2015: £596.1m) compared to a carrying value of £660.9m (2015: £574.6m). The fair value of the company's fixed rate interest-bearing borrowings and loans are determined by using discounted cash flow methods using discount rates that reflect the company's borrowing rate as at the end of the reporting period.

9. Derivative financial instruments

	2016 £m	2015 £m
Non-current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	**58.1**	44.8
USD GBP cross currency floating interest rate swaps	**39.0**	21.5
GBP euro cross currency floating interest rate swaps	**1.0**	24.1
	98.1	90.4
Current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	**41.6**	3.4
USD GBP cross currency floating interest rate swaps	**16.8**	4.6
GBP euro cross currency floating interest rate swaps	**1.7**	1.1
Forward currency contracts	**11.6**	0.1
	71.7	9.2
Current liabilities: derivative financial instruments		
Foreign exchange swaps	**-**	(0.1)
Forward currency contracts	**-**	(11.4)
Interest rate swaps	**-**	(0.3)
	-	(11.8)
Non-current liabilities: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	**-**	(0.3)
GBP euro cross currency fixed interest rate swaps	**(3.6)**	-
	(3.6)	(0.3)

Derivatives not designated as part of hedge relationships

Forward currency contracts – Ebba

As part of cash management for expected future payments in relation to the deferred consideration of the purchase of Ebba BR$150.0m of BR$/sterling FX forwards were in existence at 2 October 2016 (2015: BR$388m in relation to the purchase of Ebba and BR$50.0m in relation to operational requirements).

Derivatives designated as part of hedge relationships

As at the 2 October 2016 these hedging relationships are categorised as follows:

Cash flow hedges

Cross currency interest rate swaps

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

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP Notes. The maturity profile of the USPP Notes can be seen in note 8.

During the year the cash flow hedge has been tested for effectiveness and as a result a £0.4m gain (2015: £2.1m gain) has been recognised in the income statement in respect of ineffectiveness.

Fair value hedges

Cross currency interest rate swaps

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

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

The increase in fair value of the cross currency interest rate swaps, excluding maturities, of £29.7m (2015: £11.9m increase) has been recognised in finance costs and offset with a similar loss on the borrowings of £30.2m (2015: £12.5m loss). The net loss of £0.5m (2015: £0.6m) represents the ineffective portion on the hedges of the debt.

10. Issued share capital

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

Issued, called up and fully paid ordinary shares	No. of shares	Value £
At 28 September 2014	247,229,115	49,445,823
Shares issued relating to incentive schemes for employees	1,549,282	309,856
Shares issued under a non pre-emptive placing	12,361,455	2,472,291
At 27 September 2015	261,139,852	52,227,970
Shares issued relating to incentive schemes for employees	1,731,404	346,281
At 2 October 2016	**262,871,256**	**52,574,251**

Of the issued and fully paid ordinary shares, 500,983 shares (2015: 1,678,637 shares) are own shares held by an employee benefit trust. This equates to £100,197 (2015: £335,727) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 27 of the consolidated financial statements.

An explanation of the group's capital management process and objectives is set out in note 24 of the consolidated financial statements.

11. Dividends paid and proposed

	2016 £m	2015 £m
Declared and paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2015: 16.3p per share (2014: 14.8p per share)	**42.6**	36.4
Interim dividend for 2016: 7.0p per share (2015: 6.7p per share)	**18.3**	16.5
Dividends paid	**60.9**	52.9
Proposed		
Final dividend for 2016: 17.5p per share (2015: 16.3p per share)	**46.0**	42.6

12. Contingent liabilities

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

13. Explanation of transition to FRS 101

For all periods up to and including the year ended 27 September 2015, the company prepared its financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice ('UK GAAP'). These financial statements, for the year ended 2 October 2016, are the first the company has prepared in accordance with FRS 101.

Comparative information included in these financial statements has also been prepared in accordance with FRS 101 and the significant accounting polices described in note 1.

On transition to FRS 101, the company has applied the requirements of paragraphs 6-33 of the IFRS 1 'First-time adoption of International Financial Reporting Standards' ('IFRS 1').

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the general requirements to apply IFRS. The company has taken advantage of the following exemptions:

(a) Business combinations (paragraphs C1-C5);

(b) Share-based payments transactions (paragraphs D2 and D3);

In preparing these financial statements, the company has started from an opening balance sheet as at 28 September 2014, the company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first time adoption of FRS 101. There were no material measurement or recognition adjustments on the adoption of the FRS 101.

14. Related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the percentage of share capital owned as at 2 October 2016 is disclosed in Note 30 in the consolidated financial statements.

Subsidiary undertakings are controlled by the group and their results are fully consolidated in the group's financial statements.

The amount receivable and payable to the related parties at year end are disclosed in further details respectively in Note 6 and 7.

	Interest basis	2016 £m	2015 £m
Interest income			
Britvic Soft Drinks Limited	6 month Euribor	**0.5**	1.9
Britvic Asia PTE Limited	6 month Sibor	**0.2**	0.1
Britvic EMEA Limited	6 month Libor	**0.2**	-
Robinsons Soft Drinks Limited	6 month Libor	**0.3**	-
Britvic Overseas Limited	6 month Libor	**1.3**	-
Britvic North America LLC	1 month US Libor	**0.1**	0.1
		2.6	2.1
Interest expense			
Britvic Soft Drinks Limited	6 month Libor	**-**	(1.0)
Orchid Drinks Limited	6 month Libor	**(0.1)**	(0.1)
		(0.1)	(1.1)

Other information

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Shareholder information

Shareholder profile as at 2 October 2016

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1 – 199	250	8.97%	16,697	0.01%
200 – 499	295	10.58%	94,842	0.04%
500 – 999	453	16.25%	314,814	0.12%
1,000 – 4,999	1,058	37.96%	2,271,179	0.86%
5,000 – 9,999	245	8.79%	1,639,760	0.62%
10,000 – 49999	199	7.14%	4,730,509	1.80%
50,000 – 99999	79	2.83%	5,587,823	2.13%
100000 – 499,999	120	4.31%	29,074,102	11.06%
500,000 – 999,999	40	1.44%	30,251,074	11.51%
1,000,000 Plus	48	1.73%	188,890,456	71.85%
	2,787	**100.00%**	**262,871,256**	**100.00%**

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private Individuals	1621	58.16%	4,668,673	1.78%
Nominee Companies	554	19.88%	198,880,893	75.66%
Limited and Public Limited Companies	554	19.88%	40,676,678	15.47%
Other Corporate Bodies	54	1.94%	18,540,005	7.05%
Pension Funds, Insurance Companies and Banks	4	0.14%	105,007	0.04%
	2,787	**100.00%**	**262,871,256**	**100.00%**

2016 Dividends

Category	Payment Date	Amount per share
Interim	8 July 2016	7.0p
Final	3 February 2017	17.5p

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 www.britvic.com/investors/shareholder-centre/dividends

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

Dividend reinvestment plan (DRIP)

Shareholders can 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 www.britvic.com/investors/shareholder-centre/dividends

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 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto www.shareview.co.uk/dealing

Individual Savings Accounts (ISAs)

ISAs in Britvic plc ordinary shares are available through Equiniti Financial Services Limited. Further information may be obtained through their ISA Helpline, telephone 0345 300 0430.

American Depository Receipts (ADRs)

Britvic American Depository Receipts are traded on the Over The Counter (OTC) market under the symbol BTVCY. One ADR represents two Britvic plc ordinary shares. This is a sponsored Level 1 ADR programme for which The Bank of New York Mellon acts as both Depositary Bank and Registrar. For the issuance and management of ADRs and any general ADR questions, please contact:

The Bank of New York Mellon
Investor Services
P.O. Box 11258
Church Street Station
New York, NY 10286-1258
USA

Investor Helpline:	1-888-BNY-ADRs (USA caller, toll free) +1 201 680 6825 (non-USA caller)
Email:	shrrelations@bnymellon.com
Website:	http://www.bnymellon.com/shareowner

Warning to shareholders – boiler room fraud and other investment scams

Share or investment scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares, or offer to buy their shares in a company at a higher price than the market value. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the company. Even seasoned investors have been caught out by such fraudsters and it is estimated that £200 million is lost in this way in the UK each year.

The FCA have some helpful information about such scams on their website, including tips to protect your savings and how to report a suspected investment scam. Britvic encourages shareholders to read the information on the site which can be accessed at www.fca.org.uk/consumers/scams/investment-scams.

Financial calendar

Ex-dividend date	8 December 2016
Record date	9 December 2016
Annual general meeting	31 January 2017
Payment of final dividend	3 February 2017
Interim results announcement	24 May 2017

Electronic communications

Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Contacts

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Shareholder inquiries to the Company Secretary may also be submitted to company.secretariat@britvic.com

Investor Relations enquiries may be submitted to:
investors@britvic.com

This report is available to download via the company's website http://www.britvic.com/investors/results-and-presentations/2016.

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Glossary

Non-GAAP measures are provided because they are closely tracked by management to evaluate Britvic's operating performance and to make financial, strategic and operating decisions. Furthermore, on the basis that the current period is a 53-week period, 52-week period information has also been presented in the CFO report to show comparability with the previous year.

- **Volume** is defined as number of litres sold, excluding factored brands sold by Counterpoint in Ireland. No volume is recorded in respect of international concentrate sales.
- **ARP** is defined as average revenue per litre sold, excluding factored brands and concentrate sales.
- **Revenue** is defined as sales achieved by the group net of price promotional investment and retailer discounts.
- **Brand contribution** is a non-GAAP measure and 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.
- **Brand contribution margin** is a non-GAAP measure and is a percentage measure calculated as brand contribution, divided by revenue. Each business unit's performance is reported down to the brand contribution level.
- **Pre-exceptional EBITDA** is a non-GAAP measure defined as operating profit before exceptional and other items, depreciation, amortisation, impairment of PPE/intangible assets and profit/loss from sale of PPE/intangible assets.
- **Pre-exceptional EBITA** is a non-GAAP measure and is defined as operating profit before exceptional and other items and amortisation. Only amortisation attributable to intangibles related to acquisitions is added back, in the period this is £7.4m (2015: £2.6m). EBITA margin is EBITA as a proportion of group revenue.
- **Adjusted earnings per share** are a non-GAAP measure 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 261.7m (2015: 248.6m).
- **Underlying free cash flow** is a non-GAAP measure and is defined as net cash flow excluding movements in borrowings, dividend payments and exceptional and other items.
- **Adjusted net debt** is a non-GAAP measure and is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt.
- **Underlying adjusted net debt** is a non-GAAP measure and is defined as group net debt, adding back the impact of derivatives hedging the balance sheet debt and the value of cash received from the 2015 share placement.
- **Like-for-like** is a non-GAAP measure and excludes the impact of Brazil and the additional 53rd week and on a constant currency basis.
- **Innovation** is a non-GAAP measure and is defined as new launches over the last three years, excluding new flavours and pack sizes of established brands.
- **Retail market value and volume** is a non-GAAP measure and is a measure of the recorded sales at the retail point of purchase. This data is typically collated by independent organisations such as Nielsen and IRI from data supplied by retailers.
- **A&P** is a non-GAAP measure of marketing spend including marketing, research and advertising.
- **Pro-forma** is a non-GAAP measure of performance in Brazil where non-audited comparatives are provided in the commentary to aid understanding of performance.
- **Constant currency** is a non-GAAP measure of performance in the underlying currency to eliminate the impact of foreign exchange movements.
- **Business in the community Index (BITC)** is an independent measure of responsible business practices.
- **Great Place to Work (GPTW)** is a methodology process adopted by businesses to measure employee engagement.

Non-GAAP reconciliations

Like-for-like

	Revenue	EBITA	Profit after tax	EPS
2015	**£m**	**£m**	**£m**	**pence**
52-week period ended 27 September 2015, as reported	1,300.1	171.6	103.8	46.3
Adjust for FX	15.8	0.7	(0.1)	0.1
52-week period ended 27 September 2015 @ constant currency	**1,315.9**	**172.3**	**103.7**	**46.4**
2016				
53 week period ended 2 October 2016, as reported	1,431.3	186.1		
Brazil	(89.5)	(3.1)		
Week 53	(20.2)	(4.2)		
2016 "like for like" with 2015	**1,321.6**	**178.8**		

EBITDA

	53 week period ended 2 October 2016	52 week period ended 27 September 2015
	£m	**£m**
Operating profit before exceptional and other items	178.7	169.0
Acquisition related amortisation (note 14)	7.4	2.6
Pre-exceptional EBITA	**186.1**	**171.6**
Depreciation	33.2	29.9
Amortisation (non-acquisition related)	8.9	8.5
Pre-exceptional impairment of property, plant and equipment	-	0.3
Pre-exceptional loss on disposal of property, plant and equipment	1.9	0.8
Pre-exceptional EBITDA	**230.1**	**211.1**

Underlying adjusted net debt

	2 October 2016 £m	27 September 2015 £m
Adjusted net debt	(416.4)	(263.9)
Cash received for 2015 share placement	-	(87.8)
Underlying adjusted net debt	**(416.4)**	**(351.7)**

Free cash flow

	53 week period ended 2 October 2016 £m	52 week period ended 27 September 2015 £m
Pre-exceptional EBITDA	230.1	211.1
Pre-exceptional working capital movements	(25.8)	10.4
Purchases of intangible and tangible assets	(121.9)	(61.1)
Net pension charge less contributions	(25.9)	(22.2)
Net Interest and finance costs	(20.5)	(23.8)
Income tax paid	(34.2)	(30.2)
Share based payments	6.6	10.5
Issue of shares	4.8	3.7
Purchase of own shares	(2.1)	(9.2)
Other	(0.2)	0.1
Underlying free cash flow	**10.9**	**89.3**

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