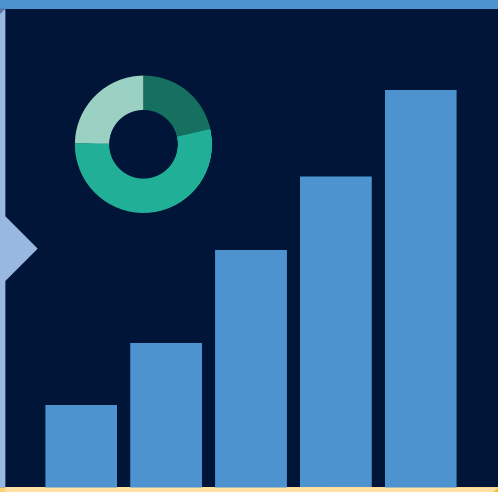
Enjoying life's everyday moments

Annual Report and Accounts 2019

Britvic's commitment to building brands, continuous innovation and sustainability, alongside its renewed focus on creating a culture of winning together, sets us up to be the world's most dynamic soft drinks company.



Cautionary note regarding forward-looking statements

This report 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.

Strong performance and progress against our strategy.

In 2019, we have continued to innovate to meet consumer needs, transform our supply chain and help consumers to make healthier choices.

Financial Key Performance Indicators ('KPIs')

Revenue

£1,545.0m

+2.8%

2019	1,545.0
2018	1,503.6
2017	1,430.5
2016	1,431.3
2015	1,300.1

Alignment to strategy

Why do we measure this?

Revenue growth measures our ability to increase price and/or increase the volume sold.

Performance

Revenue increased by 2.8%, including the impact of foreign exchange movements and the impact of the Soft Drinks Industry Levy ('SDIL') in the UK and Sugar Sweetened Drinks Tax ('SSDT') in Ireland. Organic revenue, which excludes these impacts, increased by 1.4%.

Adjusted EBIT

£214.1m

+3.9%

2019	214.1
2018	206.0
2017	195.5
2016	186.1
2015	171.6

Alignment to strategy

Why do we measure this?

Adjusted EBIT measures the underlying profitability of the company, excluding any one-off costs.

Performance

Adjusted EBIT increased by 3.9%, including the impact of foreign exchange movements. Organic adjusted EBIT, which excludes the impact of currency, increased by 4.4%.

Adjusted EBIT margin

13.9%

+20 basis points ('bps')

2019	13.9
2018	13.7
2017	13.7
2016	13.0
2015	13.2

Alignment to strategy

Why do we measure this?

Adjusted EBIT margin measures the underlying profitability of the company, excluding any one-off costs.

Performance

Adjusted EBIT margin increased 20 bps year on year including the impact of foreign exchange movements and the impact of the SDIL in the UK and SSDT in Ireland. Organic adjusted EBIT margin, which excludes these impacts, increased by 40 bps.

Profit after tax[1]

£80.9m

(30.9%)

2019	80.9
2018	117.1
2017	111.6
2016	114.5
2015	103.8

Alignment to strategy

Why do we measure this?

Profit after tax is a statutory measure of financial performance which takes into account adjusted EBIT, interest, taxation and adjusting items.

Performance

Profit after tax decreased 30.9%, due to inclusion of adjusting items of £84.6m. These included restructuring costs and the write-down of assets held for sale.

Adjusted earnings per share

59.8p

+6.2%

2019	59.8
2018	56.3
2017	52.9
2016	49.3
2015	46.7

Alignment to strategy

Why do we measure this?

Adjusted earnings per share measures the profit per share of the company and is used by investors to compare the performance of a company against peers.

Performance

Adjusted earnings per share increased 6.2% due to the growth of adjusted EBIT, before interest and corporation tax.

Dividend per share

30.0p

+6.4%

2019	30.0
2018	28.2
2017	26.5
2016	24.5
2015	23.0

Alignment to strategy

Why do we measure this?

Dividend per share measure enables shareholders to calculate the amount of profit that is returned to them by the company in cash.

Performance

Dividend per share increased 6.4%, reflecting our capital allocation policy of returning 50% of adjusted earnings per share as dividends.

1 Adjusting items includes acquisition related amortisation of £10.4m, impairment charge relating to assets held for sale in France of £31.2m and other adjusting items of £42.5m. More detail provided on page 33.

Non-financial information statement

The information on this page and incorporated by cross-reference complies with the relevant non-financial reporting regulations. The content shown below fulfils the requirements under section 414CB of the Companies Act for content on environmental matters, the company's employees and social matters. Further information about targets, outcomes and impact in these areas can be found in the Creating stakeholder value section on the pages indicated. Content on human rights can be found on page 26. Content on anti-bribery and corruption and a description of the company's approach to policy compliance can be found on page 77, and information on the company's business model can be found on pages 12 – 13.

Alignment to strategy key

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

Non-financial KPIs

Great Place to Work trust index

77%

2019	77%*
2018	73%
2017	75%
2016	72%

Alignment to strategy

Principal risk:
Talent – see page 38

Related policies
Code of Conduct, Equality and Diversity Policy, Employee Community Fund Policy, Safe Driving Policy, Family Leave Policy, Whistleblowing Policy

Further information
Employee engagement on page 24

Women in leadership

38%

2019	38%†
2018	33%
2017	33%
2016	35%

Alignment to strategy

Principal risk:
Talent – see page 38

Related policies
Equality and Diversity Policy

Further information
Diversity and inclusion on page 24

Average calories per 250ml

27.5 kcal

2019	27.5†
2018	31.3
2017	35.3
2016	36.0

Alignment to strategy

Principal risk:
Health concerns – see page 35

Related policies
Responsible Marketing Code

Further information
Consumers on page 22

Manufacturing carbon intensity ratio

27.41 kg CO_2e/ tonnes product

2019	27.41†
2018	26.64
2017	30.23
2016	30.02

Alignment to strategy

Principal risk:
Sustainability and environment – see page 36

Related policies
Healthier Planet Policy, Ethical Business Policy

Further information
Climate action on page 27

Manufacturing energy from renewable sources

46%

2019	46%†
2018	28%
2017	18%
2016	7%

Alignment to strategy

Principal risk:
Sustainability and environment – see page 36

Related policies
Healthier Planet Policy, Ethical Business Policy

Further information
Climate action on page 27

Primary plastic packaging removed in GB through light-weighting

619 tonnes

2019	619
2018	598
2017	308
2016	Lightweighting programme started in 2016

Alignment to strategy

Principal risk:
Sustainability and environment – see page 36

Related policies
Healthier Planet Policy, Sustainable Packaging Policy

Further information
Packaging and the circular economy on page 28

* Our 2019 Great Place to Work survey excluded our France and Norwich sites.

† Figure independently assured by Ernst & Young LLP as part of a limited assurance engagement.

Britvic sets itself apart from its competitors through 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 engaged workforce.

Our purpose
Making life's everyday moments more enjoyable

We have a clear strategy that is designed to realise our ambition to become the most dynamic, creative and trusted soft drinks company in the world:

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

Read more about our strategy on page 14

Our values

- Win together
- Be open
- Act with pace
- Be bold
- Be disciplined
- Be proud

Read more about our values on page 24

Our culture
Our workforce is central to our ability to succeed. As we transform our culture and capabilities to meet future challenges, our employees' integrity, pride and spirit are paramount. We will continue to focus on employee engagement to create a culture we are proud of and deliver our long-term success.

Read more about our culture on page 24

Our brands

Adults

From left to right
Amé, Aqua Libra, Ballygowan Activ+, Ballygowan Sparkling Fruity, Ballygowan Still, Britvic Mixers, Cidona, Club Mixers, Drench, Energise Edge, Energise Sport, J2O, J2O Spritz, the London Essence Company ('LEC'), Mathieu Teisseire, Monte Rosso, Moulin de Valdonne, Natural Tea, Purdey's, Puro Coco, Robinsons Fruit Cordial, Robinsons Refresh'd, R Whites, Teisseire Gourmet Drops, Thomas & Evans, V Water

Families

From left to right
Ballygowan, Bela Ischia, C&C, Club Orange, Club Zero, Da Fruta, Fruité, Maguary, MiWadi, MiWadi Mini, MiWadi 0% Sugar, Pressade, Robinsons, Robinsons Fruit Cordial, Robinsons Fruit Creations, Robinsons Refresh'd, Robinsons Squash'd, Tango, Teisseire, Teisseire Max, TK

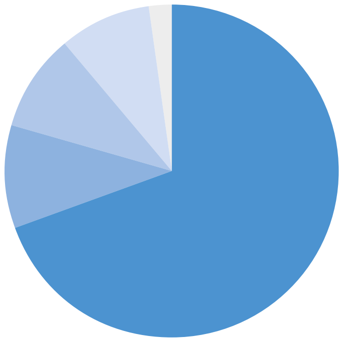
Kids

From left to right
Ballygowan Kids, Fruit Shoot Hydro, Fruit Shoot Juiced, Maguary Fruit Shoot, Robinsons Fruit Shoot, Teisseire Fruit Shoot, Teisseire Fruit Shoot Au Jus

Portfolio

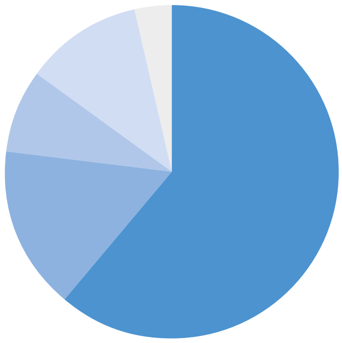
From left to right
7UP, 7UP Free, ARTO LifeWTR, Diet Pepsi, Gatorade, Lipton Ice Tea, Mountain Dew, Pepsi, Pepsi MAX

Volume by region



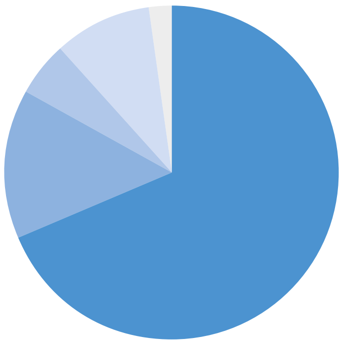
	% share by region	Million litres
Great Britain	70%	1,656.8
France	10%	240.2
Brazil	9%	222.2
Ireland	9%	211.9
International	2%	49.8

Revenue by region



	% share by region	£m
Great Britain	61%	945.4
France	16%	244.9
Brazil	8%	124.8
Ireland	11%	175.8
International	4%	54.1

Brand contribution by region



	% share by region	£m
Great Britain	69%	377.0
France	15%	80.0
Brazil	5%	28.3
Ireland	9%	52.0
International	2%	11.3

Chairman's statement

John Daly
Chairman

Review of the year

I am delighted to have the opportunity to write to you as we report our results. It is now two years since I was appointed Chairman and it has continued to be a pleasure to work with Simon and the rest of the Executive team and Board. Our 2019 results have delivered another year of revenue and adjusted EBIT growth, with revenue increasing 2.8% to £1,545.0m and adjusted EBIT increasing 3.9% to £214.1m. Statutory profit after tax decreased by 30.9% as we incurred one-off costs, including costs related to our strategic supply chain project and, reflecting the fair value of assets held for sale relating to the proposed disposal of manufacturing facilities in France.

During 2019, the Executive team has made further progress in executing the strategy, including:

- Developing the portfolio to meet emerging consumer needs by entering new categories and bringing premium offerings to existing brands in all our markets
- Completing the Business Capability Programme ('BCP'). The last four years have seen a significant investment in the fabric of the GB business, resulting in a transformational change to the supply chain infrastructure. As a Board we commend the Executive team for the delivery of this extensive project, which has been achieved without any major disruption to the day-to-day running of the business
- Expanding the presence of the LEC brand into key cities around the world. At the same time taking the tough decision to focus on the Fruit Shoot single-serve market and terminate distribution of Fruit Shoot multi-pack in the United States. A sign of a strong management team is being able to recognise when an opportunity has run its course and look to refocus its energy elsewhere, and the premium adult category in the United States and further afield is an attractive one to invest in
- Delivering another year of solid financial and strategic progress while overcoming significant macro challenges. This includes the backdrop of uncertainty as the Brexit discussions have continued across the year, requiring a measured response from the business to mitigate the risks that might otherwise arise

Dividend

As a result of the financial progress made this year, the Board has proposed a final dividend of 21.7 pence, an increase of 6.9% on the 2018 dividend. The full year dividend of 30.0 pence, represents a 6.4% increase on last year.

Culture

The Board and Executive team have a vital role to play in shaping and embedding a healthy corporate culture, and this continued to be a focus in 2019. Our responsible, inclusive and diverse culture, and the values by which we hold ourselves accountable, ensure that our colleagues consistently do the right thing for our stakeholders. Of course, there is always more to do and getting this culture right is critical to our success in an increasingly competitive environment.

Directors

In October last year we announced the resignation of Mathew Dunn as Chief Financial Officer. In his three years with Britvic he made a significant and positive impact and on behalf of the Board I thank him for his contribution. Following his resignation, the search for a new CFO began and I am delighted to report that in March this year we appointed Joanne Wilson to the role. Joanne joined us from Tesco, where her last role was CFO of dunnhumby, its data science subsidiary. With extensive commercial and retail, as well as financial, experience I believe she will be a real asset to the business in the years ahead.

The composition of the Board brings a range of views and experience to Britvic and both supports and challenges the Executive team in the execution of the strategy. The Board and the Executive team have spent time together this year shaping the strategic focus for the years ahead. As well as regular Board meetings, the Non-Executives are on hand to support Simon and his team throughout the year and we make ourselves available to answer shareholder questions both at the Annual General Meeting ('AGM') and during the course of the year.

Remuneration

Our approach to reward aims to link remuneration with the delivery of the Group's key strategic objectives while delivering long-term, superior and sustainable returns to shareholders. We believe in offering fair remuneration, where colleagues are rewarded for performance aligned to the long-term sustainable success of the business.

More information on how we ensure that our approach to remuneration supports our strategy is available in the Directors' Remuneration Report on page 60.

Looking ahead

Britvic has a fantastic portfolio of brands and a dedicated and passionate team working hard to deliver excellent outcomes. Britvic is in a strong position and the Board is confident that the strategy and the Britvic team will continue to deliver growth in the future. The AGM will be held at 11am on 31 January 2020 at the offices of Linklaters LLP, One Silk Street, London, EC2Y 8HQ, and we look forward to seeing you there. Further information is available in the Notice of Meeting which is available on the Britvic website at www.britvic.com/agm.

John Daly
Chairman
27 November 2019

Simon Litherland
Chief Executive Officer

Brtivic has delivered another strong financial performance, once again proving our resilience in a challenging and uncertain environment. Through the consistent execution of our strategy, our portfolio of fantastic brands and passionate and committed team, we have now delivered six years of continuous adjusted EBIT growth.

In 2019 we have grown revenue by 1.4%* to £1,545.0m, adjusted EBIT by 4.4%* to £214.1m, and adjusted EBIT margin by 40 bps*. Since launching the strategy in 2013, we have delivered adjusted earnings per share CAGR of 9.2%, a dividend per share CAGR of 8.5% and total shareholder returns significantly ahead of both the FTSE100 and FTSE250.

Below are the performance headlines against our four strategic pillars:

Generate profitable growth in our core markets

GB

Against a backdrop of softer consumer demand, we have focused on consistent execution of our commercial plans, which has resulted in increased revenue and brand contribution in both our carbonates and stills brands. The GB soft drinks market (as measured by Nielsen) has continued to grow value at 2.3%, while volume declined 1.3%. As a year on year comparison, these figures must be set against the backdrop of exceptional summer weather in 2018. Our well-positioned portfolio benefited from the continued trend toward low and no sugar brands, with Robinsons, R Whites, Tango, Pepsi MAX and 7UP Free all in strong revenue growth.

The new Robinsons brand extensions launched last year have continued to be very successful, with the Cordials range the number one brand in the premium category. The combined retail market value of Creations and Cordials is £32m. Fruit Shoot performance has stabilised this year, gain+ing market value share, while J2O was in decline, driven by a weaker performance in the on-trade. Robinsons Refresh'd, Lipton Ice Tea and Purdey's all grew strongly.

Pepsi had another very successful year, with revenue growth of over 6% and further gains in market share. The growth was driven by our continued focus on no sugar Pepsi MAX, including the continued success of the cola Taste Challenge campaign and the introduction of Pepsi MAX Raspberry – the biggest soft drinks launch of 2019. Pepsi MAX is now, by volume, the biggest cola variant in GB. During the year we also relaunched Tango, with a range of new flavours, a pack redesign and a multimedia marketing campaign. Tango revenue grew by 13%, gained market share and attracted 900,000 more shoppers – resulting in the brand's highest retail market value in five years. While partially offset by declines in regular 7UP, we are delighted with the performance of 7UP Free, which is now the number one lemon and lime variant in GB.

France

It has been a challenging year in France, with performance particularly disappointing in the second half of the year, as both the private label and branded business performed below expectations. The introduction of the EGalim law earlier in the year has had a major impact. The law was introduced primarily to rebalance commercial relationships between smaller suppliers and retailers by specifying minimum limits on retailer margins and a maximum on supplier volumes sold on promotion. The consequence of this legislation is a price increase for our branded products, which has adversely impacted our volumes in the grocery channel. In this legislative environment, many companies have found their growth challenged and this has led to further intense competition across our branded portfolio.

We recently announced that we were in exclusive discussions with Refresco over the potential sale of our three juice manufacturing sites in France, our private label juice business and the Fruité brand. The proposed transaction is subject to a consultation process with the relevant employee representatives, which is now underway, and competition clearance by the French Competition Authority. As part of the transaction, Pressade and Fruit Shoot would be supplied by Refresco under a long-term manufacturing agreement. The transaction will not affect the Teisseire and Moulin de Valdonne brands or the private label syrups business, which will continue to be manufactured at the remaining site in Crolles.

The proposed transaction would complete in spring 2020, creating a smaller but higher margin business in France, enabling the local management team to focus on growing our profitable brand portfolio.

* Constant exchange rate adjusts for constant currency and excludes the Soft Drinks Industry Levy (SDIL) in GB and the Sugar Sweetened Drinks Tax (SSDT) in Ireland. Adjusting items includes acquisition related amortisation of £10.4m, impairment charge relating to assets held for sale in France of £31.2m and other adjusting items of £42.5m. Total adjusting items includes £0.5m in finance costs.

Ireland

2019 was a more challenging year for the Irish business, compared to a strong performance following an exceptionally hot summer in 2018. While MiWadi and Pepsi MAX grew, we lost share overall due to the growth in the energy category, where we have a limited presence, and a softer performance in the water and full sugar carbonates categories. The Counterpoint wholesale business performance reflects a contraction in the on-trade channel, with third-party brands in the beer and cider categories under-performing.

Realise global opportunities in kids, family and adult categories

In Brazil, we have now delivered six consecutive quarters of revenue growth, with signs of improvement in the macroeconomic environment. We lead the liquid concentrates segment in Brazil and continue to take share through the development of our three brands; Maguary, Dafruta and Bela Ischia. Overall, the concentrates category performance has been subdued and we are currently developing new liquids and pack formats to lead its rejuvenation.

Across the portfolio we have launched a range of new pack formats, enabling increased distribution across the different regions of Brazil. Fruit Shoot growth has been accelerated by the introduction of a smaller 150ml pack format, which has increased affordability and enabled distribution gains primarily in the North East region. We have also continued to expand our category presence across a number of new segments. Examples include our coconut water brand, Puro Coco, the Natural Tea range and Maguary Selecao, a premium grape juice.

In Brazil we buy and process fruit direct from the farm. Once our internal requirements are satisfied, our marketing company 'Be Ingredient' sells the remaining processed fruit to business customers around the world. Demand for this business is growing. We also now use our business in Brazil to procure certain fruits, on behalf of the Group, such as oranges and passionfruit.

In the United States, despite the success achieved with increased distribution in Walmart from 2018, we do not believe sufficient momentum has been generated in Fruit Shoot multi-pack to build a sustainably profitable business. As a result, we have taken the decision to exit the multi-pack operation and refocus our resources in the United States on the growth opportunities in our partnership with PepsiCo for Fruit Shoot single serve and with London Essence, our premium mixers and sodas brand.

More broadly internationally, we delivered double-digit revenue growth in Teisseire. This was led by the expansion of the premium Mathieu Teisseire range, targeted at flavouring coffee and alcohol, and the Zero sugar free range in grocery in the Netherlands, where revenue increased 37%. The travel and export channel also generated strong growth this year.

Continue to step-change our business capability

This year we completed our GB Business Capability Programme, which has transformed our supply chain infrastructure over the last three years. Over this time, we have installed 10 new production lines and three new on-site warehouses. We have also invested in the footprint of the supply chain to provide space for further expansion, and standardised the production processes across the sites, to help drive consistency and operational efficiency. During September 2019, the Norwich site closed, as we consolidated production at Rugby, London and Leeds. I would like to take this opportunity to thank all our employees affected by the closure for their commitment to the very end, and I wish them well for the future.

The programme is delivering benefits ahead of previous guidance, with the final cost savings due to be realised in 2020. We will now move into the optimisation phase, focusing on our production and network efficiency through a continuous improvement programme, and on realising the substantial commercial benefits now at our disposal. We are enjoying significantly increased capacity, most notably in cans and 1.5 litre PET, where we have step-changed our ability to compete and are taking greatly increased market share as a result. We are also increasingly realising environmental benefits – using less power and less packaging, reducing road miles and utilising more renewable energy.

This programme has been a great achievement by all those involved, and I would like to thank the whole team for their dedication and commitment. Their hard work has left Britvic with an exciting platform for the future.

Creating a better tomorrow

Our '*A Healthier Everyday*' sustainable business programme is at the heart of how we are making a positive difference to both people and planet. During 2019 we transformed our approach to governing our '*A Healthier Everyday*' strategy, combining our former Sustainable Business Committee with our Non-Financial Reporting Committee to form a new Environmental, Social and Governance ('ESG') Committee. A fuller description of its role and responsibilities can be found in the Creating stakeholder value section of the annual report on page 20.

Awareness and concern about climate change continued to increase around the world, with governments responding to citizen pressure and stepping up their carbon reduction commitments. We welcome these steps toward a low carbon economy, and we are proud to have set our own stretching science-based emissions reduction targets to ensure that our carbon strategy reflects the ambition and urgency required to keep the global temperature rise to within 1.5°C.

Clearly there has also been considerable stakeholder focus on the environmental impact associated with non-recycled packaging, especially plastics. Britvic was a founding signatory to the UK Plastics Pact, and we are resolute in our determination to be part of the solution. Nearly 100% of our primary packaging is recyclable, and we encourage consumers to recycle every time they enjoy one of our products. We support the proposed UK Deposit Return Scheme, which will help to create a true circular economy for the recycling of packaging.

We have entered into a long-term agreement with Esterform, the largest independent converter of PET in the UK, for the supply of recycled PET, an important milestone in Britvic's sustainable business programme. We are committed to pursuing a sustainable packaging strategy and critical to achieving this is delivering a step-change reduction in the use of virgin PET in our packaging and an increase in the levels of rPET. Under the terms of the agreement, Esterform, will become Britvic's preferred supplier of rPET in Great Britain and Ireland and Britvic will be providing £5m of investment support for the construction of new rPET manufacturing facilities at Esterform's site in Leeds.

We are also committed to Britvic being a truly great place to be for all our employees. In 2019 our global Great Place to Work employee engagement score increased a further 4% to 84%, putting us firmly in the top quartile of global companies. In 2019 we relaunched our global Diversity & Inclusion ('D&I') strategy, B-Yourself, and set up a representative steering committee to lead this agenda across the organisation. This year we attained our target of 38% women in leadership roles across our organisation, and we are supported by a range of employee networks to promote every aspect of D&I among our workforce. By way of example, we are proud to have partnered with Stonewall, a leading LGBT+ charity, which works with institutions to create inclusive and accepting cultures, to ensure that they understand and value the huge benefits brought to them by LGBT+ people, and to empower them as advocates and agents of positive change. More broadly, as part of enhancing our total employee experience, we are focusing on creating an emotionally and psychologically healthy environment, where everyone who works for us can be their true selves and feel fully supported at work. We are launching a new total wellbeing framework in 2019 – My Life – to promote good mental and physical health, vitality and wellbeing across our organisation.

Outlook

While the current macro-economic environment remains uncertain, we do expect to make further progress in 2020, through the combination of our geographical presence, strong portfolio of brands and team of committed and passionate employees. Looking further ahead, we will continue to evolve and refresh our strategy to enable us to respond to changes in the outside world, while at the same time taking our corporate responsibilities seriously. Britvic has earned a reputation for being an agile, resilient business that consistently creates value for all its stakeholders. I am confident we will continue to do so in the years ahead.

Simon Litherland
Chief Executive Officer
27 November 2019

Six reasons to invest in Britvic plc

1 Britvic operates in a resilient and growing category, and understands consumer needs:

- A 'better for you' portfolio which is moving ahead of the market on reformulation
- Extending our core brands into new occasions through premiumisation and different pack formats
- Targeting emerging, fast-growing categories that offer long-term growth potential, such as natural energy
- Offering more premium options across the portfolio

2 A portfolio weighted towards low and no sugar:

- In GB and Ireland, we focus on low and no sugar brands such as Robinsons, J2O, Pepsi MAX, MiWadi and Ballygowan, with 90.8% of our combined portfolio in GB and Ireland below or exempt from the SDIL and the SSDT
- In France and Brazil we have introduced new products including Teisseire Fraîcheur de Fruits, which has a higher fruit content and less added sugar, and Maguary Uno, a concentrate that removes the need for consumers to add sugar

3 A portfolio of market leading brands:

- In GB and Ireland, we have a full portfolio of market leading owned brands
- We are also the bottler for PepsiCo in GB and Ireland
- In France and Brazil, we have smaller portfolios and they include market leading brands in their categories

4 Growing international presence:

- 39% of our revenue is now generated outside of GB
- Since our IPO in 2005 we have made acquisitions in Ireland, France and Brazil
- Our brands are available in 50+ countries

5 Strong market positions:

- In GB and Ireland, we are the number one supplier of branded still soft drinks and our portfolio can be found in all retail channels
- In France we are the number one syrups supplier
- In Brazil we are the number one supplier of concentrates

6 Long-term track record of growing shareholder value:

- Our revenue CAGR has been 3.7% (2013 to 2019), on a post IFRS 15 basis
- Adjusted EBIT margin has increased by 350 bps (2013 to 2019)
- This has translated into an EPS CAGR of 9.2% and a dividend CAGR of 8.5%

Britvic's insight team tracks the consumer and market trends impacting the soft drinks category. Here we highlight some of these key trends and how Britvic is responding.

59%
of consumers claim they are doing more to reduce the amount of plastic waste they generate

1/5
of adults worldwide will be obese by 2025

40%
of consumers are interested in sophisticated soft drinks as an alternative to alcohol

9%
increase in online grocery sales in the UK from 2017 to 2018

Sustainability

Creating a circular economy for plastics packaging

What's happening?

- Society is in the midst of a global plastics pollution challenge and there is more public and political awareness surrounding plastic waste than ever before. Consumers are increasingly concerned about the amount of plastic packaging they use, with 59% of consumers claiming they are doing more to reduce the amount of plastic waste that they generate compared with last year[1]. While plastic packaging is an integral part of the global economy and it provides many benefits, the traditionally linear value chains currently represent environmental challenges. By 2050, projected growth in plastics production could lead, in a business-as-usual scenario, to the entire plastics industry consuming 20% of total oil production and accounting for 15% of the annual carbon budget[2]
- Today, more than a third of the food sold in the EU comes packaged in plastic, with estimates suggesting that, by 2020, Europe will consume more than 900 billion items of packaged food annually[3]

The impact

- The food and drink industry, buoyed by legislative demands and an increasing public awareness of the plastics issue, is taking action. Retailers have committed to reducing the amount of plastic packaging in their products, while global food and drink manufacturers have made pledges to make their packaging reusable, recyclable or compostable. Innovative new packaging technologies, meanwhile, seek to do away with plastics altogether[3]
- Consumers are playing their part too. Campaigns encouraging shoppers to leave plastic packaging at supermarket tills are gaining traction as the general population becomes increasingly aware of the environmental consequences of the material[3]. However, there is evidence that shoppers still value convenience and price, and sentiment is not currently translating into widespread plastic-free behaviour[4]

How we are responding

- In 2019 we signed a long-term partnership to enable us to significantly increase the use of recycled PET (rPET) across our GB and Ireland portfolio of products. In 2020 we will lead with two brands available in 100% rPET
- All of our PET plastic packaging is fully recyclable in the UK recycling system and our packaging carries the On-Pack Recycling Label to encourage our consumers to recycle
- We are investing in research and development to investigate the use of alternative sustainable materials while upholding the highest quality and safety standards

To find out more, please see our Creating stakeholder value section on pages 20 – 29

Healthier choices

Sugar reduction and demand for more natural products are key drivers influencing soft drink purchasing decisions

What's happening?

- The desire to live healthier lifestyles continues to be the most significant and persistent global megatrend impacting beverages
- The shift towards natural ingredients is a recurring trend across food categories, with 66% of global consumers actively buying natural food/drink products[5]
- Removal of perceived unhealthy ingredients, especially sugar, is increasingly important for consumers and continues to be a focus for governments looking to address rising obesity levels
- According to Euromonitor's international survey[6], sugar reduction is at or near the top of consumer concerns with regard to food and beverage intake in every global region. This is a truly global concern with obesity now a bigger global public health challenge than malnutrition. Studies forecast that about a fifth of all adults around the world will be obese by 2025[7]

The impact

- Public health is increasingly seen as a societal challenge, with obesity and associated non-communicable diseases putting pressure on health services, and so accountability for dealing with it is shifting from individuals to society with government led interventions, whether through direct measures such as taxes like SDIL and SSDT, or by imposing restrictions and obligations on businesses:
  - In January 2019 the UK Government started a consultation to restrict volume-based price promotions and placement of high fat, sugar and salt ('HFSS') food and drink, at main selling locations in stores including checkouts, aisle ends and store entrances[8]

How we are responding

- Health is embedded in Britvic's business strategy and as an industry leader on health, we have taken bold steps to help consumers make healthier choices
- Our approach: (i) Reformulation to reduce calorie content with no compromise on taste or quality; (ii) continual innovation weighted towards 'better for you' products; (iii) using the power of our brands responsibly to enable consumers to make informed choices
- This year we have surpassed our original 2020 goal, achieving an average of 27.5 calories per 250ml serve across our global portfolio which is a 22% reduction since 2013

To find out more, please see our Creating stakeholder value section on pages 20 – 29

Premiumisation

A drive towards premium options and tailored experiences

What's happening?

- Shoppers are looking for higher quality, better ingredients with authentic provenance, which is driving increasing demand for indulgent premium soft drinks
- 40% of respondents in GlobalData's 2018 Q4 global consumer survey[9] said they at least sometimes like to try new or different varieties of soft drinks and more than 40% of consumers globally[10] are interested in sophisticated 'adult style' soft drinks as alternatives to alcoholic drinks
- The trend is being fuelled by an ageing population combined with rising global wealth and disposable income, prompting consumer demand for sophisticated propositions and new, tailored experiences
- Consumers are also making conscious efforts to reduce alcohol consumption but do not want to feel deprived. This rising alcohol avoidance continues to drive demand for more complex adult soft drinks suited to occasions typically associated with alcohol

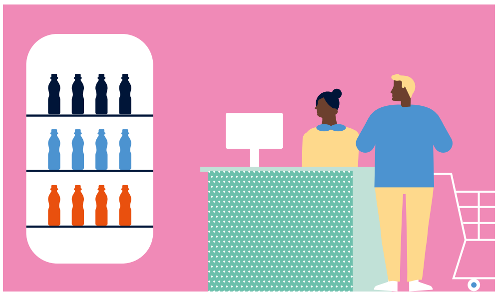
The impact

- Adult soft drinks are a growing opportunity for manufacturers, representing a premium, attractive alternative for everyday consumption and on special occasions
- Craft and artisanal soft drinks products continue to gain momentum
- Plant-based formulations (e.g. coconut and other plant waters) with a premium, single-serve positioning are gaining popularity
- There is an increased availability of lower alcohol, alcohol free, and premium soft drinks which address the social, political and economic concerns associated with alcohol consumption and drive demand for no/low alcohol alternatives

How we are responding

- Britvic is well placed to capitalise on the premiumisation trend, having invested significantly in premium innovations and brand extensions such as: Robinsons Cordials, Purdey's natural energy multi-vitamin drink and our Mathieu Teisseire bartender range
- Britvic's incubator company, WiseHead Productions', super-premium and naturally light LEC tonics and sodas are now available in nearly 80 cities around the world, in the most sophisticated bars and restaurants

To find out more, please see our Strategy overview on page 17



Convenience

The retail landscape is adapting to consumer demand for convenience

What's happening?

- The traditional retail landscape continues to change. Consumers expect to find the right product, in the right place, at the right time. To capitalise on this expectation, retailers are seeking to capture as many shopper occasions as possible through consolidation and diversification (e.g. mini supermarkets in petrol stations and university campuses, coffee shops in clothes stores, convenience stores in hospitals)
- More consumers are shopping online. In 2018 sales of online groceries in the UK hit £12.3bn, up 9% from the previous year[11]. This is particularly relevant for younger consumers (aged 25-34) who are enthusiastic about the convenience of having groceries delivered, with 61% of this group doing some online grocery shopping[12]
- The biggest growth channel continues to be discounters, which are seen to be offering high quality products at competitive prices

The impact

- Online retailers, convenience stores and discounters are increasingly gaining relevance due to the convenience of shopping they provide paired with extensive choices and easy product-price comparison:
  – In the UK, online purchases delivered 8.3% of soft drinks value in 2017. This is projected to grow to 13.5% by 2025 if online purchasing growth continues at the same rate[12]
- In the UK, discounter growth is expected to continue with more store openings planned for the next five years[13]

How we are responding

- Britvic's diverse portfolio and flexible supply chain capability, combined with our strong customer relationships, mean that we are well positioned to make the most of the evolving retailer landscape
- Our portfolio of brands means that we can deliver the range of products to meet retailer needs and satisfy the full range of consumer occasions

To find out more, please see our Strategy overview on page 18

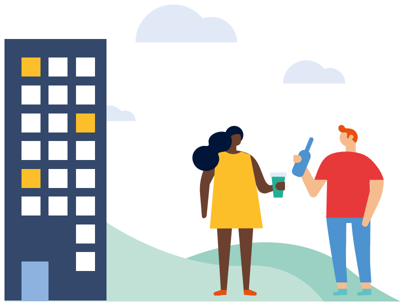
Notes:

1 Kantar Worldpanel LinkQ survey, Feb 2018
2 World Economic Forum: The New Plastics Economy – Catalysing action – https://bit.ly/2RgyCgx
3 Futures – A plastic-free world? Just Drink & Just Food – Dec 2018 – Rachel England, with additional reporting by Lucy Britner
4 IRI Hot Topic: We're Living in the Plastic Age Report, May 2018
5 GlobalData 2016 Q4 global consumer survey
6 Euromonitor – Soft Drinks Global Industry Overview slide 26 https://www.warc.com/content/article/euromonitor-strategy/soft_drinks_global_industry_overview/121635
7 Lancet Journal: Trends in Adult BMI, Volume 387, Issue 10026, pg 1389 https://www.thelancet.com/action/showPdf?pii=S0140-6736%2816%2930054-X
8 Department of Health and Social Care, UK – Jan 2019
9 GlobalData 2018 Q4 global consumer survey
10 GlobalData 2018 Q3 global consumer survey
11 Mintel – https://www.mintel.com/press-centre/retail-press-centre/brits-spent-12-3-billion-on-online-groceries-in-2018
12 Kantar Worldpanel global ecommerce report
13 Kantar Worldpanel Total Grocery, 12 w/e data to 08 Oct 2017

Britvic is a leading supplier of soft drinks with a broad portfolio of great tasting brands.

We manufacture in Great Britain, Ireland, France and Brazil. We have a commercial presence in other markets such as the Netherlands, Belgium and the United States. In Great Britain and Ireland, we are a proud partner of PepsiCo, bottling and selling its range of brands alongside our owned brand portfolio.

An overview



1. Consumer insight

The starting point of our business is understanding how best we can meet the diverse needs of our consumers and customers. We use our category expertise to ensure that we are well placed to understand consumer needs and identify future growth drivers so we can create shared value for our customers.

Our responsible approach

We take a category approach to insight to build a longer-term view; understanding emerging trends and the wider context the category operates in as well as current consumer needs. This enables us to build brands that consumers love and to deliver retail solutions that maximise the growth opportunity for our customers.

2. Sourcing

Our team takes a global approach to sourcing the raw materials we need. We spend hundreds of millions of pounds each year on ingredients and packaging in the manufacturing of our brands. We organise our sourcing teams based on experience of key materials and they work closely with suppliers to ensure that we achieve a stable, high-quality and sustainable supply.

Our responsible approach

Britvic is committed to producing high-quality soft drinks which are sourced and manufactured in a fair, ethical and environmentally responsible way. We engage with our suppliers to better understand the ethical and environmental impact associated with the materials that we purchase. We use Sedex, a supplier data platform, to review our suppliers' approach to ethical and environmental risk management and they are audited regularly so that we have the right level of assurance.

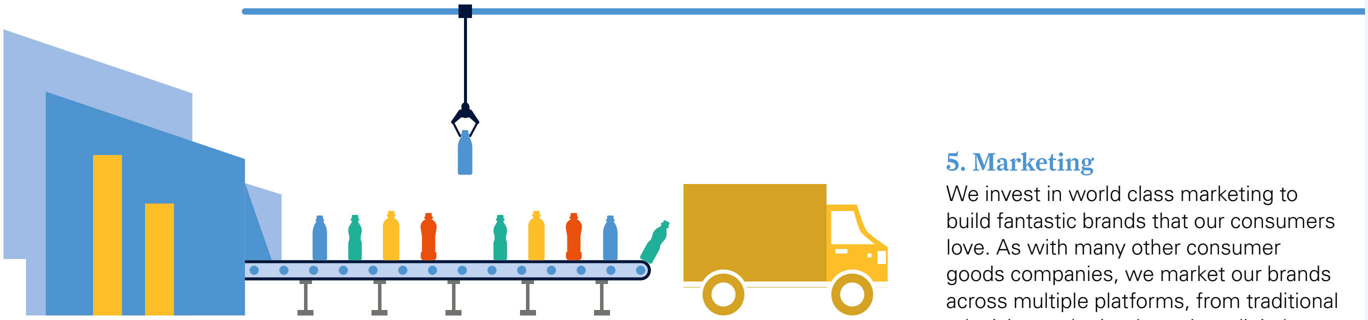
Underpinned by our sustainable business programme – helping to create '*A Healthier Everyday*' through actions large and small.

The value we create for our stakeholders

Shareholders
Delivering total shareholder returns ('TSR') through dividends and share price growth. In 2019 our TSR was 27.8%.

Employees
We provide jobs and salaries, creating local purchasing power. In 2019, £166.6m was paid in salaries and wages.

Customers
We build and maintain long-term, trusting relationships with our customers to co-create joint business plans.



5. Marketing

We invest in world class marketing to build fantastic brands that our consumers love. As with many other consumer goods companies, we market our brands across multiple platforms, from traditional television and print through to digital and social media.

Our responsible approach

We follow relevant applicable national and local legislation and regulation and support voluntary industry codes of practice, wherever possible. Our marketing also complies with all other relevant Britvic policies, such as the Ethical Business Policy and our Responsible Marketing Code, which sets out the principles we adopt in all marketing and advertising activity globally.

3. Manufacturing and distribution

In each of our core markets we have our own factories where we manufacture most of our brands. We offer a range of pack formats including PET, glass and aluminium. Our main ingredients are fruit, flavour concentrates, water, sugar and low calorie sweeteners. We also work with partners to manufacture our smaller brands, to introduce new packaging innovation and at peak times when we require additional capacity. We work with specialist transport companies to distribute our products rather than operate our own fleet of vehicles.

Our responsible approach

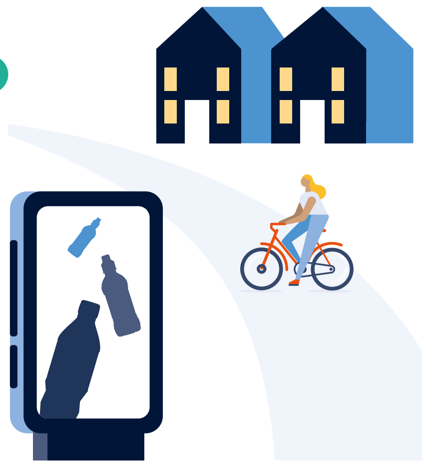
We operate our factories to the highest standards. We are committed to reducing the environmental impact of our manufacturing and distribution activity. We set targets related to water usage, waste and carbon emissions annually, through our *'A Healthier Everyday'* sustainable business programme. We are also committed to ensuring that our employees work in a safe environment that supports their health and wellbeing and we monitor this closely across all our markets.

4. Customers

Through our deep knowledge of the category, we use our insight, sourcing and manufacturing capability to create great tasting products. We couple this with expertise and resource focused on delivering our products into market across different channels to drive category growth and create shared value with our customers.

Our responsible approach

We take a category led approach and use our insight to create fantastic products that consumers want to drink, working in partnership with our customers on joint business plans to create shared value.



Consumers

Our purpose is to make life's everyday moments more enjoyable. We aim to produce great tasting drinks for lots of different occasions to meet consumer needs.

Suppliers

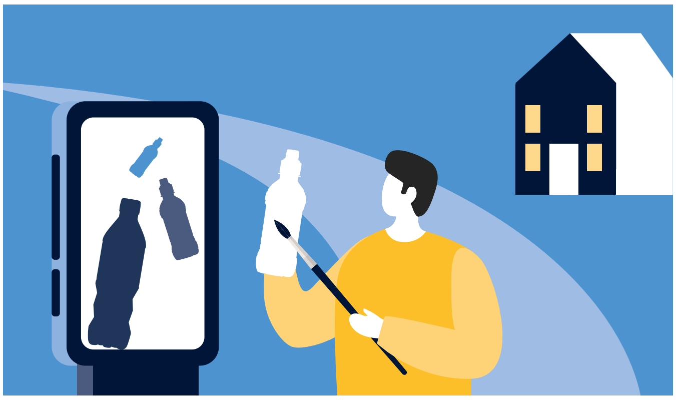
By manufacturing regionally, using local and national suppliers, the beneficiaries of our value creation are geographically widespread.

Government

Through paying taxes in the markets where we operate, we support the development of public infrastructure, healthcare, education and local services. We proactively engage in relevant consultations.

Communities

We conduct fundraising activities and support employees in their volunteering efforts. In 2019, we donated more than £221,000 in charitable contributions and provided over 2,730 volunteer hours.



Generate profitable growth in our core markets

Increase our participation in growing categories and channels through investing in our brands, innovation and commercial execution

What we achieved in 2019

- Relaunch of Tango in GB with a range of new sugar free variants, a new design and major marketing campaign
- Launched ARTO LifeWTR, a PepsiCo-owned premium water brand that showcases and advances emerging artists
- Continued to grow Robinsons through price realisation and the success of the premium ranges
- Entered exclusive discussions regarding the sale of some assets in France, which would leave us with a smaller, higher-margin, brand-focused business

The year ahead

- Continue to invest in recent innovation launches to ensure the best possible chance for long-term success
- Maximise the value of our partnership with PepsiCo
- Continue our revenue management initiatives and cost efficiency focus

To find out more, please see our Strategy overview on page 16

Realise global opportunities in kids, family and adult categories

Generate more revenue from outside our core markets

What we achieved in 2019

- Expanded distribution of our LEC premium tonic and soda brand into nearly 80 cities around the world
- In Brazil we launched new formulations of our concentrate brands and entered new categories including coconut water and ready to drink tea-based drinks
- Ceased the distribution of Fruit Shoot multi-pack in the United States as we were unable to achieve the scale required to deliver sustainable profitability

The year ahead

- Expand distribution of premium adult brands into new international markets
- Combine our Group and local capabilities to bring new products to market in Brazil

To find out more, please see our Strategy overview on page 17

Continue to step-change our business capability

Ensure that we have a great team and the right infrastructure to deliver our growth ambitions

What we achieved in 2019

- Completed the BCP investment at our Rugby factory. During the year three new PET production lines and an aseptic line were successfully commissioned
- We completed the automated high-bay warehouse which is now fully operational
- Closed the Norwich factory during September, successfully transferring production to our three remaining sites

The year ahead

- Deliver further cost benefits from the BCP through a continuous improvement programme
- Realise further commercial benefits from the improved pack and liquid capability that the BCP provides

To find out more, please see our Strategy overview on page 18

Build trust and respect in our communities

Deliver our *'A Healthier Everyday'* sustainability programme

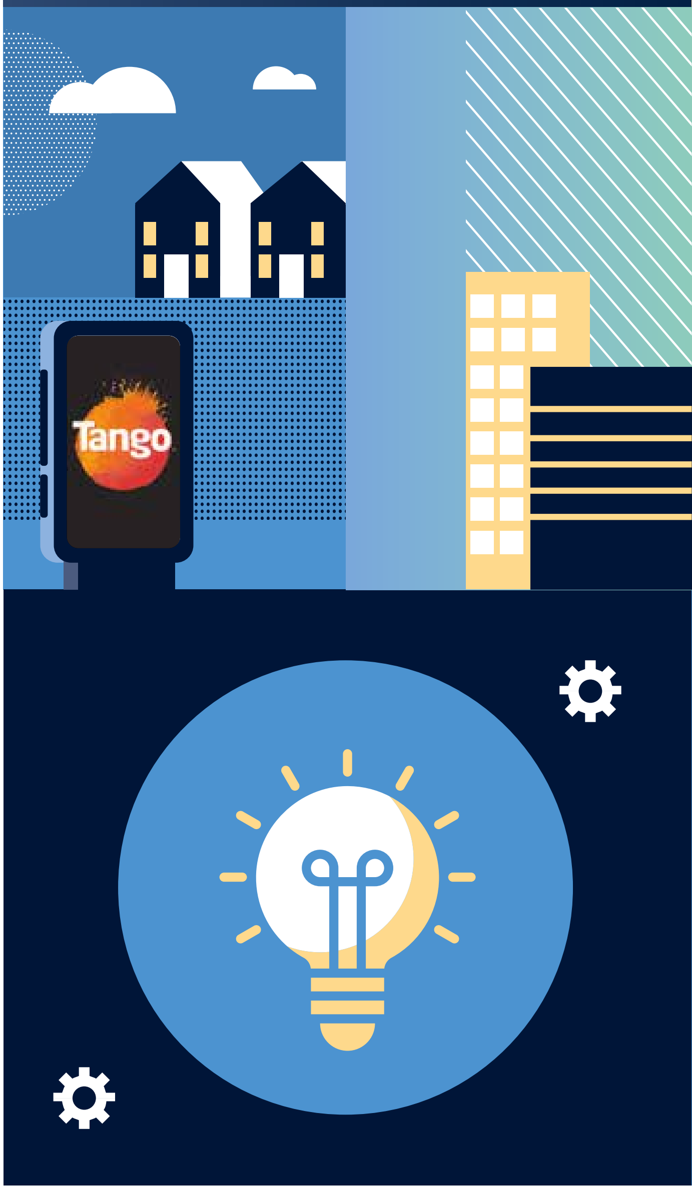
What we achieved in 2019

- Achieved a 12% reduction in average calories per 250ml serve across our global portfolio, compared with 2018
- We hit our calories per serve 2020 goal a year early
- All of the electricity powering our GB manufacturing comes from wind, solar or our new combined heat and power ('CHP') plant
- Committed to pursue bolder greenhouse gas emissions targets by signing up to the Science Based Targets initiative ('SBTi')
- Successfully installed a renewable biomass boiler in Brazil to replace our use of carbon-intensive fuel
- Entered into a long-term agreement for the supply of recycled PET

The year ahead

- Deliver our 2020 goals across each of our *'A Healthier Everyday'* pillars
- Establish stretching new sustainability goals for the business, including science-based targets
- Increase the use of recycled PET across our portfolio through our new partnership

To find out more, please see our Creating stakeholder value section on page 20

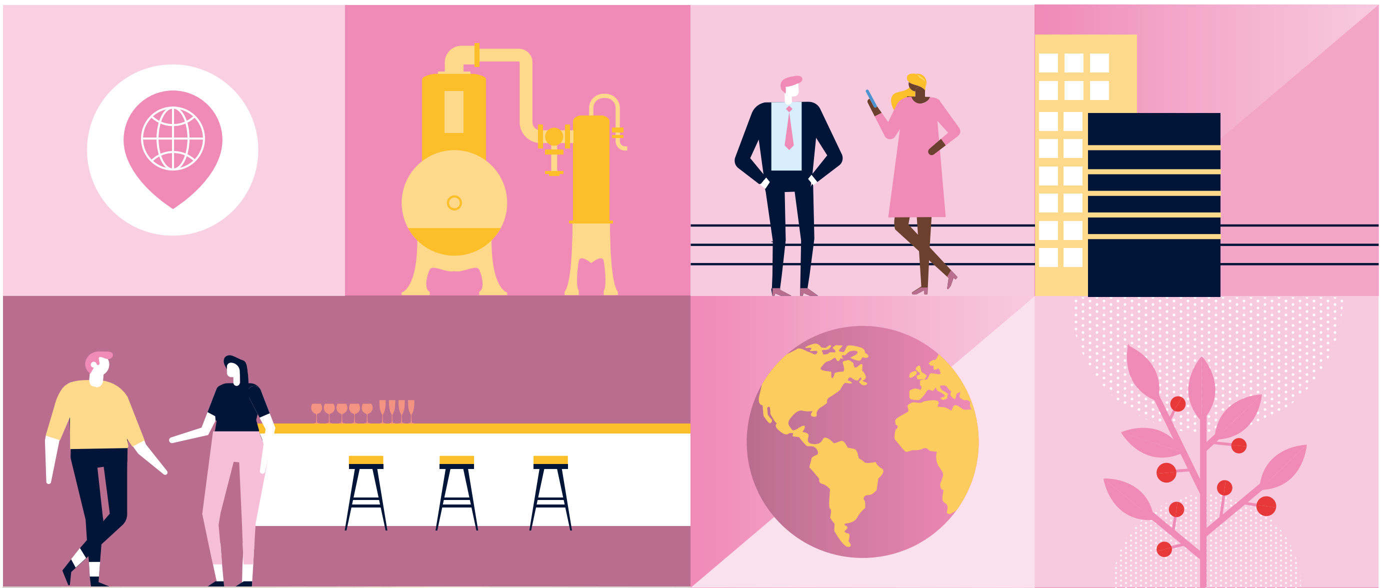


Generate profitable growth in our core markets

Increase our participation in growing categories and channels through investing in our brands, innovation and commercial execution

The soft drinks levy in the UK has accelerated consumers switching to lower sugar brands and we took advantage of this at the start of the summer with the relaunch of our fruit carbonate brand Tango. Alongside a new and improved Tango Orange variant, we launched two new sugar free flavours: Tropical and Strawberry & Watermelon. In addition, we gave the brand a new, modern, look and feel and invested in a major marketing campaign which saw Tango back on TV for the first time in four years. As a result, Tango has achieved double-digit retail sales value growth, reached its highest value share in a year and saw 900,000 more shoppers buying the brand.

In July 2019 we launched ARTO LifeWTR, a premium spring sourced water, into the GB market, the first European market for the PepsiCo-owned brand. This is our first product made with 50% recycled PET, as part of our broader packaging sustainability drive. It also has a unique brand purpose of providing a platform for emerging artists. ARTO LifeWTR works with three artists every six months, to showcase their work and address cultural tensions within art and fashion. The launch in GB included an outdoor poster campaign at bus stops in 1,200 locations and engagement with key social media influencers.



Realise global opportunities in kids, family and adult categories

Generate more revenue from outside our core markets

Founded in 1896 on the banks of the River Thames, the London Essence Company developed a knowledge and expertise creating exquisite essences for leading perfume houses of the era. By applying these secrets to the food and drink world they used the science of distillation and the art of layering flavours to create natural essences with unmatched depth of flavour and complexity.

Today, inspired by the craft and inventiveness of the original firm, the LEC crafts luxurious drinks from the purest flavours – selecting the finest botanicals and gently distilling them to capture their true essence. Each of the tonics, gingers and sodas is low in calories, contains no artificial sweeteners and delivers carefully calibrated taste profiles to accentuate premium spirits or create an exquisite standalone drinking experience. Building on its launch in 2016 in GB, LEC is now expanding internationally into key cities. With a focus on premium bars and restaurants, it can now be found in nearly 80 cities, including Athens, Singapore, Amsterdam, New York, Taiwan and Miami.

Step-change our business capability

Ensure that we have a great team and the right infrastructure to deliver our growth ambitions

In 2019 we completed the BCP, a major capital investment in our GB supply chain infrastructure. Over the last few years we have installed 10 new production lines, three new warehouses, a CHP plant, as well as providing infrastructure for future expansion. The final stage of the programme at the Rugby factory included new production lines, an automated high-bay warehouse and on-site power plant. At our Beckton site in 2019 we installed a pilot line enabling us to test new concepts which we can bring to market more quickly. The new lines across our network are high-speed and can produce both carbonated and still products across a range of pack sizes. The new on-site warehousing significantly improves the efficiency of our network and the ability to supply our customers. As well as delivering significant cost benefits the BCP will enable us to offer both our customers and consumers a wider range of brands and packs and will deliver sustainable environmental benefits as we use less water and power and generate fewer road miles.

Soft drinks
Product of the year
2019

Marketing Week MASTERS 2019

CIM | MARKETING EXCELLENCE AWARDS 2019
WINNER
MARKETING CAMPAIGN OF THE YEAR

fdf AWARDS food and drink federation 2019 WINNER

VOTED PRODUCT OF THE YEAR
Consumer Survey of Product Innovation
2019

Build trust and respect in our communities

Deliver our *'A Healthier Everyday'* sustainability programme

Since 2012 we have significantly reduced the number of calories per serve across our portfolio. As well as reformulating brands such as Club, Tango and Fruit Shoot we have launched new lower calorie brands such as Aqua Libra, J2O Spritz and Refresh'd. In addition, we invest our marketing behind the low or no sugar variants, such as Pepsi MAX and 7UP Free. This focus, and the impact of the taxes and levies introduced into the category, has helped us deliver a further 12% reduction in calories per serve in 2019.

Our reformulation activities also led to the revitalisation of our much-loved Robinsons brand. The launch of Fruit Creations and Fruit Cordial saw the brand return to growth. Our success has been recognised externally with Robinsons Fruit Creations topping the Soft Drinks category Product of the Year Award in 2019, the UK's largest consumer survey of product innovation. The campaign also won plaudits from the marketing industry, picking up a clutch of marketing awards.

We are dependent upon our stakeholders for our success and we aim to create powerful relationships for our future. We engage with our shareholders, employees, communities, customers, consumers, suppliers and governments in a variety of ways – to both gain valuable insights to help shape our future direction and inform them of our activities. This section highlights our sustainability and stakeholder engagement strategies and what we are doing to deliver long-term value for our communities.

United Nations Sustainable Development Goals

Our *'A Healthier Everyday'* strategy continues to frame our sustainability approach and this year we have reviewed and updated the connection with the United Nations ('UN') Sustainable Development Goals ('SDGs') to those that are most relevant to our business. While we acknowledge we contribute, both directly and indirectly, to all of the 17 SDGs and they are all inherently interlinked, the selected three relate most closely with our material issue areas, the trends we are seeing in the market and where we feel we have the biggest opportunity to make a positive impact.

SDG 3 – Good health and wellbeing

Ensuring healthy lives and promoting wellbeing at all ages is essential to sustainable development. Across all our markets, society is facing growing health challenges linked to rising levels of obesity, diabetes and deteriorating mental health. We have an opportunity to make a positive difference by reformulating our drinks to be healthier, encouraging consumers to drink more water through our flavour concentrates portfolio and using the power of our brands to inspire healthier lives. The health, safety and wellbeing of our people, as well as those in our supply chain, also represent key focus areas as we strive to create a healthier workplace.

SDG 12 – Responsible consumption and production

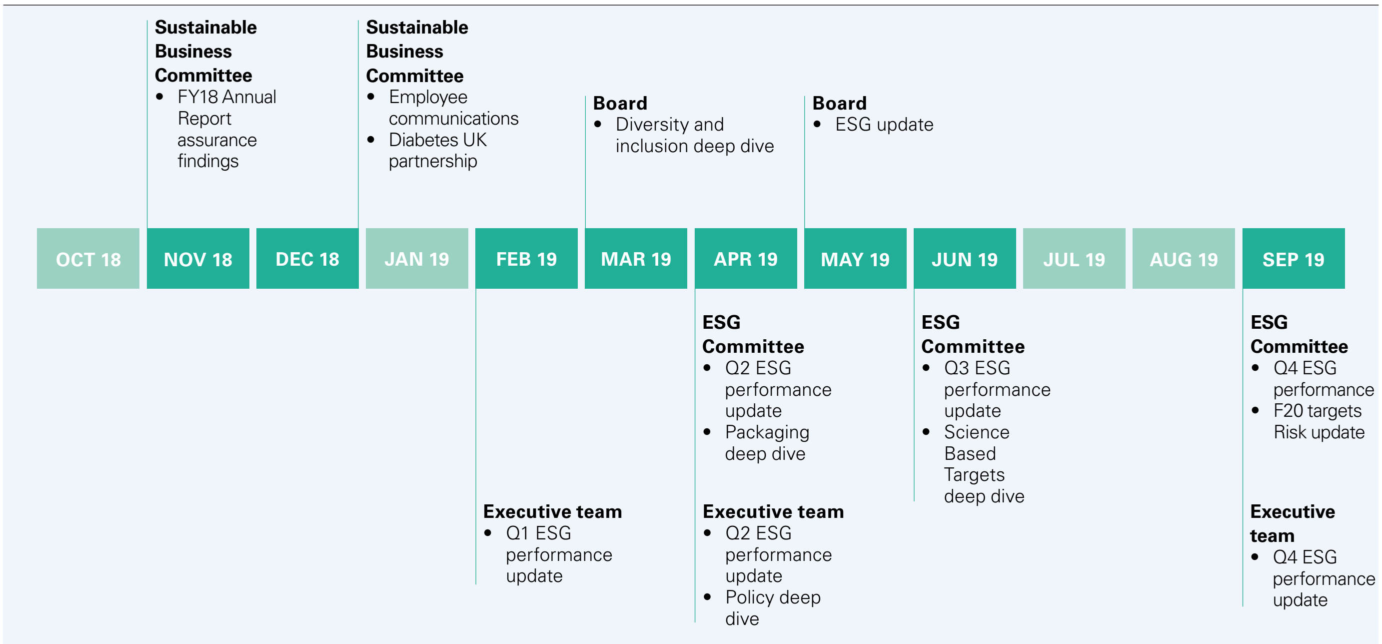
Global consumption continues to increase and as a consumer goods company that heavily relies on natural resources we are acutely aware of the environmental challenges presented by the linear 'take–make–dispose' model of consumption. With rising populations, the existing pressure on natural resources is set to further increase and as a responsible business we are committed to driving resource efficiency and waste avoidance within our operations and supporting a more circular economy for our packaging.

SDG 13 – Climate action

Climate change is the defining issue of our time and the greatest challenge to sustainable development, affecting every country, business and person on the planet. Addressing climate change – our contribution to it and its impact upon us – makes business sense, reducing costs and mitigating risk. We are committed to transitioning towards a low carbon economy and operating within the parameters of climate science.

Governance

Sound corporate governance, through having the right structure, people, practices and policies in place, is fundamental to ensuring Britvic's ability to create maximum value over the short, medium and long term. During 2019 we transformed our approach to governing our *A Healthier Everyday* strategy, forming a new Environmental, Social and Governance (ESG) Committee. This Committee is responsible for overseeing, on behalf of the Executive team, the development of Britvic's *A Healthier Everyday* strategy, reviewing ESG risks and opportunities and monitoring performance against our sustainability KPIs. The ESG Committee meets on a quarterly basis and provides updates to the Executive team and the Board on a regular basis. The calendar of meetings and topics is set out below. An overview of our corporate governance framework, including an introduction to our Board, Executive team and the key practices and policies that are in place, is set out in the Corporate Governance section of this report, starting on page 40.



Materiality and reporting

Each year we engage with internal and external stakeholders to ensure that our sustainability strategy is addressing the material issues – for further information please see page 26. Insight gathered this year confirmed that health continued to be a priority issue for our stakeholders, particularly around healthier diets and sugar reduction. This year we also witnessed a marked increase in interest, especially from our customer base, on the environmental impacts associated with plastic packaging. Further information on these trends can be found on pages 28 – 29. We are committed to listening and responding to our stakeholders and as a result the format of this section will reflect the issues of greatest interest, providing information about our activity and performance over the course of the year. Further information on our full sustainability programme, including performance datasheets, can be found on our corporate website www.britvic.com/sustainable-business.

Britvic's 2019 Basis of Reporting is available on our website and outlines the scope and methodological principles for the collation of our key sustainability metrics. We continue to enhance the robustness of our performance data, and where any misstatements have been identified in prior year figures, these have been restated for accuracy within this report.

Independent assurance

Britvic plc appointed Ernst & Young LLP to provide limited independent assurance over selected sustainability content within the Strategic Report ('the Report'), as at and for the period ended 29 September 2019. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements ('ISAE') 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information.

These procedures were designed to conclude on the accuracy and completeness of the sustainability performance indicators, which are indicated in the Report with an obelus (†).

A limited assurance report was issued and is available on www.britvic.com/sustainable-business, along with further details of the scope, respective responsibilities, work performed, limitations and conclusions.

Healthier People

Consumers

Helping consumers to live healthier lives is part of our DNA. With a heritage dating back to the 1930s, our business was built on bringing an affordable source of vitamins to consumers at a time when diets lacked important nutrients. Today, the health challenges facing our consumers may have changed but we still believe we have an important role to play in making it easier for our consumers to make healthier choices.

The global obesity crisis continues to affect many of our markets and while obesity is a complex issue with many contributing factors, diets high in calories are a major cause of people becoming overweight and obese. In recognition of this, in 2013 we set ourselves the goal of reducing the number of calories in our drinks by 20% by 2020 and have been cutting sugar and calories from our portfolio every year as we work towards this goal. This year we have surpassed our original 2020 goal, achieving an average calorie per 250ml across our global portfolio of 27.5†, a 12% improvement on last year[1] and a 22% reduction since 2013. This achievement was principally driven by strong growth in low and no calorie sales, especially Pepsi MAX in the UK. Across the Group 73% of all volume sold (as consumed) was in low/no calorie drinks[2].

In the UK and Ireland we witnessed the anniversary of the SDIL and SSDT. Ahead of the introduction of these taxes our portfolio was already heavily skewed towards low and no sugar drinks and this continued this year.

	Total portfolio below/exempt (including PepsiCo)	Owned brand portfolio below/exempt
UK	91.5%	99.5%
Ireland	84.1%	91.1%

Tango introduced three new sugar free flavours: Tropical, Strawberry & Watermelon and Orange sugar free, alongside a new packaging design. This year also saw the arrival of Pepsi MAX Raspberry as the latest addition to the Pepsi MAX range.

Alongside the continued demand for low and no sugar drinks, this year we have also witnessed growing trends in plant-based diets and drinks with added nutritional and/or functional benefits. We are proud that 92% of our global owned brand portfolio is suitable for vegetarians and vegans, and this year in Brazil we launched a new range of almond milks and tea products. In France, demand for organic and preservative free products continued. In response, our Teisseire classic range has been reformulated to contain no preservatives, and in April we launched a new Teisseire Bio range, offering an affordable organic proposition to French consumers.

We encourage our consumers to discover healthier options, including low or no sugar. We were the first UK soft drinks business to introduce colour-coded front of pack labelling. Our strict Responsible Marketing Code sets out the principles we adopt in all marketing and advertising activity globally, and we do not advertise high sugar products to under 16s in GB.

We continue to lead all cola advertising with no sugar Pepsi MAX which we have done since 2005. In all markets we operate in, where both regular and reduced sugar variants of a brand exist, we include the reduced sugar variants in our marketing.

2020 goal:

At least 73% of drinks volume sold is low/no calorie drinks (as consumed) across the Group

In 2013 we set ourselves a target of reducing calories per serve by 20% by 2020. We have achieved this goal a year early through our continued focus on creating great tasting products with low or no added sugar.

In June 2019 we launched Ballygowan Activ+ in Ireland, a range of low calorie, zero sugar fitness drinks with added electrolytes and minerals to support active adults looking to optimise their workout.

1 Please note the 2018 average calories per serve was reported as 29.8 and has since been restated as 31.3.

2 Low calorie beverages are defined as those with fewer than or equal to 20 kcal/100ml. No calorie beverages are fewer than 4 kcal/100ml.

Communities

We want the communities in which we operate to thrive and, through our community support programmes, we offer a variety of mechanisms by which our employees can support their communities including paid volunteering days, matched fundraising and drinks donations.

As part of our ongoing commitment to addressing societal health issues that affect both our consumers and employees, this year we announced our three year partnership with Diabetes UK. Diabetes is one of the most devastating and fastest-growing health crises of our time, affecting more people than any other serious health condition in the UK – more than dementia and cancer combined. Our partnership aims to actively support those living with and at risk of diabetes – helping our colleagues to reduce their risk of Type 2 diabetes by offering 'Know your Risk' assessments.

Over the course of our partnership with Diabetes UK, Britvic aims to raise £500,000 to directly improve the lives of children and families affected by diabetes. Through our corporate donations and employee fundraising we have delivered over £190,000 in the first year. Our network of charity champions has played a critical role and their impact has been every bit as impressive as their creativity. Alongside Diabetes UK's Swim22 Challenge, One Million Step Challenge and the London Bridges Challenge, they have shown their support through head shaving, Tough Mudders, Task Angels, fancy dress contests and more.

We also support children with Type 1 diabetes and their families through the Diabetes UK 'Make the Grade' school programme. This year Diabetes UK received over 500 applications for the Good Diabetes in School Awards with 81 schools receiving the award and over 2,000 'Make the Grade' school packs ordered and downloaded. Each pack includes information about what Type 1 diabetes is, practical tips and guidance on training to help teachers put in place the necessary measures to support children living with diabetes.

In Ireland, the Britvic MiWadi team continued its support of Temple Street Foundation for the seventh year in a row. The team helped to raise funds for vital, life-saving equipment for the children's hospital through its annual 'Trick or Treat' campaign. In France, we entered the fourth year of our partnership with youth charity Apprentis d'Auteuil and 100 employees raised over €8,000 this summer by completing the charity's step challenge. In Brazil, our Araguari site is sponsoring a project to help develop the writing and reading, as well as imagination and creativity, of children in four local schools. The project will culminate in the publication of a book of essays by the children.

2020 goal:

Continue to support our corporate charity Diabetes UK to improve the lives of people living with diabetes by donating over £300,000*

* Since the start of the partnership in November 2018.

Our team in Ireland continued to support families facing homelessness and crisis situations by participating in Focus Ireland's Shine a Light Night in October 2018. Our colleagues participated in the Sleep Out event, raising more than €20,000 for this great cause.

Members of Britvic's Executive team joined thousands of others in the London Bridges Challenge. The team took on the 10-mile challenge and conquered 12 iconic London bridges to help Diabetes UK reach a future where diabetes can do no harm.

Employees

The foundation for achieving our strategy and continued success will be determined by the capability and capacity of our workforce and this year we have delivered a broad range of people initiatives, from ensuring that we are promoting a safe, healthy and inspiring workplace to raising our game in creating a truly diverse and inclusive culture for all our employees. Our overall score in this year's Great Place to Work ('GPTW') trust index, our annual satisfaction survey, rose to 77% from 73%[1] in 2018. The biggest improvement came from GB which jumped from 70% to 76%, confirmation of the work we did to address feedback from the previous year. Employee engagement also remains strong. This year our overall engagement scores increased from 80% to 84%, in a year that saw record levels of participation. Clearly engagement and trust will continue to be priorities for us and in 2020 we will be building more frequent opportunities to respond to our employee voice.

Wellbeing, health and safety

At Britvic, prioritising health and employee wellbeing is a critical part of our company culture. Our employees cannot be fulfilled in their career or give their best performance if they are not supported physically, mentally and emotionally. Our GPTW wellbeing score went from 71% in 2018 to 70% this year. Three new wellbeing measures were introduced this year by GPTW. When these new measures are removed to enable a direct comparison between 2018 and 2019, our scores show a 3%[2] rise in how employees feel when it comes to Britvic being a psychologically healthy place to work.

This year employees across our markets got active through our step challenges. In GB 15 employee teams took part in the One Million Step Challenge to raise funds for Diabetes UK, in Ireland 23 teams took part in a step challenge supporting the launch of Ballygowan Activ+ and in France 20 teams took part in the annual 'Je marche pour' walk held by youth charity Apprentis d'Auteuil. In total 125 million steps were completed, which is the equivalent of walking approximately twice around the world. As part of our commitment to providing a healthy environment for employees, Britvic is launching a new wellbeing framework in 2020 – My Life – which will promote good emotional health, energy and physical wellbeing as well as helping to build resilience and mindfulness.

Across the Group, our focus has been on improving our safety performance and standardising the proactive mechanisms we have in place to identify hazards and control the risks from our operational activities. Key to this has been building our new reporting tool for health, safety and environment. This will support compliance with external standards as well as those we set for ourselves internally. The sophisticated business intelligence offered by the tool also enables us to access data and respond to trends with greater agility. Our efforts have also continued to centre on creating a 'zero harm' culture through behavioural safety observations, near miss and hazard reporting. Engagement with local teams led to the successful embedding of our Safety Critical Rules, designed to raise awareness and compliance with our significant risks and controls. Against this backdrop of activity, the number of employee lost-time accidents has decreased by 5.1% year on year, resulting in a lost-time injury frequency rate of 0.81[†]. While we are encouraged by these figures, we remain committed to reducing them further in line with our goal of zero harm.

1 This year's data does not include Norwich and France. If they are removed from last year's score it gives 75% in 2018, which means a 2% increase in 2019.

2 Excluding France and Norwich employees as they did not take part in this year's survey.

2020 goal:
All employees have access to wellbeing programmes that support healthier lifestyle choices and we achieve a wellbeing score of 81% in the GPTW survey across the company

Diversity and inclusion

By appreciating and celebrating our differences we are creating a Britvic that is a more dynamic and inspiring place to be for our employees. We are working hard to ensure that our workforce reflects the diverse communities we serve, and we create an inclusive culture where each employee can truly be themselves at work.

In 2019 we relaunched our global Diversity and Inclusion ('D&I') Strategy, B-Yourself, and set up a representative steering committee to lead this agenda across the organisation. Our Executive team also all completed unconscious bias training to help them lead this agenda from the top. Supplementing this strategy, we have a series of self-run employee networks that represent specific cross-sections of our employee community. These networks, while at different stages of evolution, are all gaining momentum. They include:

- B-Empowered – helping to stamp out gender inequality;
- B-Proud – promoting inclusion and celebrating diversity;
- See-Me – supporting Britvic's diverse-ability network.

We successfully grew B-Proud, our LGBT+ network, this year through our new partnership with Stonewall, a charity that believes we are stronger united and will help us create real change for the better. In July 2019, during Pride season, we launched our Allies programme to support employees with any questions they may have on LGBT+ issues – and we're proud to say we have almost 200 Allies.

The overall gender balance across all employees within the business at year end was 29% female and 71% male[†]. This figure is indicative of our industry, with a high proportion of operational employees typically being male, and has remained largely unchanged since the previous reporting period. This year the representation of women in leadership roles increased to 38%[†] and we are on track to meet our target of women holding at least 40% of leadership positions by 2020. This is being achieved through targeted female development, diverse shortlists and a leadership team committed to this change. We are also committed to improving ethnic diversity within our leadership population.

Embracing diversity underpins our commitment to providing equal opportunities to our current and potential employees and applying fair and equitable employment practices. We codify this through our Equality and Diversity Policy, our D&I Strategy and our values.

	Male	Female
Board	5 (62%)	3 (38%)
Executive team	10 (83%)	2 (17%)
Senior managers (Band D+)	235 (62%)	144 (38%)
All employees	3,275 (71%)	1,327 (29%)

2020 goal:
Women are represented in 40% of senior manager roles (Band D+) across the company

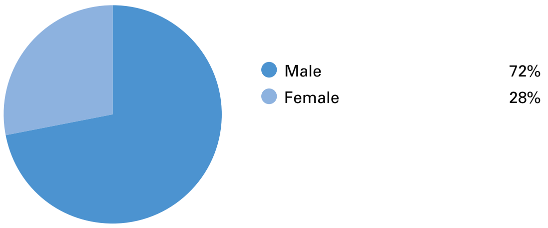
GB gender pay gap

The following results show our GB gender pay gap for the 1,867 people who were employed by Britvic on 5 April 2019.

The gender pay gap is the difference between the average earnings of men and women across the business regardless of the nature of their work. It is different from equal pay. Equal pay relates to men and women being paid equally for equivalent jobs. This is a legal requirement in the UK and one that Britvic believes in fully across all of our markets. We are confident that men and women are paid equally for equivalent work, however because different jobs pay differently and the number of men and women performing these jobs varies, a gender pay gap exists.

The mean pay gap is the difference between average hourly rate of men and women. The median pay gap is the difference between the midpoints in the ranges of hourly rate of men and women. In both cases, a positive figure indicates that men receive the higher pay and a negative figure indicates that women do.

GB employees by gender



Difference in pay between genders (%)

Mean	Median
-5	-13

Difference in bonus payments between genders (%)

Mean	Median
2.6	-59

Proportion of men and women receiving a bonus (%)

Pay quartile (%)

Upper quartile (%)

Upper middle quartile (%)

Lower middle quartile (%)

Lower quartile (%)

Our total gender pay gap is skewed towards women which means that the average earnings of women are higher than men. Britvic has a -13% median pay difference against the UK average of 18% median. The primary driver of this is the structure of our workforce which, in line with the industry we operate in, is weighted towards manufacturing and distribution operations, where the balance of the workforce is predominantly male (7:1). The roles in our manufacturing and distribution operations have, on average, lower salaries and bonus payments than those in our office functions.

We have proportionally fewer women in our leadership roles that, on average, attract higher pay rates, as shown by the upper quartile pay gender split (65.8% men). The mean bonus payment is 2.6% in favour of males primarily because higher bonuses are paid at a senior executive level.

Government

Despite being politically neutral, the regulatory environment is critical to our success as a business, and therefore we engage openly and transparently with governments and political bodies in the markets in which we operate. We do not make donations to, nor receive donations or services from, political parties; however, we do represent our views on the issues that affect our business to political actors, both directly and with relevant industry bodies and trade associations. We will always do so while complying with any relevant laws regulating political activity, and, where appropriate, we submit regular updates to lobbying registers.

We work proactively and positively with policy makers and this year we conducted research in the UK to seek their views on issues affecting the soft drinks industry. Concern in relation to sugar and plastic packaging dominated the feedback, albeit with differing levels of sentiment. Across respondents, sugar is broadly considered an ongoing concern in relation to public health but one that the soft drinks industry has made significant progress on. In contrast, the plastic packaging issue is a relatively new issue for UK policy makers but one that is gaining considerable momentum with impending regulation to support a more circular economy.

> "It is a fairly responsible sector overall because it responded very well to the challenge that we, the Government, set them around sugar and that has been to their credit."

Policy stakeholder

Customers

Our customers are essential to our business as our main route to market, and as partners on joint business plans where we can create shared value with our category-led approach. With our deep knowledge of the soft drinks category and fantastic products, we share our expertise with our customers to drive category growth. As befits these close partnerships, we engage regularly with our customers with face-to-face meetings, conferences and events, webinars and hosting customer facing websites and online platforms. As well as day-to-day operational contact, we have regular reviews of joint business plans to ensure that we deliver beyond what is necessary to reach our shared goals.

This year we once again published our Soft Drinks Review, the annual barometer of the soft drinks industry containing data and our insight on consumer trends, broken down by channel. Linked to the launch, we hosted many co-creation events with our customers to find solutions to their challenges, often at our equipment centre in Mica Point or our commercial environment showcase space at our head office.

Suppliers

We engage with suppliers to address challenges and drive positive change through our procurement and supplier quality assurance teams and processes, as well as through conferences and training sessions for suppliers. This year the Britvic Brazil team co-hosted the AIM-PROGRESS Supplier Capability Building event in São Paulo aimed at raising awareness of responsible sourcing and knowledge in the areas of anti-corruption, forced labour, the value of social audits, wages and working hours, and health and safety at work.

We are committed to sourcing the ingredients and materials that go into our drinks in a responsible manner and continually strive for the highest ethical standards, holding our suppliers and partners to the same criteria. Our Ethical Business Policy details our commitment to human rights and covers bribery and corruption, conducting business with respect, integrity and equality, and managing personal activities and interests. Our approach is guided by international conventions and standards, including the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Our policy extends to our suppliers and other trading partners and compliance is monitored through our responsible sourcing programme. Following the integration of Brazil into our responsible sourcing programme last year, we are proud to have grown the percentage of direct suppliers linked to us on Sedex, the ethical supply chain data platform we use, from 57% to 92% across the Group over the course of 2019. Full details on our Sedex scorecard and our approach to protecting human rights and preventing modern slavery across our business can be found within our Modern Slavery Statement published on our website at www.britvic.com/modernslavery.

Trade associations

Britvic plays an active role in promoting the growth, development and understanding of our business and the wider industry, and we are proud to work alongside and support a wide variety of relevant trade bodies and associations in our key markets. These organisations primarily provide us with the opportunity to work in partnership with the wider industry to communicate values and concerns to key stakeholders such as consumers, governments, media and regulators. This helps to ensure that the best interests of the soft drinks and wider food sectors are represented at all levels of decision making, and that our perspective is always considered and respected. We also benefit from the wide variety of professional services offered by many of these associations – including advice on policy, regulation and best practice – and we often take advantage of training opportunities and important stakeholder events and receptions.

Last year we played a key role in a number of associations, including sitting on the relevant boards and executive councils of organisations including the Food and Drink Federation, the British Soft Drinks Association, Food Drink Ireland and the Irish Beverage Council. We are active participants in a number of working groups most relevant to our strategic priorities.

In GB, our Sensational Drinks trade platform gives independent pub and restaurant operators a helping hand by providing a free suite of services, support tools and inspiration. The site includes a range of advice and guidance, access to the latest innovations, free promotional material, recipe inspiration and advice from leading bartenders, and tips and advice for driving footfall.

Healthier Planet

As a soft drinks business, our long-term success depends on our ability to source our ingredients and raw materials, which in turn depends upon a stable healthy natural environment. The climate crisis and the inefficient way in which resources are consumed have hit the headlines this year and governments, business leaders and communities at large are waking up to the fact that something needs to change, and more must be done to tackle the environmental challenges we face. We are committed to playing our part.

Climate action

This year we have seen a huge swell in concern about climate change, with governments around the world responding to citizen pressure and enhancing their carbon commitments. We welcome these steps towards a low carbon economy.

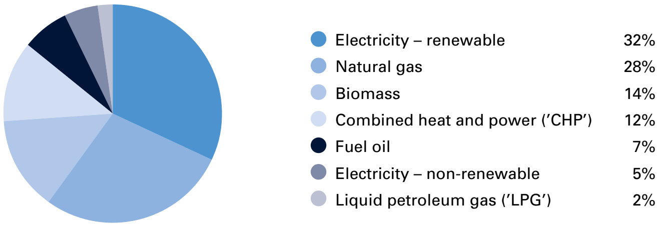
This year we were proud to commit to setting a science-based emissions reduction target to ensure that our carbon strategy reflects the ambition and urgency required to keep global temperature rise to within 1.5°C. We have targeted an overall absolute reduction of 36% vs 2017 by 2025. To set this target, we completed a full value chain analysis including engaging with over 300 suppliers to understand their current carbon impact and programmes in place to reduce it. This baseline dataset has enabled us to identify hotspot areas and develop projects that will have the biggest impact on reducing our indirect emissions footprint. Going forward, this information will aid us to better measure and understand the climate change risk in our key supply chains, as we step towards incorporating the recommendations of the Taskforce on Climate-Related Financial Disclosures.

We continued our commitment to the green energy transition in 2019. Over the course of the year, we reduced our market-based[1] manufacturing emissions intensity by 20%, primarily through the switch of our GB grid-sourced manufacturing electricity to wind power. This has meant that overall, our percentage of energy sourced from renewables has increased from 28% last year to 46%† and we are continuing to investigate new clean energy opportunities. The proportion of hybrid/electric vehicles in our GB company car fleet increased to 27% and we additionally supported carbon sequestration through an employee tree planting project in Brazil and Teisseire's brand partnership with the National Forests Office in France.

Our investment in operational excellence and efficiency has counterintuitively caused a temporary increase in our location-based[1] manufacturing emissions intensity this year to 27.41 tonnes CO_2e/thousand tonnes production†. This 2.6% increase in our overall emissions intensity was primarily driven by the energy required for commissioning four new manufacturing lines and a CHP plant at our Rugby site.

However, we believe it is essential to invest now to recoup emissions savings over the long term. The new lines are highly energy efficient, while the CHP plant converts natural gas into electricity and also captures waste heat and steam for use in on-site processes such as pasteurisation, thus improving the generation efficiency compared with a traditional grid connection. This year we also installed new biomass-powered boilers at our Araguari site, which are estimated to halve the manufacturing emissions from our Brazil business unit once fully operational, and in France we trained ten energy champions across our sites through a government-certified programme, each of whom is developing energy reduction initiatives.

Manufacturing energy sources



	2019 (tonnes CO_2e)[2,3†]	2018 (tonnes CO_2e)
Location-based emissions method		
Scope 1	28,060	31,048
Scope 2	34,765	31,067
Total scope 1 & 2 emissions	62,825	62,115
Scope 1 & 2 emissions intensity (per thousand tonnes production)	28.86	29.03
Market-based emissions method		
Scope 1	28,060	31,048
Scope 2	10,191	17,414
Total scope 1 & 2 emissions	38,251	48,462
Scope 1 & 2 emissions intensity (per thousand tonnes production)	17.57	22.65
Downstream emissions		
Scope 3 – Business travel[4]	4,136	4,700
Scope 3 – Logistics	52,050	53,711

Notes:

1 The GHG Protocol (2015) defines location-based Scope 2 emissions as reflecting 'the average emissions intensity of grids on which energy consumption occurs' and market-based Scope 2 emissions as reflecting 'emissions from electricity that companies have purposefully chosen'.

2 2019 figures refer to the 52 weeks ended 29 September 2019. Please refer to Britvic's 2019 Basis of Reporting available at www.britvic.com/sustainable for full scope, boundary and methodology disclosure for our greenhouse gas reporting. This data is independently assured by Ernst & Young LLP.

3 Figures include all office and non-manufacturing emissions.

4 Business travel includes our Brazil business unit for the first time and 2018 data have been restated for comparability.

2020 goal:

- Launch science-based target and roadmap
- 7% reduction in location-based scope 1 and 2 manufacturing emissions intensity

Responsible consumption and production

Resource stewardship

The World Economic Forum's Global Risk Report has listed water crises among the top five risks in terms of impact for eight consecutive years (World Economic Forum, 2019). While none of our manufacturing sites are located in high water risk areas (as per the World Business Council for Sustainable Development's Aqueduct water risk tool), we remain committed to minimising our water footprint and continue to monitor this risk.

In 2019, our manufacturing water intensity ratio increased by 2% to 2.18m^3/tonne produced[†]. Decreases in our GB and Ireland business units were offset by a larger (16%) increase in water intensity in Brazil. This was caused by numerous factors, including new clean-in-place testing and borehole cleaning. This water performance was disappointing and we have initiated a series of third party water audits and internal projects across our manufacturing sites to identify water-saving opportunities in our operations to turn this performance around.

We continued our journey to become a zero waste to landfill business this year. We sent zero manufacturing waste to landfill across GB, Ireland and France and diverted 99%[†] of manufacturing waste generated from landfill overall. Our focus for 2020 is therefore to stop the small amount of waste still going to landfill from our Brazil sites. As well as encouraging our consumers to recycle, we led by example ourselves. Over 95% of our GB manufacturing plastic waste was recycled or reused, up from 87% in 2018, with the remaining sent for energy recovery, and we also installed new filtered water fixtures throughout our head office.

2020 goal

- Achieve a water intensity ratio of 1.98m^3/tonne produced across our global manufacturing sites
- Achieve zero waste to landfill across our global manufacturing sites

Packaging and the circular economy

The world is facing unprecedented pressure on natural resources, leading to price volatility and restricted availability on certain raw materials. As a business dependent on resources including energy, water, packaging materials and agricultural commodities, we are committed to reducing our risk exposure by using resources as efficiently as possible and supporting a more circular economy.

This year the focus of many of our stakeholders has been on the environmental impact associated with plastic packaging. Across our global portfolio we use a variety of different packaging formats including PET plastic, aluminium cans, glass and carton. Plastic is a hugely versatile packaging format that offers a wealth of benefits including its lightweight, hygienic, resealable properties but we share our stakeholders' concerns in relation to the wasteful nature in which this resource is used and we are committed to being part of the solution.

Our ambition is to see a world where packaging never becomes waste. This year we continued to be a proud signatory to the UK Plastics Pact, an initiative launched in April 2018, bringing together all parts of the plastic value chain aimed at keeping plastics in the economy and out of the natural environment. In support of the pact this year, we launched our new packaging strategy that focuses on actions that will reduce, recycle, reframe and reinvent the way we handle plastic packaging.

1. Reducing

We work collaboratively with our suppliers to reduce the amount of packaging we use across all format types. This year we successfully removed 646 tonnes[†] of plastic through packaging redesign and new technology in GB and Ireland. We are working closely with PepsiCo to drive global best practice in our PET bottle light-weighting – a key enabler of our commitment to remove at least an additional 500 tonnes of plastic packaging next year.

In support of the circular economy we are also committed to ensuring that all our packaging is recyclable and its value is retained. This year we switched our Squash'd black plastic bottle to a recyclable, non-black format and all of our cans and PET bottles are recyclable in GB and Ireland.

2. Recycling

As well as ensuring that the materials we use are recyclable, in order to create a closed loop for packaging, we recognise these recycled materials need to be viewed as a valuable resource and to do so business needs to incorporate more recycled content into the packaging used. This year we were proud to launch ARTO LifeWTR in a PET bottle which contained 50% recycled content (rPET) and we kicked off trials for the introduction of recycled content in our trade shrinks.

Next year, enabled by our transformational strategic partnership with Esterform, the UK's largest independent preform manufacturer, we will accelerate rPET roll out across GB and Ireland, achieving at least an overall average 15% rPET level, including at least 100% rPET content on two of our brands.

3. Reframing

Consumers and customers tell us they want to reduce the amount of plastic and packaging they use and for it to be easy for them to recycle. We have an important role to play and through the unique reach and scale of our brands we have an opportunity to reframe the conversation on packaging waste.

This year we have continued to feature the On-Pack Recycling Label ('OPRL') on all our packaging and we significantly increased our consumer facing recycling communications with 'Recycle Me' messaging featuring on our Pepsi, Robinsons and 7UP TV campaigns and on-cap messaging on Pepsi, Tango and Ballygowan brands. Working with WRAP and Recycle Now, our biggest brands supported Recycle Week through their social channels.

We are pleased that the UK Government is addressing the current packaging waste challenges and we welcomed the opportunity to respond to the policy consultations on Extended Producer Responsibility, deposit return schemes and plastics packaging tax this year. We are committed to playing our part and will continue to work with our industry peers to influence the design and development in support of a more circular economy.

4. Reinventing

We see exciting possibilities for reinventing how drinks are packaged. This part of our packaging strategy looks to future initiatives and next generation technologies in the aim of reducing the total environmental footprint.

2020 goal

- Remove over 500 tonnes of additional packaging through new light-weighting initiatives
- Increase rPET in our GB and Ireland portfolio at 15% with 100% recycled content for at least two brands
- By year end, 100% of our trade and consumer advertisements in GB and Ireland carry a recycling message

Our partnership with Esterform accelerates Britvic's ability to meet our plastic reduction targets across our GB and Ireland portfolio. We are investing £5m to support the construction of new rPET manufacturing facilities at Esterform's site in Leeds. rPET is plastic material made from recycled plastics and presents an alternative to virgin fossil-based packaging. This gives rPET significant environmental benefits and contributes towards creating an effective circular economy. However, there is a significant industry issue in accessing the quantity and quality of food-grade rPET required to satisfy the demand, with insufficient capacity currently available in the UK. This deal, therefore, provides Britvic with secure access to UK-sourced rPET and offers Esterform the security to invest in a major capital project that will enhance the UK's efforts to create a circular economy.

"I am delighted to have joined Britvic as Chief Financial Officer. Since joining in September 2019 I have spent time understanding the business and have had an opportunity to visit our teams in Brazil, Ireland and France. My early impressions are very positive, and I very much look forward to working with everyone in Britvic to deliver our strategy and continued strong returns for shareholders."

Joanne Wilson,
Chief Financial Officer

Overview

In 2019, group revenue increased by 1.4%* and adjusted EBIT increased by 4.4%*, with a solid 40 bps* improvement in adjusted EBIT margin. As a result, adjusted earnings per share increased 6.2%, and the Board has proposed a final dividend of 21.7 pence, reflecting the strong financial performance and free cash flow generation. Reported profit after tax declined 30.9% as we included adjusting items of £84.6m. As well as adjusting items related to the BCP, past pension costs and the closure of the Fruit Shoot multi-pack operation in the United States, we have also incurred additional adjusting items in relation to the proposed sale of the juice manufacturing sites in France. These include transaction costs and an impairment charge as we write down the value of the assets held for sale.

Below is an outline of the segmental performance as well as explanatory notes related to items including the taxation charge, interest paid and free cash flow generation.

GB carbonates

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual	% change excluding SDIL
Volume (million litres)	1,301.7	1,294.8	0.5%	0.5%
ARP per litre	51.0p	47.2p	8.1%	4.7%
Revenue	663.6	610.6	8.7%	5.2%
Brand contribution	259.0	251.7	2.9%	2.9%
Brand contribution margin	39.0%	41.2%	(220) bps	(90) bps

GB carbonates revenue increased 5.2%, excluding the soft drinks industry levy (SDIL), with ARP growth of 4.7%. This was achieved through pack mix and disciplined revenue management. Volume growth in the second half of the year was strong compared to last year, when carbonates sales were limited by the CO_2 shortage. Volume growth from our portfolio of low and no sugar brands, including Tango, Pepsi MAX, 7UP Free and R Whites, more than offset the expected decline in full sugar brands. Brand contribution margin declined 90 bps due to a combination of pack mix, a significant increase in advertising and promotion ('A&P') spend and cost of goods inflation.

* Constant exchange rate adjusts for constant currency and excludes the Soft Drinks Industry Levy (SDIL) in GB and the Sugar Sweetened Drinks Tax (SSDT) in Ireland. Adjusting items includes acquisition related amortisation of £10.4m, impairment charge relating to assets held for sale in France of £31.2m and other adjusting items of £42.5m. Total adjusting items includes £0.5m in finance costs.

GB stills

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual	% change excluding SDIL
Volume (million litres)	**355.1**	370.1	(4.1%)	(4.1%)
ARP per litre	**79.4p**	75.8p	4.7%	4.5%
Revenue	**281.8**	280.7	0.4%	0.4%
Brand contribution	**120.5**	116.6	3.3%	3.3%
Brand contribution margin	**42.8%**	41.5%	130 bps	120 bps

GB stills revenue increased 0.4%, led by the Robinsons range, Refresh'd and Lipton Ice Tea. Strong ARP growth of 4.5%, excluding the SDIL, was achieved through disciplined revenue management across the portfolio and the growth of premium variants such as Robinsons Creations and Cordials. Volume declined 4.1% due to a combination of the impact of revenue management and a strong second half performance last year when we switched promotional activity from carbonates to stills in response to the CO_2 shortage. Brand contribution and margin benefited from the positive mix, lower A&P spend and strong price realisation.

France

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	**240.2**	263.0	(8.7%)	(8.7%)
ARP per litre	**102.0p**	102.4p	(0.4%)	(0.5%)
Revenue	**244.9**	269.2	(9.0%)	(9.2%)
Brand contribution	**80.0**	81.4	(1.7%)	(1.7%)
Brand contribution margin	**32.7%**	30.2%	250 bps	250 bps

Revenue declined 9.2%, driven by an 8.7% fall in volume. The revenue decline was in both private label sales, as we continued to focus on managing the profitability of these contracts, and our branded portfolio. Fruit Shoot declined due to a combination of intense price competition and new entrants into the category. The EGalim law, which regulates both promotional activity and margins, had an adverse impact across the brand portfolio. The decline in brand contribution was partially mitigated by the benefit of raw material savings earlier in the year.

Ireland

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate excluding SSDT
Volume (million litres)	**211.9**	221.3	(4.2%)	(4.2%)
ARP per litre	**60.6p**	56.3p	7.6%	3.9%
Revenue	**175.8**	174.0	1.0%	(1.6%)
Brand contribution	**52.0**	53.5	(2.8%)	(2.9%)
Brand contribution margin	**29.6%**	30.7%	(110) bps	(40) 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.

Revenue declined 1.6%, excluding the Sugar Sweetened Drinks Tax (SSDT), with volume down 4.2% and ARP increasing 3.9%. The volume decline was in part due to Ballygowan water performance, compared to an exceptionally warm summer last year and changes this year to promotional pricing. MiWadi and Pepsi were in strong growth but were offset by a decline in 7UP and Club full sugar variants. Counterpoint revenue, which includes the sale of third-party alcohol brands, declined compared to last year, reflecting a contraction in the on-trade channel.

International

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	**49.8**	43.8	13.7%	13.7%
ARP per litre	**108.6p**	111.9p	(2.9%)	(3.1%)
Revenue	**54.1**	49.0	10.4%	10.2%
Brand contribution	**11.3**	10.2	10.8%	16.5%
Brand contribution margin	**20.9%**	20.8%	10 bps	110 bps

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

Revenue increased a robust 10.2% with all sub-channels in growth except Fruit Shoot in the United States where sales of the multi-pack ceased in the final quarter of the year. Revenue excluding United States multi-pack increased 12.7%. ARP declined 3.1% due to channel mix, led by the growth of sales in the Travel & Export channel, which benefited from new account wins and increased sales to overseas markets. In Benelux, channel growth was led by the Teisseire Zero sugar free range. A&P spend was modestly down on last year. Brand contribution and margin increased due to the withdrawal from Fruit Shoot multi-pack in the United States and mix.

Brazil

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate
Volume (million litres)	**222.2**	210.6	5.5%	5.5%
ARP per litre	**56.2p**	57.0p	(1.4%)	4.3%
Revenue	**124.8**	120.1	3.9%	9.9%
Brand contribution	**28.3**	24.8	14.1%	20.4%
Brand contribution margin	**22.7%**	20.6%	210 bps	200 bps

Strong revenue growth of 9.9% was achieved through a balance of ARP and volume. The ready to drink portfolio was in strong growth, across the juice, coconut water and tea ranges. In addition, both Fruit Shoot and the Be Ingredient operation, which supplies both Britvic and third-party companies with concentrated juices, also grew compared to last year. Brand contribution and margin were significantly ahead of last year, reflecting the positive product mix and absorbing an increase in A&P spend. Within revenue there was a one-off benefit of approximately £1.1m related to reclaimed federal taxes.

Fixed costs – pre-adjusting items

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m	% change actual exchange rate	% change constant exchange rate
Non-brand A&P	**(10.5)**	(11.1)	5.4%	5.4%
Fixed supply chain	**(108.0)**	(110.1)	1.9%	1.8%
Selling costs	**(83.0)**	(79.5)	(4.4%)	(4.5%)
Overheads and other	**(135.5)**	(131.3)	(3.2%)	(2.6%)
Total	**(337.0)**	(332.0)	(1.5%)	(1.3%)
Total A&P investment	**(65.9)**	(65.6)		
A&P as a % of own brand revenue	**4.4%**	4.6%		

A&P spend of £65.9m was slightly ahead of last year with increased spend in Brazil and GB carbonates offset by lower spend in the other segments.

Fixed supply chain costs of £108.0m were lower than last year primarily due to co-packing costs, which were higher in 2018 due to rebuilding of stocks following the CO_2 shortage. Selling costs increased due to additional investment in selling resource and field sales activity. Overheads and other increased 2.6% to £135.5m as we include costs related to Brexit planning.

Interest

The adjusted net finance charge* for the 52-week period for the Group was £19.2m, compared with £19.8m in the prior year. The reduction was due to the impact of maturing debt being refinanced at lower rates. The reported net finance charge was £19.7m (2018: £20.3m).

Adjusting items – pre-tax

In the period, we incurred and have separately disclosed a net charge of £84.6m (2018: £40.4m) of pre-tax adjusting items. These include:

- Strategic restructuring – BCP costs of £33.0m (2018: £40.3m), which include employee costs and asset impairments in respect of the Norwich site closure, as well as other restructuring costs related to the programme and the operating model in GB and Ireland
- Acquisition related amortisation of £10.4m
- A charge in France relating to the revaluation of assets held for sale of £31.2m, and related transaction costs to date of £2.5m
- Costs in relation to the closure of the Fruit Shoot multi-pack operation in the United States of £2.1m
- Pension related costs of £6.2m, including past service costs relating to GMP equalisation of the pension schemes in GB and Northern Ireland
- A fair value loss of £0.5m and other of £(1.3)m

The cash cost of adjusting items pre-tax in the period was a £31.3m outflow. Further detail on adjusting items can be found on page 147.

Taxation

The adjusted tax charge was £36.8m, which equates to an effective tax rate of 19.9% (2018: 21.6%). This primarily resulted from a change of geographical profit mix and prior period adjustments. The reported net tax charge was £29.4m (2018: £28.7m), which equates to an effective tax rate of 26.7% (2018: 19.7%). The increase relates to an impairment in France which is not tax deductable. A small benefit continues to be reflected due to a reduction in deferred tax liabilities in the UK as a result of lower future UK corporate tax rates. Included within prior year adjustments is £1.8m relating to the release of uncertain tax positions for which the statute of limitation has passed and a deferred tax prior year adjustment of £1.3m relating to deferred tax on fixed assets and loss recognition in the UK and Ireland respectively.

Earnings per share (EPS)

Adjusted basic EPS for the period was 59.8 pence, up 6.2% on the same period last year. Basic EPS for the period was 30.6 pence, compared with 44.4 pence last year.

Dividends

The Board is recommending a final dividend of 21.7 pence per share, an increase of 6.9% on the dividend declared last year, with a total value of £57.3m. The full year dividend is 30.0 pence, representing a year-on-year increase of 6.4%. The final dividend for 2019 will be paid on 5 February 2020 to shareholders on record as at 6 December 2019. The ex-dividend date is 5 December 2019.

Cash flow and net debt

Adjusted free cash flow was a £116.0m inflow, compared with a £65.0m inflow the previous year. Working capital generated an outflow of £20.2m (2018: £15.5m inflow), primarily due to higher inventory levels. Capital expenditure of £74.8m, (2018: £143.5m) as the transformational business capability programme completed.

Adjusted net debt at 29 September 2019 of £566.1m decreased by £9.4m compared to adjusted net debt* of £575.5m at 30 September 2018. This has generated adjusted net debt* leverage of 2.1x (2018: 2.2x).

IFRS 16

IFRS 16, the new financial reporting standard on accounting for leases, was adopted on 30 September 2019 using the 'modified retrospective' transition approach, meaning that comparative financial information at 29 September 2019 will not be restated. Adoption of the standard will have no cash impact, but will change the way assets, liabilities and related income statement balances are presented. The impact on profit before tax and EBIT is not expected to be material. Further detail on the impact of IFRS 16 can be found in Note 3 to the financial statements.

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 position. The Group uses financial instruments to hedge against interest rate and foreign currency exposures.

At 29 September 2019, the Group had £945.0m 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 2019 and 2033, providing the business with a secure funding platform.

At 29 September 2019, the Group's unadjusted net debt of £634.5m (excluding derivative hedges) consisted of £67.0m drawn under the Group's committed bank facilities, £614.5m of private placement notes, £2.7m of accrued interest and £1.0m of finance leases, offset by net cash and cash equivalents of £49.0m and unamortised loan issue costs of £1.7m. Including 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 £566.2m, which compares with £575.5m at 1 October 2018.

Pensions

At 29 September 2019, the Group had IAS 19 pension surpluses in Great Britain and Northern Ireland totalling £142.4m and IAS 19 pension deficits in Ireland and France totalling £14.9m (net of asset held for sale pension deficit in France of £1.3m), resulting in a net pension surplus of £127.5m (1 October 2018: net surplus of £86.9m). The net surplus has increased primarily due to changes in the financial and demographic assumptions, and additional employer contributions made to the GB plan of £20m. The defined benefit section of the GB plan was closed to new members on 1 August 2002 and closed to future accrual for active members from 1 April 2011, with new employees being invited to join the defined contribution scheme. The Northern Ireland scheme was closed to new members on 28 February 2006 and future accrual from 31 December 2018, and new employees are eligible to join the defined contribution scheme. All new employees in Ireland join the defined contribution plan.

Following completion of the 31 March 2016 GB plan actuarial valuation, agreement has been made with the Plan Trustee on a number of key principles, including allowing a longer period to fund the deficit and agreeing that no additional contributions will be payable over and above those payments to 2019 agreed at the 2013 valuation. Future contributions beyond 2019 will be on a contingent basis. The Ireland and Northern Ireland defined benefit pension plans have an investment strategy journey plan to manage the risks as the funding position improves. The GB pension plan mainly has credit-type investments and the Trustees have developed proposals to manage the investment risks.

Following the Lloyds GMP equalisation case in October 2018, which ruled that treatment of men and women be brought in line for schemes with a guaranteed minimum pension, the vast majority of UK-based defined benefit schemes will need to recalculate member benefits. The impact of the GMP equalisation is £6.0m which has been recognised as a past service cost as part of adjusting items in the current period.

Risk management process

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 performs 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 and the company's risk appetite, and updates to risks and mitigation plans are made as required. The principal risks that could potentially have a significant impact on our business have not changed since year end and are set out on pages 35 – 38 of the 2019 annual report.

Joanne Wilson
Chief Financial Officer
27 November 2019

Our approach

As with any business, we face risks and uncertainties especially as we look to grow our business here in the UK and around the world. Effective risk management helps support the successful delivery of our strategic objectives. We have an established risk management framework to identify, assess, mitigate and monitor the risks we face as a business and help deliver a balance between risk and opportunity. The risk management framework incorporates both a top down approach to identify the company's principal risks and a bottom up approach to identify operational risks. The Executive team is responsible for identifying, managing and monitoring the principal risks. The Board is accountable for the overall risk management process and determining the effectiveness of the Executive team's risk management. Similarly, all business units and functions are responsible for identifying and assessing their risks, both current and emerging, and measuring them against the defined criteria, considering the likelihood of occurrence and the potential impact to the company. This includes an assessment of the movement in the risks, the strength of the controls relied upon and the status of the mitigation actions.

The viability statement on page 39 provides a broader assessment of the long-term liquidity and solvency of the company after consideration of the principal risks.

Key areas of focus

The risks facing Britvic continue to be wide-ranging with both external and internal factors providing a high level of uncertainty across the year. This has ranged from common business risks, such as Brexit and sustainability, through to those more specific to Britvic, such as moving through the final stages of our BCP.

The company has a Brexit steering group in place to ensure that we are being proactive in monitoring developments and taking action where appropriate. Given the continuing uncertainty regarding the outcome of the Brexit withdrawal process, the steering group has focused this year on being prepared for a 'no-deal' exit and ensuring that adequate preparations are made where these are within the company's control. This has ranged from building additional raw material stock in the run up to the various Brexit deadlines, securing additional warehouse space both in GB and Ireland and assessing the readiness of our suppliers for Brexit. The impact of Brexit including a 'no-deal' outcome has not been presented as a separate risk but instead is reflected in the relevant principal risks, notably the risks around supply chain and treasury.

Risk appetite

The UK Corporate Governance Code requires companies to determine their risk appetite. This is an expression of the amount and types of risk that the company is willing to take in order to achieve its strategic and operational objectives. We have agreed a set of company appetite statements for our principal risks. A risk that can seriously affect the performance, future prospects or reputation of the company is deemed a principal risk. These are aligned to the company's strategic goals and priorities. We use the articulation of risk appetite in decision making across the company, and to define and validate the mitigating activities required to manage our risks.

Risk management framework

Top down

Board of Directors

Assesses principal risks and sets risk appetite. Overall responsibility for maintaining sound risk management and internal controls.

Audit Committee

Sets the risk management framework. Assesses the effectiveness of the Group's risk framework and internal control systems.

Executive team

Identifies and monitors principal risks and undertakes reviews of operational risks reported from business units.

Risk team

Co-ordinates risk management activity, provides expertise and support to business risk owners and reports risk information across the organisation.

Internal Audit

Provides independent and objective assurance that the system of internal control is adequately designed and is operating effectively to mitigate key risks.

Operational management

Owns and reviews operational risks, operates controls and implements mitigation actions.

Bottom up

Principal risks and uncertainties

The table below sets out the principal risks faced by the company, the link to the company's strategies, movement in the risk score, examples of relevant controls, mitigating factors, and recent developments. The company is exposed to a wide range of other risks in addition to those listed.

The risk score movement from the prior year for each principal risk is presented as follows:

- No change
- Increased
- Decreased

Alignment to strategy key

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

Consumer preference: Innovation

Risk movement: Decreased

Principal risk
Failure to successfully evolve our portfolio to take advantage of growth categories and/or reinvent our core brands to meet consumer needs.

Risk description
Consumer preferences, tastes and behaviours change over time and differ between the markets in which we operate. As part of this, the consumer's desire for healthier choices and premiumisation are significant trends. Our ability to anticipate these trends, innovate and ensure the relevance of our brands is critical to our competitiveness in the market place and our performance.

Controls and mitigating activities
- We have a broad portfolio of products across a number of sub-categories and markets to increase coverage of consumer trends
- Continuous assessment of consumer/customer trends, insight and behaviours in order to anticipate changes in preferences and match our offering to these trends
- Every period, the Category Board meets to oversee the overall Marketing & Innovation pipeline. The Category Board has visibility and oversight on project progress, resourcing and spend
- Ongoing prioritisation exercise underway to ensure that the innovation pipeline is balanced between long-term and more immediate opportunities

2019 developments
- 92% of our innovation in GB and Ireland was in low or no added sugar drinks this year
- We refreshed our Tango brand with three new sugar free flavours, a new packaging design, supported by a marketing campaign
- Our premium adult mixer brand, LEC, grew its presence to nearly 80 cities in 29 countries

Health concerns

Risk movement: No change

Principal risk
Failure to respond to growing health concerns of key stakeholders, from public health bodies and government officials.

Risk description
There is a high and ever increasing level of media and government scrutiny on health and obesity in all of the markets we operate in, highlighted in the UK by the potential introduction of regulation over HFSS products. It is important that we continue to take a leadership position on health issues.

Controls and mitigating activities
- We have a wide range of soft drinks, many of which are low or no sugar which means we are well placed to take advantage of the consumer's increased demand for healthier products
- Ongoing evaluation and development of the brand portfolio and innovation pipeline; our innovation pipeline is weighted towards lower sugar or nutritionally enhanced brands
- We work closely with non-government organisations and trade associations in our markets to fully participate in the debate and help shape solutions

2019 developments
- We exceeded our 2020 calorie reduction goal a year early, achieving a 22% reduction in average calories per 250ml serve vs 2013
- This year saw the start of a strategic partnership with Diabetes UK, through which we supported the delivery of over 1,400 'Make the Grade' packs to help schools better care for children with diabetes
- Commercial assessment of the impact of the potential introduction of regulation on advertising and sales of HFSS products
- 92% of Britvic's total GB portfolio by volume and 84% of Britvic's volume in Ireland is now exempt/below the levy/tax threshold (including PepsiCo)

Retailer landscape and customer relationships

Risk movement: No change

Principal risk
We may not be able to maintain strong relationships with our key customers or respond to changes in the retailer landscape (e.g. consolidation).

Risk description
Maintaining strong relationships with our existing customers and building relationships with new customers and technology-enabled channels is critical for our brands to be readily available and well presented to our consumers. A failure to do this may impact our ability to obtain competitive pricing and trade terms and/or the availability and presentation of our brands.

Controls and mitigating activities
- We operate across many different customer channels and markets and continuously monitor customer performance and trends
- We develop joint business plans with customers that include investment and activation plans
- We have capabilities in the soft drinks category which enable us to find new ways to improve customer performance and enhance our relationships

2019 developments
- Continued to strengthen our position in the licensed and leisure channel, including extending our relationship with Mitchells & Butlers
- Continued to prepare as necessary where consolidation may occur, for example ahead of the now unsuccessful Asda/Sainsbury's merger
- Implementation of the SDIL in GB and SSDT in Ireland successfully embedded in 'business-as-usual' processes

Third party relationships

Principal risk
Partnerships may not be renewed or are renewed on less favourable terms.

Risk description
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.

Controls and mitigating activities
- Robust governance and management of relationship with PepsiCo and other partners

2019 developments
- Pepsi and Pepsi MAX have gained more share of the cola market in 2019 in GB. This continues our strong performance, which we have been driving for well over a decade
- Continued success with the Pepsi MAX Taste Challenge which saw 65% of responses choose Pepsi MAX over its rivals
- ARTO LifeWTR was jointly launched in the UK by PepsiCo and Britvic in May 2019. This premium water showcases the work of emerging local artists

Supply chain

Principal risk
Supplier failure, market shortage or an adverse event in our supply chain impacts sourcing of raw materials or the cost of our products is significantly affected by commodity price movements.

Risk description
Our business depends on purchasing a wide variety of products and services, efficient manufacturing and distribution processes. Brexit presents a specific risk which is explored in further detail in the 2019 developments below.

Controls and mitigating activities
- Flexibility in being able to manufacture key products at multiple sites and strong relationships with contract packers to support business interruption
- We have robust supplier strategy, selection, monitoring and management processes
- We monitor market conditions for commodities and, where appropriate, hedge our contractual positions
- Externally certified management systems across the supply chain

2019 developments
- The GB supply chain investment programme has improved the flexibility and resilience of our supply chain. Over the past year, this programme has moved from the build phase through commissioning new lines and has now moved into business as usual
- At Rugby we have opened a new fully automated warehouse and are installing a combined heat and power plant to increase capacity
- We have worked closely with our suppliers to understand their level of preparedness, reviewed supply alternatives, explored tariff mitigation opportunities and increased the level of raw materials held in the run up to the key Brexit deadlines in both March and October 2019. We will continue to manage any changes as a result of Brexit through the Brexit Steering Committee

Sustainability and environment

Principal risk
Climate change presents a risk to our ability to source, manufacture and market our drinks. The increased focus from all stakeholders (governments, customers and consumers) on sustainability means there is increased risk of regulation on our packaging, and increased requirements to source sustainably and appropriately report on the impact of a changing climate.

Risk description
Increasing regulatory requirements and growing societal pressure with regards to packaging (plastics in particular) may present a financial and/or reputational risk to our existing packaging portfolio and impact upon our ability to market our products. In addition, climate change presents risks, operationally, financially and reputationally, across the business from reduced stock availability to supply interruption.

Controls and mitigating activities
- Within our *A Healthier Everyday* sustainability programme we make environmental commitments, including carbon emission reductions, water savings and reducing the environmental impact of our packaging
- We have externally certified management systems in place to monitor and reduce the environmental impact of our operations and ensure compliance with environmental legislation
- We were a founding signatory to the UK Plastics Pact and 100% of our cans, glass and PET bottles are recyclable in the UK
- Through our trade associations and directly, we continue to proactively engage with government on the feasibility of a deposit return scheme and other actions to increase recycling and reduce littering

2019 developments
- In 2019 we switched our grid-sourced manufacturing electricity in GB to 100% renewable, joining Ireland and Brazil which are already sourcing green electricity
- We committed to setting a 1.5°C-aligned science-based carbon reduction target
- We removed nearly 646 tonnes of primary plastic in 2019
- Established the ESG Committee, with key representatives from HR, Risk, Supply Chain, Corporate Relations and Health and Safety teams to govern our response to this risk
- Working on packaging alternatives so we can adhere to impending regulation, across our markets, for example on plastic straws (outside of GB&I) and recycled plastic requirements

International expansion

Principal risk
Failure to grow our business internationally in line with strategic aims due to the risks associated with start-up profitability (new markets and new brands) and regulations.

Risk description
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.

Controls and mitigating activities
- Strategic plan in place for international business unit built on Global Premium Adult and foundation channels
- We carry out extensive due diligence prior to entering a new market
- Monitoring of regulations (current and proposed or future changes)

2019 developments
- In Brazil we continue to look for growth in core and new brands against a backdrop of improving macro conditions
- We have closed our multi-pack Fruit Shoot business in the US to focus on growth opportunities, such as with LEC in the US and Teisseire in Benelux

Quality of our products and the health and safety of our people

Principal risk
Risk that a faulty or contaminated product, either through malicious contamination, human error or equipment failure, is supplied to the market.

Risk associated with the safe management of employees, contractors and visitors when working on Britvic sites and when working or travelling on behalf of Britvic or on customer premises.

Risk description
The quality of our products is of the utmost importance to us and it is essential that we manage product quality and integrity.

Controls and mitigating activities
- We have robust quality management standards applied and rigorously monitored
- Where incidents do occur, we have a clear Incident Management Policy and conduct annual scenario testing across all markets
- We have supplier assurance and management processes
- We have dedicated central teams to oversee quality and supplier assurance, working closely with the business units
- External compliance and system audits performed regularly through accredited bodies

2019 developments
- Rolled out a new reporting tool to help monitor and maintain quality, safety and environmental standards across all our sites
- Evolved management systems and quality processes to reflect the new technology in the GB supply chain
- Ongoing support to sites from Quality and Health and Safety teams involved in the BCP
- Conducted incident management training with the Brazilian senior management team

Legal and Regulatory

Principal risk
Non-compliance with local laws or regulations or breach of our internal policies and standards.

Risk description
Britvic is subject to a wide range of legislation, regulation, guidance and codes of practice in areas such as labelling, packaging, marketing, advertising, safety, environment, competition, data privacy, ethical business, anti-bribery and corruption, and tax. Failure to comply with such requirements could have a significant impact on our reputation and/or incur financial penalties.

Controls and mitigating activities
- Britvic's key global policies, including our Code of Conduct, are rolled out to new joiners and training is performed at regular intervals, such as competition law training for commercial teams
- A Speak-Up Code operates across the business enabling reporting of breaches of regulation and company policy via an independent third party
- We monitor processes to ensure compliance with all relevant legislation and regulations
- We work closely with our external advisors and the regulators, government bodies and trade associations regarding current and future legislation which would impact upon the company

2019 developments
- Building a strategy to deal with non-compliance in a clear and consistent manner, supported by a new compliance intranet site
- Ongoing data protection processes and compliance will be overseen by the Data Privacy Committee, which is led by the company's Global Head of Compliance
- External providers in place to support horizon scanning processes to help monitor changes in law and regulation
- A Brazil compliance committee has been formed to drive progress in this area

Technology and information security

Principal risk
We experience a major failure of IT infrastructure or breach in system or information security.

Risk description
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, cash flows and profits. Additionally, cyber security breaches could lead to unauthorised access to, or loss of, sensitive information.

Controls and mitigating activities
- Disaster recovery plans tested every year with annual penetration testing also performed
- Central governance and decision-making processes for system changes
- Information and IT policies are in place and are regularly reviewed
- Incident response plans are in place, recognising that while this risk can be managed it cannot be eliminated

2019 developments
- We continue to see an increasing frequency in cyber-attacks (including phishing and ransomware) in the market place
- We have increased investment to improve information and cyber security controls and cyber risk awareness
- Continued to deliver cyber awareness programmes including phishing tests
- Began the preparatory steps to implement cyber insurance

Treasury, tax and pension

Principal risk
Changes to exchange, interest or tax rates can have an impact on profits and cash flows. Business changes also present a risk as to how we are financed or taxed.

Risk description
Britvic is exposed to a variety of external financial risks relating to treasury, tax and pensions. 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, while closed to new employees, are exposed to movements in interest and inflation rates, values of assets and increased life expectancy.

Controls and mitigating activities
- Robust monitoring of exchange rates and interest rates
- Active risk management and hedging strategies are in place to manage exchange and interest fluctuations, overseen by the Treasury Committee
- Monitoring of investment and funding strategies for the pension fund
- Strong relationships with external stakeholders (such as HMRC and tax specialists) to ensure that a high standard of advice is provided to the business

2019 developments
- The recent depreciation of sterling has led to higher input costs across a number of our key commodities. The risk of a 'no-deal' Brexit could elevate this risk further. We closely monitor and manage this risk through a rolling 18 month hedging policy which is governed by the Treasury Committee
- Triennial pension valuation discussions have kicked off ahead of completion in 2020

Talent

Principal risk
Limited capacity and/or capability impacts our ability to deliver our business plans for growth. In addition, our ability to retain and attract talent can impact our ability to achieve our objectives.

Risk description
We rely on key individuals to contribute to the success of Britvic. We need our people to continue to develop and be fit for the future and ensure we continue to attract top talent to the business.

Controls and mitigating activities
- Talent and succession planning processes in place
- Annual GPTW survey takes place across the company to obtain employee feedback on a wide range of topics
- Annual performance management processes in place

2019 developments
- In this year's GPTW survey, GB's overall Trust Index scores increased this year by 4% to 77%, our highest ever score, and our overall engagement scores also increased by 4% to 84%
- Activities in place to launch a new Learning and Development tool for employees
- We have launched a new D&I Strategy and a new offering to enhance the wellbeing of our employees including establishing employee network groups and updated our Wellbeing and Resilience Policy

Viability statement

During the year, the Directors assessed the viability of the company, taking into account the company'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 in the previous four pages. 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 company'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 company's value drivers. The process for assessing the viability of the company 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:

- Firstly, the Directors considered the impact of severe but plausible scenarios for each principal risk. For example, from a sustainability perspective, additional costs such as the introduction of a deposit return scheme or a plastic packaging tax or an increase in the cost of Packaging Recovery Notes were estimated
- Additionally the costs associated with a 'no-deal' Brexit in the period immediately following the eventual Brexit date, or a major supplier failure that could impact across multiple production sites
- Secondly, the Directors assessed different scenarios that group together principal risks. As part of this, the Directors considered the interconnectivity between principal risks but also scenarios where unconnected risks occur at the same time, as on their own, it is not considered that any of these scenarios would test the viability of the company
- The stress test scenarios were then reviewed against the company's current and projected debt and liquidity position
- Finally, a stress test was performed which allowed 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 company to protect against these downside scenarios.

Based on the results of this analysis, the Directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the three year period to September 2022.

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

Simon Litherland
Chief Executive Officer
27 November 2019

Chairman's introduction

John Daly
Chairman

Dear Shareholder

I am pleased to present the Corporate Governance Report for the year ended 29 September 2019. The report sets out our governance framework, the Board's key actions during the year, our approach to Board composition and diversity, as well as our approach to how we promote Board effectiveness.

UK Corporate Governance Code

The publication of the new UK Corporate Governance Code (the '2018 Code') in July 2018 has given us the opportunity to thoroughly review our governance framework and identify any areas where we need to update our practices, or report on current practices, to meet the requirements.

You will notice that this year's Annual Report includes references to both the 2018 Code and its 2016 predecessor (the '2016 Code'). Both versions of the Code can be found at www.frc.org.uk. As our financial year started in October 2018, before the 2018 Code was implemented, we are not required to report our compliance against it this year. I do however confirm, on behalf of the Board, that we have been fully compliant with the 2016 Code during the year, and we now comply with the 2018 Code as of 1 October 2019.

The following report sets out how the 2016 Code principles relating to the role and effectiveness of the Board have been applied, and includes information on how certain of the 2018 Code provisions have been adopted. For example, the new Provision 1 includes a requirement to describe how the company's governance supports strategy, which we present on the facing page. I look forward to reporting more comprehensively on the adoption of the 2018 Code next year.

Financial reporting, risk management and internal control

The Board has ultimate responsibility for the internal control and risk management systems operating throughout the Group and for reviewing their adequacy and effectiveness.

On behalf of the Board, the Audit Committee assessed the adequacy and effectiveness of the risk management systems and internal control procedures during the year and confirmed to the Board that the company had procedures in place throughout the year and up to 26 November 2019, the date of approval of this Annual Report, which accord with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the Financial Reporting Council ('FRC') in September 2014. These included internal control and risk management systems in relation to the company's financial reporting process and the Group's process for preparation of consolidated accounts.

The Board confirms that a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity, has been carried out. The Board considered the nature and extent of the risks it was willing to take in order to achieve its strategic goals. This articulation of risk appetite is used across the company to define and validate the mitigating activities required to manage our risks. A description of the principal risks and the relevant controls and mitigating activities is set out on pages 35 – 38.

The Directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements (see note 3 on accounting policies on page 91). The Board has also considered the company's longer-term viability, based on a robust assessment of its principal risks. This was done through the work of the Audit Committee which recommended the viability statement to the Board, as set out on page 30.

Fair, balanced and understandable

The Board as a whole is responsible for the preparation of the Annual Report and Accounts and ensuring that it is fair, balanced and understandable. Drafts of this document have been reviewed by the relevant Committee Chairs and other Board members. The Board requested that the Audit Committee review the Annual Report in detail and provide its opinion on whether the report is fair, balanced and understandable. The Audit Committee's opinion is set out on page 59. The Board has reviewed the Annual Report and the opinion of the Audit Committee and, taken as a whole, considers it to be fair, balanced and understandable, and that it provides shareholders with information necessary to assess the company's position, performance, business model and strategy (see the Directors' statement on page 79). In arriving at this conclusion, the Board's review draws on its collective knowledge of the business, which is regularly updated by management reports and presentations at scheduled Board and committee meetings and other business updates provided between meetings.

John Daly
Chairman
27 November 2019

Q How do you think the 2018 Code will affect your engagement with stakeholders?

The Board welcomes the publication of the 2018 Code, which reinforces the importance of diversity and long-term thinking, together with shareholder and stakeholder engagement. The Board recognises the importance of regular, open and constructive dialogue with shareholders and other stakeholders and a key aspect of our culture and decision making is understanding the Group's stakeholders and their different perspectives. The Board is fully committed to continuing and enhancing its engagement with our stakeholders and more information is set out on pages 20 – 29.

Q How does the Board satisfy itself that workforce policies and practices are consistent with the company's values, and support its long-term sustainable success?

Our people are our most valuable asset and the collective efforts of our employees will be key to the delivery of Britvic's vision to be the most dynamic, creative and trusted soft drinks company in the world. Our success depends upon creating and embedding a high-trust, values led culture within Britvic, and as a Board we are committed to ensuring the workforce policies and practices of the Group are aligned with the values and culture of the organisation. More information on how we manage and engage with this key stakeholder community is set out on pages 24 – 25.

Q As Chairman, what are the challenges in promoting a culture of openness and constructive debate at the Board?

As Chairman, I am responsible for the leadership and effective working of the Board in a way that is honest, transparent and accountable. I seek to create a culture of openness and debate, while facilitating constructive Board relations and the effective contribution of Board members. I aim to create an environment in which Non-Executive Directors are able to balance the need to constructively challenge strategy and performance, and hold management to account, while also providing support with the benefit of their independent insight, guidance and specialist advice.

Q How does the Board's mix of skills and experience support the company's strategy?

Our Directors have a wide range of backgrounds not only in terms of the industries they have worked in but the type of roles they have undertaken in those businesses. It is of particular importance that all our Directors have experience with international companies, supporting our global business. The strong mix of skills relating to digital, business transformation, consumer goods and data, supported by core financial and strategic competence, sets a strong foundation for the company's continuing growth journey.

How governance supports strategy

Strategic priority

Read more on page 16

Generate profitable growth in our core markets

The Board's governance role

The Board approves the Group's strategy and annual operating plan, reviews subsequent progress and makes decisions related to matters reserved for the Board in order to support the delivery of this strategy.

Areas of focus in 2019

- Updates on consumer trends in GB and Ireland
- Regular reviews on key sustainability issues such as packaging
- Understanding key customer relationships
- Monitoring potential Brexit disruption and mitigation plans
- Approving the new ARTO LifeWTR and renewed Lipton Ice Tea agreements with PepsiCo

Strategic priority

Read more on page 17

Realise global opportunities in kids, family and adult categories

The Board's governance role

The Board reviews all proposals for global growth and monitors progress of our international business.

Areas of focus in 2019

- Understanding global market drivers and positioning the company's brands, particularly relating to innovation such as progress of the LEC brand
- Reviewing Fruit Shoot performance in the United States and approving closure of the multi-pack business
- Approving disposal of non-core business in France

Strategic priority

Read more on page 18

Continue to step-change our business capability

The Board's governance role

The Board reviews key proposals relating to business capability, including the supply chain transformation.

Areas of focus in 2019

- Monitoring completion of the GB business capability transformation and reviewing measured benefits against original expectations
- Reviewing the international supply chain including scalability and efficiency
- Understanding the role of technology investment to support core business activities

Strategic priority

Read more on page 19

Build trust and respect in our communities

The Board's governance role

The Board reviews the strategy for sustainable growth and leverages its collective experience of the regulatory environment to advise on related matters.

Areas of focus in 2019

- Monitoring numerous policy and regulatory developments, and consumer trends, related to health and environmental issues and considering the impact these may have
- Understanding the approach to driving diversity and inclusion throughout the business

Board of Directors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A Audit Committee

N Nomination Committee

R Remuneration Committee

Chairman of the Committee

1 John Daly

Non-Executive Chairman

John was appointed Chairman of the Board in September 2017. He joined the Board as a Non-Executive Director in January 2015 and became Senior Independent Director in January 2016.

Skills, competence and experience:

John brings strong international and consumer expertise to the Board, having held various executive leadership positions over the course of 20 years at British American Tobacco plc ('BAT'). His most recent positions at BAT were Chief Operating Officer (2010-2014) and Regional Director for Asia Pacific, based in Hong Kong (2004-2010). John is a former Director of Reynolds American Inc., which at the time was a US public company owned 42% by BAT. Prior to his time with BAT, he held various sales and marketing positions with Johnson & Johnson, Bristol-Myers Squibb, Pennwalt Corporation, Schering-Plough and Ferguson plc.

Committee membership:

N R

External public directorships:

Non-Executive Chairman of Vivo Energy plc.

Non-Executive Director of Glanbia plc and a member of the Remuneration Committee (effective May 2019).

2 Simon Litherland

Chief Executive Officer

Simon has been Chief Executive Officer since February 2013, having joined Britvic in September 2011 as Managing Director, GB.

Skills, competence and experience:

Simon's earlier career was with Diageo plc, a global leader in alcoholic beverages. His last role was Managing Director of Diageo Great Britain, having previously run Diageo's businesses in South Africa, Ireland and Central and Eastern Europe. Prior to this he led various functions and held a variety of international finance director roles in Diageo, IDV and Grand Metropolitan.

Simon was the President of the Incorporated Society of British Advertising from 2015 to 2017.

Simon was born in Zimbabwe and qualified as a Chartered Accountant with Deloitte in South Africa having gained a business degree at the University of Cape Town.

External public directorships:

Non-Executive Director of Persimmon plc and a member of the Audit, Nomination and Remuneration Committees.

3 Joanne Wilson

Chief Financial Officer

Joanne was appointed as Chief Financial Officer in March 2019 and her appointment to the Board became effective in September 2019.

She is responsible for Finance, Legal, Estates, and Risk and Audit Management.

Skills, competence and experience:

Before joining Britvic, Joanne was Chief Financial Officer at dunnhumby, a global leader in customer data science and part of the Tesco group. Prior to this, she held a variety of financial and commercial roles at Tesco, internationally as well as in the UK. Joanne started her career at KPMG, where she qualified as a Chartered Accountant.

External public directorships:

None.

4 Suniti Chauhan

Independent Non-Executive Director

Suniti was appointed as a Non-Executive Director in November 2017.

Skills, competence and experience:

Suniti brings over 20 years of experience in strategy, finance and M&A through a career in corporate development and investment banking, most recently as Director of Corporate Development for Rexam plc, a multinational consumer packaging company. Formerly, Suniti was a Managing Director at Morgan Stanley, focused on UK M&A and the consumer and retail industry. She is currently a partner at Tulchan Communications and advisor to GrowthEnabler, a digital platform providing intelligence on tech start-ups globally to facilitate corporate innovation, and she has previously served as a trustee of Breakthrough Breast Cancer, the leading breast cancer research charity in the UK.

Suniti graduated from Dartmouth College in the United States with a degree in Economics and attended the General Management Program at Harvard Business School.

Committee membership:

A

External public directorships:

None.

5 Sue Clark

Independent Non-Executive Director

Sue was appointed as a Non-Executive Director in February 2016 and since September 2017 has been Chair of the Remuneration Committee.

Skills, competence and experience:

Sue has strong international credentials and has worked in the global FMCG sector for the last 15 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 FTSE company.

Previously, Sue 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 and was a Director on the Board of the Edinburgh Business School from 2017 to 2019. She is also a Non-Executive Director of Tulchan Communications Group Ltd, a leading advisory firm.

Committee membership:

R

External public directorships:

Non-Executive Director of Bakkavor Group plc.

Member of the Supervisory Board of AkzoNobel N.V.

Non-Executive Director of Imperial Brands PLC and Chair of the Remuneration and the Succession & Nominations Committees.

6 William Eccleshare

Independent Non-Executive Director

William was appointed as a Non-Executive Director in November 2017.

Skills, competence and experience:

William has strong international experience in business transformation, expansion, marketing, branding, restructuring and digital innovation. He has run the European divisions of major advertising agencies WPP and Omnicom and is a former partner of McKinsey & Co where he led the firm's European marketing practice. William also served as a Non-Executive Director of Hays plc from 2004 to 2014.

William is Worldwide CEO of Clear Channel Outdoor Holdings Inc., and led the global 'out of home' advertising business through a major digital transformation.

William is also a Director of Donmar Warehouse Projects Ltd.

Committee membership:

R

External public directorships:

Non-Executive Director and Senior Independent Director of Centaur Media plc.

7 Ian McHoul

Senior Independent Director

Ian was appointed as Senior Independent Director in September 2017, having joined the Board as a Non-Executive Director in March 2014.

Skills, competence and experience:

Ian served as Chief Financial Officer of Amec Foster Wheeler plc for nine years. Prior to this, he was Finance Director of Scottish & Newcastle plc and Finance and Strategy Director of the Inntrepreneur Pub Group Ltd. In addition, Ian spent 10 years with Foster's Brewing Group in a variety of roles. He brings substantial financial expertise, and extensive knowledge and experience of strategy and the beverage and retail industry, to the Board. Ian was a Non-Executive Director and Chairman of the Audit Committee of Premier Foods plc (2004-2013), the last year of which he was also the Senior Independent Director.

Committee membership:

A N R

External public directorships:

Chairman of Vitec Group plc (effective February 2019).

Non-Executive Director of Young & Co's Brewery plc and Chair of the Audit Committee.

Non-Executive Director of Bellway plc, Chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

8 Euan Sutherland

Independent Non-Executive Director

Euan was appointed as a Non-Executive Director in February 2016.

Skills, competence and experience:

Euan served as Group Chief Executive Officer of SuperGroup Plc (2014–2019) and prior to this as 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 over 22 years' experience within the retail and FMCG sectors, having held roles with Boots, Dixons, Coca-Cola and Mars.

Euan has a first class Honours degree in Managerial and Administrative Studies from Aston University.

Committee membership:

A N

External public directorships:

None.

Executive team


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1 Simon Litherland
Chief Executive Officer

See Simon's biography on page 42

2 Joanne Wilson
Chief Financial Officer

See Joanne's biography on page 43

3 Matt Barwell
Chief Marketing Officer

Matt is responsible for all aspects of Britvic's global brand strategy and execution, innovation, corporate affairs and the company's sustainability agenda.

Matt joined Britvic in 2014 from Diageo where he held a number of senior positions over 15 years, including Marketing and Innovation Director for Diageo Africa and, later, Diageo Europe. He started his career as a graduate trainee at Mars, working in sales and marketing across the pet food and confectionery businesses.

Matt is a Fellow of the Marketing Society, a council member of the Marketing Group of Great Britain, and an active member of the Institute of Practitioners in Advertising Effectiveness Group and the Ehrenberg Bass Institute. He is a council member of the Advertising Association ('AA') and was also Chairman of the AA's Front Foot Group for four years.

4 Zareena Brown
Chief Human Resources Officer

Zareena was appointed as Chief Human Resources Officer in June 2018 and is responsible for global talent management, capability building, diversity, organisation development, reward and all aspects of the people strategy for the Group.

Zareena has extensive HR experience over a 25 year career with major multinational companies. Before joining Britvic, she worked for InterContinental Hotels Group in a variety of senior human resources positions including Senior Vice President Talent, Learning and Leadership Development and Vice President of Human Resources, Asia, Middle East and Africa. Her earlier career was with Hilton Hotels and a number of FTSE 100 retailers. She has experience of living and working in Asia.

5 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, logistics and warehousing across all Britvic sites. Prior to joining Britvic, he 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.

6 Steve Potts
Chief Information, Transformation and Digital Officer

Steve joined the business in October 2014 with responsibility for IT. He took on the additional responsibility for the 'One Britvic' transformation in May 2016, which created a new operating model within Britvic. Steve joined the Britvic plc Executive team in June 2018, when he also became responsible for Britvic's overall digital approach.

Prior to joining Britvic, Steve was at Marks & Spencer plc where he was responsible for IT for UK stores, the international businesses in more than 40 countries, and the critical commercial and supply chain systems used across the foods business. Earlier in his career, he worked for both Procter & Gamble and Reckitt Benckiser where he performed a number of director-level roles within IT, and was CIO at Tarmac Group, where he combined running the IT function with the Programme Director role of Tarmac's Business Transformation Programme.

7 Paul Graham
Managing Director, GB

Paul joined Britvic in September 2012 having worked in a range of commercial roles across all trade channels for United Biscuits and Mars Confectionery. He was promoted to the role of Managing Director, GB in July 2013 and leads the largest business unit in the Group.

Paul is a graduate of the University of Manchester and sits on the Executive Council of the British Soft Drinks Association.

8 Kevin Donnelly
Managing Director, Ireland

Kevin joined Britvic Ireland in September 2008 as Marketing Director and was appointed Managing Director in June 2013. He has over 30 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 postgraduate diploma in Digital Marketing.

9 Olivier Mercier
Managing Director, France

Olivier joined Britvic France in 2015 as Commercial Director and was appointed Managing Director in January 2018. Prior to joining Britvic, Olivier worked for large multinational FMCG businesses including Heineken, Kellogg's and Kraft Mondelez, and has strong international experience having worked in both Russia and the Middle East.

Olivier holds a Master of Business Administration from HEC Paris.

10 João Caetano de Mello Neto
Chief Executive Officer, Brazil

João Caetano joined Britvic following the acquisition of Ebba in September 2015. He was co-founder of Ebba, creating a new company with two iconic brands in Brazil – Maguary and Dafruta. He brings with him 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 seven of those years. He then worked for J. Macedo for seven years as Chief Executive Officer of Hidracor, a leading decorative paint company in Brazil, before founding Ebba.

11 Hessel de Jong
Managing Director, International

Hessel joined the business in September 2015 with over 20 years of management experience in the international FMCG industry.

Prior to joining Britvic, Hessel worked as an advisor to a number of private equity companies, including Blackstone and Bencis Capital Partners. From 2008 to 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.

12 Jonathan Adelman
Company Secretary

Jonathan joined Britvic in January 2015 as Acting General Counsel and Company Secretary and is currently the Company Secretary and Strategic Projects Director. He was previously General Counsel and Company Secretary of Ladbrokes plc. Prior to that, Jonathan served as Vice President and Senior Counsel at Hilton Hotels Corporation, where he also sat on the Board of its international operating company, Hilton International.

The Britvic governance framework

Shareholders

2,640 shareholders as at 29 September 2019

Board

Chairman
John Daly

The Chairman is primarily responsible for the workings of the Board, for ensuring that its strategic and supervisory role is achieved and for ensuring effective communication with shareholders.

Senior Independent Director
Ian McHoul

The Senior Independent Director 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.

Non-Executive Directors
Suniti Chauhan, Sue Clark, William Eccleshare, Euan Sutherland

The Non-Executive Directors' role is to provide critical and constructive challenge to the Executive Directors. They bring independent judgement and oversight on issues of strategy, performance and resources, and, through the Board's committees, on matters such as remuneration, risk management systems, financial controls, financial reporting, the appointment of further Directors and social responsibility.

Committees

Nomination Committee

Responsible for Board appointments, succession planning and reviewing the structure, size and composition of the Board, ensuring that there is a healthy balance of skills, knowledge, experience and diversity on the Board.

Committee Report on pages 54 – 55

Audit Committee

Monitors the integrity of the Group's external reporting and provides oversight and governance of the Group's internal controls, risk management and the relationship with external auditors.

Committee Report on pages 56 – 59

Executive team

- Chief Marketing Officer
- Managing Director, GB
- Managing Director, France
- Chief Supply Chain Officer
- Managing Director, Ireland
- Managing Director, International
- Chief Human Resources Officer
- Chief Information, Transformation and Digital Officer
- CEO, Brazil

Company Secretary

Jonathan Adelman

The Company Secretary supports both the Board and the Executive team, ensuring good information flows and advising on all corporate governance matters.

Strategic Report
Corporate Governance
Financial Statements
Additional Information

Chief Financial Officer
Joanne Wilson

The Chief Financial Officer is responsible for the financial, legal and risk management operations of the business. She has primary responsibility for all financial related activities including the development of financial and operational strategies, strategic planning, deal analysis and negotiations, and investor relations.

Chief Executive Officer
Simon Litherland

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.

Remuneration Committee

Responsible for setting the remuneration policy and individual compensation for the Chairman, Executive Directors and senior management to ensure that it is in line with the long-term interests of the Group.

Committee Report on pages 60 – 75

CFO

CEO

Governing Documents

1 **Articles of association**

The articles of association set out the rules agreed between shareholders as to how the company is run, including the powers and responsibilities of the Directors. Britvic's articles were updated in January 2019 to incorporate best practice and current legal and governance standards.

2 **Matters reserved to the Board**

The formal schedule of matters specifically reserved for the Board's decision includes responsibility for the overall management and performance of the Group and the approval of its long-term objectives, commercial strategy, annual and interim results, annual budgets, material acquisitions and disposals, material agreements, major capital commitments, going concern and long-term viability statements and key policies.

3 **Committee Terms of Reference**

The Board is assisted by three board committees to which it delegates matters as appropriate. Each Committee has full terms of reference that have been approved by the Board and which can be found on our website at www.britvic.com/governance.

4 **Statement of authorities**

The Britvic statement of authorities is an internal document that sets out the delegations below Board level. It provides a structured framework to ensure the correct level of scrutiny of various decisions covering matters including contracts, capital expenditure, tax, treasury and HR decisions.

Service contracts

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.

See pages 42 – 45 for biographies of the Directors and Executive team members.

Directors' indemnities

The company maintains Directors' and Officers' liability insurance which provides appropriate cover for legal actions brought against its Directors. Each Director has been granted indemnities in respect of potential liabilities that may be incurred as a result of their position as an officer of the company. A Director will not be covered by the insurance in the event that they have been proven to have acted dishonestly or fraudulently.

How the Board works

The role of the Board

Strategy
The Board is focused on strategic matters and has a forward-looking agenda that considers economic, social, environmental and regulatory issues and any other relevant external matters that may influence or affect the company's achievement of its goals.

Performance and monitoring
The Board evaluates and oversees current performance and is responsible for approving annual plans and budgets, results, dividends and announcements, including the going concern and viability statements.

Performance monitoring includes non-financial performance such as quality, health and safety, employee wellbeing, environmental and social measures and ethical business practice.

Internal controls and risk management
The Board sets the company's risk appetite, assesses principal and emerging risks and reviews mitigation plans. Responsibility for monitoring the company's risk management and internal control systems is delegated to the Audit Committee.

Leadership and people
The Board is responsible for succession planning and remuneration policy for Board roles, Executive Directors, the Company Secretary and senior management.

The Board engages directly with the wider workforce through a variety of channels and monitors policies, practices and behaviour and how they support strategy.

Governance and shareholders
The Board acts fairly between shareholders and engages in appropriate dialogue to obtain the views of shareholders as a whole. The Board reports to shareholders in the form of an Annual Report and Accounts, quarterly trading updates and full and half year results updates, as well as various other statutory non-financial statements.

The Board considers the views of, and effects on, the company's key stakeholders in board discussions and decision making.

Meetings
The Chairman, in conjunction with the CEO and Company Secretary, plans an annual programme of business prior to the start of each financial year. This ensures that essential topics are covered at appropriate times, and that space is built in to give the Board the opportunity to have in-depth discussions on key issues.

The Board met seven times during the year as scheduled, excluding sub-committee meetings to approve the financial results. One additional meeting was convened at short notice and held by audio conference, to deal with matters related to the disposal of the French juice business. Wherever possible, when upcoming time-sensitive approvals were expected to be required before the next scheduled meeting, the Board authorised sub-committees to be convened as appropriate. Each meeting included time for the Chairman to meet with the Non-Executive Directors without the Executive Directors present.

The Chairman and the Company Secretary ensure that the Directors receive clear, timely information on all relevant matters. Board papers are circulated electronically via a secure Board portal in advance of meetings to ensure that there is adequate time for them to be read and to facilitate robust and informed discussion. The portal is also used to distribute reference documents and other useful resources.

Board attendance

Membership and attendance	Number of Board meetings	Number of Audit Committee meetings	Number of Remuneration Committee meetings	Number of Nomination Committee meetings	AGM attendance
John Daly	8/8	–	8/8	3/3	✓
Simon Litherland	8/8	–	–	–	✓
Suniti Chauhan	8/8	4/4	–	–	✓
Sue Clark	8/8	–	8/8	–	✓
William Eccleshare[1]	7/8	–	7/8	–	✓
Ian McHoul[2]	8/8	4/4	7/8	3/3	✓
Euan Sutherland[3]	7/8	4/4	–	3/3	✓
Joanne Wilson[4]	1/1	–	–	–	–
Former members					
Mathew Dunn[5]	4/4	–	–	–	✓

Notes:

1 William Eccleshare was unable to attend scheduled Board and Remuneration Committee meetings in July 2019 due to urgent business commitments elsewhere.

2 Ian McHoul was unable to attend a Remuneration Committee meeting called at short notice in March 2019 due to prior business commitments elsewhere.

3 Euan Sutherland was unable to attend a scheduled Board meeting in October 2018 due to urgent business commitments elsewhere.

4 Joanne Wilson was appointed to the Board as Chief Financial Officer on 9 September 2019.

5 Mathew Dunn resigned from the Board effective 19 April 2019.

Board composition and diversity

Britvic recognises the importance of diversity at the Board and all levels of the Group. We are committed to increasing diversity across our operations and have a wide range of activities to support the development and promotion of talented individuals, regardless of factors such as gender, age, ethnicity, disability, sexuality and religious belief.

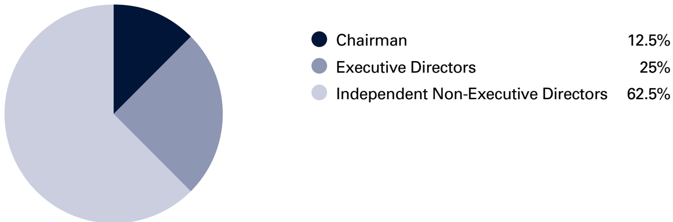
The Board is committed to remaining effective and recognises that, to do so, it must ensure that it has the right balance of skills, independence and knowledge of the company in order to effectively discharge its duties and responsibilities. The Board believes that diversity encompasses not only visible differences such as gender and ethnicity, but also background, experience, attitude and thought.

The appointment of Joanne Wilson as Chief Financial Officer has increased the percentage of women on the Board from 25% to 37.5%. Joanne brings to the Board a wealth of financial, commercial and retail experience and in-depth knowledge of the delivery of consumer data science services.

Britvic operates an Equality and Diversity Policy which applies to the whole workforce including the Board and Executive team. The Board monitors the company's commitments and targets related to diversity, and progress towards meeting those targets, as well as broader cultural measures that help inform its understanding of the effectiveness of inclusion within the business.

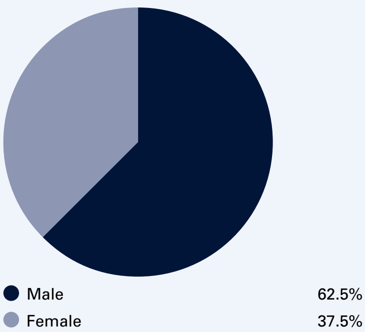
Information on the policy and our diversity and inclusion strategy, targets and implementation can be found in the Creating stakeholder value section on page 24.

Board composition

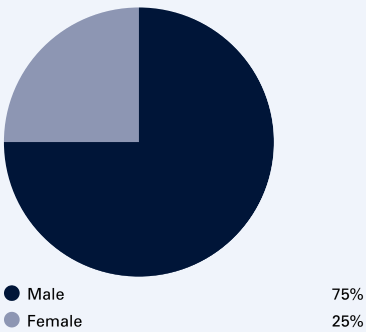


Board skills and experience

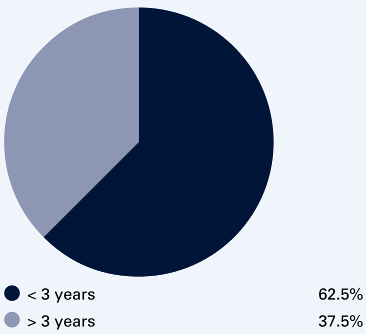
Gender diversity at year end



Gender diversity at prior year end



Board tenure



The Board in action

Strategy

The Board engaged with senior leadership throughout the year to review progress against current strategy and emerging themes for the next phase of the company's growth.

It conducted a series of strategy deep dives and held two full day meetings with members of senior management in March and July, covering the development of the next phase of Britvic's growth strategy. Detailed market, consumer and customer insight studies were commissioned across key geographies and categories, to inform strategy development and execution.

Consideration was given to the culture, capabilities, talent and resources that would be required to meet emerging strategic aims, and employee insights were taken on board in developing people strategies, especially for diversity and inclusion, and wellbeing.

The Board regularly spent time reviewing the evolution of the Group's sustainable business strategy, informed by multi-stakeholder insights, including government and non-governmental organisations ('NGOs').

As part of the development of the strategy, the future role for Britvic France was discussed and it was confirmed that private label juice was not considered core to the future of the business. For further information see page 7.

Internal controls and risk management

The Board received presentations from the Director of Internal Audit and Risk three times during the year. It reviewed key risks and mitigation plans, paying particular attention to high-probability and high-impact risks, and any increases in risk scores. This included detailed reviews of the company's preparedness for a no-deal Brexit and a continued focus on cyber security risks.

The Board received updates at each meeting on any reports received through the company's whistleblowing provision, and steps being taken to investigate and resolve issues raised.

The assessment of the company's system of internal controls and risk management is delegated to the Audit Committee, and the Board received verbal updates from the Audit Committee Chair after each Committee meeting. A description of the main features of the company's internal control and risk managements systems can be found on page 34, and the Audit Committee's Report can be found on pages 56 – 59. The Board's statement on viability is on page 39.

The Board also reviewed and approved the annual insurance renewal proposal.

Performance and monitoring

At every scheduled meeting, the Board received detailed reports from the CEO and CFO on current trading performance and outlook, including investor relations reports detailing market movements and trends.

The Board's monitoring of financial performance was informed by in-depth presentations from senior executives covering key areas including supply chain, innovation, market specific business units such as GB, Ireland and France, and category and brand evaluations such as Fruit Shoot in the United States and the performance of the London Essence Company in the Global Adult Premium category.

Non-financial performance was monitored via comprehensive sustainability updates including wellbeing and ethical business metrics, delivered via the ESG Committee, and updates at every meeting on quality, health, safety and environmental performance (see pages 20 – 29 for more detail).

The Board reviewed and approved the interim and full year results, including recommended dividends and market announcements. The Board also reviewed and approved the annual budget and operating plans.

Leadership and people

Twice during the year, the Chief Human Resources Officer presented to the board on culture, diversity and inclusion, talent and succession planning.

A full overview of the company's annual employee survey was presented to the Board, including trust and engagement scores in various segments of the Group. The insights provided by the survey gave an overview of culture and helped to inform the Board's plans for ongoing employee engagement – see opposite. Further information on these results can be found on page 24.

The company looks to employ talented people, develop and train them, and provide a diverse and inclusive culture in which they can thrive. The Board received presentations on the development plans for the Executive team and senior management positions, to understand the actions being taken to deepen and enhance the diverse pipeline for succession.

The Board reviewed the company's approach to diversity, to ensure that it represents the communities in which the business operates and the consumers who buy the company's products. Following the establishment of the Diversity and Inclusion Action Group, the Board considered the company's commitments in this area, and noted the positive impact being delivered by the new employee network groups recently established. Further information on D&I policy and targets can be found on page 24.

Board visit to Kylemore manufacturing site

The October 2018 Board meeting took place in Dublin, providing Board members with the opportunity to visit the Irish business. The Board toured the company's Kylemore manufacturing and office facility and was able to see the results of the investments made at the site as well as being able to spend time with Kylemore-based staff. The Irish management team provided a detailed review of the local market including the customer and competitor landscape as well as the strength and positioning of the company's brands. The Board also spent time visiting various types of outlet to understand the local market dynamics.

Shareholders

The Board is committed to maintaining strong communications with shareholders and believes that engagement with shareholders and institutional investors should be an ongoing process. The Board regularly connects with shareholders through a variety of channels including face-to-face meetings and via online content. The Directors are available to meet the company's major shareholders if requested. There is a regular programme of meetings with major institutional shareholders to consider the Group's performance and prospects.

A report on investor relations, which includes updates on meetings with major institutional shareholders, is given at each Board meeting. In addition to this, the Board receives regular reports prepared by an independent capital market advisory firm, which provide comprehensive information relating to the company's major shareholders. The company's brokers also met with the Board as required during the year.

Principles of ownership, corporate governance and voting guidelines issued by the company's major institutional shareholders, their representative bodies and advisory organisations are circulated to, and considered by, the Board.

Private shareholders may access our website for our company reports and business information, or contact us via email with detailed enquiries (investors@britvic.com). Enquiries about specific shareholder matters should be addressed to our Registrar, Equiniti, in the first instance (see page 143 for contact information).

At the AGM, the Chief Executive Officer gives an update on the positioning and outlook for the business. Shareholders are invited to ask questions formally during the meeting and to follow up on these discussions with the Directors on a one-to-one basis afterwards. All Directors are present and available to respond to questions at the AGM. Our 2019 AGM was well attended, and all proposed resolutions were passed. We look forward to welcoming our shareholders to our AGM in January 2020 and to updating them on our business developments. The Notice of Meeting can be reviewed at www.britvic.com/agm.

Employees

As part of the review of governance practices, the Board reviewed its current approach to employee engagement, and received several presentations from the Chief Human Resources Officer and the Director of Reward. The Board concluded that practices already in place could be adapted and enhanced to provide an effective mechanism to understand the views of employees. Proposed enhancements include:

- Regular 'pulse' surveys, the results of which will be shared with the Board to facilitate an understanding of issues that may be raised or which the Directors may wish to raise in two-way dialogue opportunities.
- Market, office or site visits already built into the Board's Programme of Business will include formal time for the Non-Executive Directors to spend with colleagues.
- One or more Non-Executive Directors will attend at least one of the company's existing employee forums.

The Board acknowledged that this is not one of the recommended approaches set out in the 2018 Code. Instead, by adopting a range of different engagement practices, the Board will be provided with opportunities to hear the employee voice in a variety of settings. The Board considers this will be more effective than allocating responsibility to a single Director or limiting engagement to an advisory panel.

Governance

Various actions were completed to ensure continued good governance of the Board including reviews of Director independence and conflicts of interest and reviewing Non-Executive Director fees. The Board received verbal updates from the three Committee Chairs after each Committee meeting. At each Board meeting it received a governance update from the Company Secretary, including developments in corporate governance and legal and regulatory updates, as well as details of any matters reserved to the Board requiring approval or decision.

An effectiveness review of the Board and all the Committees was carried out, as described on page 53, and each Director was required to evaluate their own performance.

In addition to approving the Annual Report, going concern and viability statements, the Board also reviewed and approved the modern slavery transparency statement, the gender pay gap report and the annual disclosure of tax strategy.

The Terms of Reference of each Committee were updated and approved. The revised Terms of Reference can be viewed on the company website at britvic.com/governance.

Induction

The Chairman, with the support of the Company Secretary, is responsible for preparing and co-ordinating a comprehensive and personalised induction programme for newly appointed Directors. Directors have access to appropriate training as required and they are encouraged to develop their understanding of the business.

Joanne Wilson took up the role of Chief Financial Officer in September 2019. The following table shows the activities included in the induction that she received both prior to and after joining the company:

Type of induction activity	Summary
Documentation	Copies of relevant company documents were made available early on in the programme including the most recent Annual Report and Accounts, the Group structure chart, the company's articles of association, key policies and recent Board and Executive team minutes and papers.
Face-to-face meetings	Meetings were arranged with the Chairman, CEO, individual Non-Executive Directors, members of the wider Executive team, and finance leadership in order to provide an understanding around culture, values, strategy, recent developments, an overview of financials, key challenges and opportunities, and to provide insight into the roles and responsibilities of different teams within the business. While Joanne's induction was tailored to focus on the finance function, care was taken to include a broad range of relevant topics. These included:
Strategy	Joanne was comprehensively briefed on current performance and strategy with the CEO, the Strategy and Planning Director and the Director of Strategy Development.
Investor relations and media views	An overview of investor relations activities, market facing issues and investor sentiment was provided by the Director of Investor Relations and the Director of Corporate Relations. Joanne met with the company's brokers and a number of key shareholders and select analysts who cover Britvic, and spent time with the company's financial PR agency.
Talent and resources	Joanne spent time with the Chief Human Resources Director and the Director of HR with responsibility for the finance function.
Governance, risk and litigation	Joanne met with the Company Secretary and the General Counsel and was given information about Board policies, procedures and processes. She also spent time with the company's external lawyers for a briefing on Directors' duties and governance.
Site visits	Joanne visited both the Rugby factory and the National Distribution Centre with the Chief Supply Chain Officer, and completed market visits with both the GB and Ireland Managing Directors. She also spent time at the Financial Services Centre in Solihull. Market and site visits covering the Brazil, France and Ireland businesses took place and further visits covering the International business and remaining GB sites are scheduled to take place in due course.
Audit Committee	Joanne met with the Chair and members of the Audit Committee outside the schedule of meetings in order to understand the Committee's remit and obtain an overview of topical issues, policies and developments. She also met with Ernst & Young LLP ('EY'), the external auditors, and the Director of Internal Audit and Risk.

"The induction programme was tailored to ensure that I spent time with key internal and external stakeholders, and covered relevant topics before I joined the company, enabling me to hit the ground running from day one."

Joanne Wilson
Chief Financial Officer

Independent advice

The Board has approved a procedure for Directors to seek 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 General Counsel and the Company Secretary.

Ongoing training

A combination of tailored Board and Committee agenda items and other Board activities, including briefing sessions, assist the Directors in continually updating their skills, and their knowledge of and familiarity with the company, as required to fulfil their roles.

The Board received presentations throughout the year from various departments within the business on key topics including human resources, legal, audit, risk and compliance, health and safety, sustainability and corporate finance.

Board, Committee and Director performance evaluations

The Board operates a three year cycle of evaluations. Year one of the cycle comprises an externally facilitated evaluation involving both questionnaires and interviews with all Board Directors, carried out by an independent consultant. The direct input of each Board member is kept confidential by the external consultant, allowing for honest and in-depth feedback.

Years two and three build on the outcomes of the year one evaluation utilising internally devised questionnaires, and the process is facilitated by the Company Secretary. In all years the evaluation separately assesses the effectiveness of the Board, each Committee and the Chairman. Each Director is also required to complete a self-evaluation. The results of the Chairman's evaluation are reviewed by the Senior Independent Director.

2018 evaluation

A year one externally facilitated evaluation was carried out in the summer of 2018 by an independent consultant, Lintstock, which has no other connection with the company. The results were presented to the Board, and reported in the 2018 Annual Report, confirming that the Board and its committees were operating effectively. The review noted a number of areas for the Board to focus on during 2019 outlined below, alongside the actions subsequently undertaken in response.

Focus area	Actions
Review the strategy development process to ensure clear articulation of risk appetite and ambition as the company continues to pursue growth.	The Board focused on strategy development via a series of deep dives and ongoing engagement with senior management throughout the year (see page 50 for more detail).
Support the newly appointed Chief Human Resources Officer in developing diverse talent pipelines internationally at all levels of the business, and plan additional time to reflect on culture, values and reputation.	The Board met formally with the Chief Human Resources Officer twice during the year and held sessions covering culture, wellbeing, talent and succession (see page 50 for more detail).
Build on existing monitoring of markets, customers and other key stakeholders with particular focus on international businesses and opportunities.	All business performance reviews were required to include content on stakeholder views and engagement, and particular focus was given to global trends and market drivers.

2019 evaluation

A year two evaluation was carried out in the summer of 2019. The process was divided into three stages:

Stage 1

The Company Secretary, the Chairman and the CEO devised comprehensive questionnaires covering best practice and issues specific to the company. These built on the prior year evaluation and included requests for feedback on the outcome and actions from that evaluation. Complementary questionnaires were also issued covering the Chairman's performance, individual Director self-assessments and the performance of each Committee.

Stage 2

The Company Secretary created a report compiling all the feedback and presenting conclusions on the effectiveness of the Board, the Committees and the Directors. The report included recommendations for areas of focus in the forthcoming year.

The Senior Independent Director led the review of the Chairman's performance in consultation with the other Non-Executive Directors.

Stage 3

The Board reviewed the report and recommendations and agreed a plan of action to improve areas highlighted by the evaluation over the forthcoming year.

Findings

The evaluation covered areas including Board composition and expertise as the company looks at the next phase of its growth journey, risk management and internal control, and succession planning. Overall the effectiveness of the Board, its Committees and the Chairman was rated good to excellent, with each review showing improved effectiveness from the previous year.

Good alignment was reported among Board members on the priority areas for the coming year:

- Supporting the next stage in the company's strategic growth journey
- Talent development, succession planning, diversity and culture to support strategy
- Continuing to develop the Board's understanding of key markets and consumers

Outcomes

Further to discussion of the evaluation findings, the Board agreed a number of actions to further improve effectiveness and support the business over the next year:

- Development of the remuneration policy to reflect alignment with strategy and non-financial metrics
- Additional focus on culture, diversity and internal talent and succession
- Continued focus on key risks and control environments
- Build on existing monitoring of markets, consumers and other key stakeholders

Committee at a glance

On behalf of the Nomination Committee ('the Committee'), I am pleased to present its report for the 52 weeks ended 29 September 2019. This report describes how the Committee has carried out its responsibilities during the year.

Committee members

John Daly (Chair)
Ian McHoul
Euan Sutherland

The Committee is comprised solely of independent Non-Executive Directors.

John Daly
Nomination Committee Chair

Role of the Committee

The Committee's role is to keep under review the structure, size and composition of the Board and its committees, to ensure progressive refreshing of the Board, and to maintain an appropriate balance of skills, knowledge and experience to meet current and future needs. The Committee oversees the process for considering and recommending to the Board candidates for appointment as Executive and Non-Executive Directors and for other senior management roles and ensures that the procedure for appointing Directors is formal, rigorous, transparent, objective, merit-based and has regard for diversity.

Responsibilities

- Keeping under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the market place
- Ensuring that plans are in place for orderly succession of Directors, the Executive team and other members of senior management
- Overseeing the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future
- Identifying and nominating candidates to fill Board vacancies as and when they arise
- Reviewing annually any conflict declarations by Directors, and any conflict authorisations granted by the Board
- Reviewing annually the independence of each Non-Executive Director
- Making recommendations to the Board as required concerning suitable candidates for the role of Senior Independent Director and membership of the Board committees
- Making recommendations to the Board regarding the reappointment of any Non-Executive Director at the conclusion of their specified term of office

As part of the annual review of the Committee terms of reference the updated requirements of the 2018 Code were incorporated. The updated terms of reference can be found on our website at www.britvic.com/governance.

In order to ensure sufficient time to properly carry out these additional duties, the number of meetings scheduled for each year has been increased from two to three.

Main activities during the year

Only Committee members have a right to attend meetings, but they invite to attend, as appropriate, the Chief Executive Officer and the Chief Human Resources Officer as well as any other members of the senior management team that the Committee feels necessary for a full discussion of matters on the agenda. The Committee met three times during the year, at scheduled meetings in October and January and for a short notice audio meeting in February, called as part of the CFO appointment process (see opposite). Committee meetings usually take place prior to a Board meeting and the Chair of the Committee subsequently reports on the activities of the Committee and matters of particular relevance to the Board as appropriate.

Key agenda items during the year included:

- Overseeing the search process for the appointment of a new Chief Financial Officer and subsequently recommending a preferred candidate to the Board
- Renewal of appointment contracts for Sue Clark and Euan Sutherland
- Reviewing orderly and emergency succession plans at Board and Executive level
- Reviewing the findings of the 2018/19 Board evaluation with respect to the composition of the Board and its committees (see page 53)
- Reviewing Directors' potential conflicts of interest and independence

Appointment of Chief Financial Officer

Further to the announcement of Mathew Dunn's resignation as Chief Financial Officer in October 2018, a search was undertaken to find a successor.

1 **Criteria**
At the October meeting, the Committee reviewed and approved search criteria including experience in a wide range of areas such as consumer goods or brands, corporate activity, risk management, international exposure and strategy, in addition to appropriate qualifications and demonstrated leadership qualities. The need for a diverse list of candidates was emphasised even if this could potentially prolong the appointment process.

2 **Search**
An external search consultancy, Spencer Stuart, was appointed to lead the search, drawing on expertise in financial recruitment. Spencer Stuart has no other connections to the company. Spencer Stuart provided a long list of candidates meeting some or all of the criteria and a shortlist of strong candidates was generated from this, which was presented to the January Committee meeting.

3 **Interviews**
The shortlisted candidates were interviewed initially by the CEO and Chief Human Resources Officer. The preferred candidate then went on to a second stage interview with the Chairman and the Chair of the Audit Committee.

4 **Offer and contract**
Further to interviews the preferred candidate was confirmed, and the Committee approved initiation of the offer process and authorised the Remuneration Committee to formulate the offer.

5 **Appointment**
The appointment of Joanne Wilson was announced to the market in March, and she joined the company in September having served her notice period with her previous employer.

Due to the length of time taken to secure the preferred candidate, and despite Mathew Dunn staying with the Company for six months after resigning, the Committee also considered the matter of interim arrangements for the period between his departure and a new CFO being available to join. Due to resilience and strong leadership within the finance team, there was a strong preference not to appoint a formal interim CFO. Ownership of Mathew's various functions was divided between several key personnel, with the CEO taking overall responsibility including direct oversight of certain areas.

Succession planning

The Board has had a stable year with no Non-Executive Directors leaving or joining. Both Sue Clark and Euan Sutherland completed their first three year term contracts in March and the Committee considered and approved their renewal for a further three years. Euan did not participate in the discussion or vote with respect to his own contract renewal.

The Committee assesses the aggregate skills and experience of the Directors in light of the current and future needs of the Board, both on a routine basis and in particular when considering renewal of contracts and potential new appointments. The Committee recommended that all serving Directors be put forward for re-election at the 2020 AGM.

The whole Board reviewed papers presented by the Chief Human Resources Officer on succession plans for all members of the Executive team and is satisfied that both short and long-term succession is regularly evaluated.

Conflicts of interest and independence

On behalf of the Board, the Committee reviewed the independence of each Non-Executive Director and is satisfied that all Non-Executive Directors, including the Chairman, remain independent under the definition in the 2018 Code. Furthermore, the Committee is satisfied that each of the Non-Executive Directors commits sufficient time to meet their Board responsibilities.

All Directors are required to submit an annual declaration of conflicts of interest and to declare any new conflicts as they arise. The Board delegates to the Committee the responsibility for reviewing the procedures for assessing, managing and, where appropriate, recommending the approval of any conflicts of interest to the Board. The Committee reported to the Board that the current procedures are appropriate and that they have operated effectively during the year.

Board and Committee evaluation

The Committee reviewed those elements of the Board evaluation that related to the composition of the Board and its committees, and the time commitment required from Non-Executive Directors. These were rated good to excellent overall, and the Committee continues to monitor the skills and experience requirements throughout the year.

The Committee also reviewed its own performance and was satisfied that it had been effective during the year and specifically in handling the recent Chief Financial Officer appointment process.

John Daly
Nomination Committee Chairman
27 November 2019

Ian McHoul
Audit Committee Chair

Role of the Committee
The Committee's role is to monitor the preparation of the Group's financial reporting statements, the effectiveness of systems of internal control and risk management and the integrity of the Group's external and internal audit processes, including assessing the independence and objectivity of the external auditors.

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 the Committee with insight into the progress towards the company's strategic goals and the challenges and risks, and how they are being managed.

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

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, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company'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 auditor, reviewing their activities, and making recommendations to the Board in relation to their appointment, remuneration and terms of engagement, independence, objectivity and effectiveness
- Advising the Board on the assessment of the viability of the company

Committee at a glance
On behalf of the Audit Committee (the 'Committee'), I am pleased to present its report for the 52 weeks ended 29 September 2019. This report describes how the Committee has carried out its responsibilities during the year.

Committee members

Ian McHoul (Chair)
Suniti Chauhan
Euan Sutherland

The Committee is comprised solely of independent Non-Executive Directors. The Board is satisfied that Ian has recent and relevant financial experience as required by the Code and, further, that the Committee as a whole has competence relevant to the sector in which the company operates.

The terms of reference for the Committee were updated in November 2019 and can be found on our website at www.britvic.com/governance.

- Ensuring that 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.

Committee meetings
The Committee met three times as scheduled in the 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 and the plan for the year ahead, and to consider any emerging issues. At each meeting the performance and findings of the internal audit team were reviewed, including any outstanding audit actions. An additional meeting was held by phone to approve final project readiness for a systems transition project (see Deep dives on page 59).

All members of the Committee attended all four meetings (see page 48 for attendance report). Only Committee members have a right to attend meetings, but the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Director of Financial Control and Governance, the Director of Internal Audit and Risk, and the external auditor, EY, are invited to attend as appropriate, as well as any other members of the senior management team that the Committee feels necessary for a full discussion of matters on the agenda. Committee meetings usually take place prior to a Board meeting. The Chair of the Committee subsequently reports on the activities of the Committee and matters of particular relevance to the Board.

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

Evaluation
The Committee was evaluated as part of the overall Board evaluation described on page 53. The conclusion of the evaluation was that the Committee continues to work effectively and was highly rated overall. Improvement in performance was noted in several areas since the previous evaluation, notably with respect to the Committee's effectiveness in reviewing the quality of the Group's financial reporting.

Committee activities

Review of financial statements

For both the interim and full-year results statements, the Committee reviewed:

- Any changes to accounting policies
- Key accounting judgements and considered potential issues raised – details of significant areas considered are shown in the table on page 59
- The external audit findings, including any accounting and audit adjustments

At the request of the Board, the Committee considered whether the 2019 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. Details of this process are shown on pages 58 – 59 and the Board statement is on page 79.

Internal audit

The internal audit function carries out work across the company, providing independent assurance and advice to help the organisation identify and mitigate potential control weaknesses. Both the internal audit and risk management functions have a role in identifying emerging risks that may threaten achievement of the company's strategic priorities.

Prior to the start of the financial year, the Committee reviewed and agreed the audit plan to be undertaken by the internal audit team during the year ahead. The audit plan coverage is based on risk, strategic priorities and consideration of the strength of the control environment.

The Committee reviewed the results of the internal audit reports during each meeting, looking in detail at any reports where processes and controls required improvement or any reports that were particularly pertinent to delivery of strategic objectives or priorities.

The Committee was also provided with regular updates on:

- Significant internal audit findings
- Agreed actions and progress against previous outstanding actions
- Management's responsiveness to the findings and recommendations
- The development of the overall control environment

Where internal or external circumstances gave rise to an increased level of risk, the audit plan was modified accordingly during the year. Any changes to the agreed audit plan were presented to and agreed by the Committee. Detailed updates on specific areas were provided at the request of the Committee; examples are outlined under Deep dives opposite.

Whistleblowing

The Group's whistleblowing policy contains arrangements for an independent service provider to receive, in confidence, reports of breaches of any legal or company policy requirements, including those related to accounting, auditing, risk, internal control and related matters. The Committee reviews these arrangements on a regular basis and confirms that appropriate processes have been in place throughout the year. Any disclosures raised through these arrangements, and the actions taken to investigate and resolve them, are reported to the Board.

Internal control and risk management

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.

Each year the Executive team performs a robust assessment of the principal risks facing the company which is reviewed by the Board. Further details of the overall risk management process, including designation of principal risks, and a summary of the principal risks and uncertainties to which the business is exposed, can be found on pages 35 – 38.

The Committee, through the internal audit function, reviewed the risk management process at each meeting to ensure that it is set up to deliver appropriate risk management and effective prioritisation across the Group. The Committee also reviewed the adequacy and effectiveness of the Group's internal control procedures, and was satisfied that procedures were in place during the year and up to the date of this Annual Report, that accord with the requirements of the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the FRC.

Where any potential weaknesses or areas for improvement were identified, these were monitored to ensure that they were addressed within agreed timelines. The Committee confirms that no significant failings or weaknesses were identified in the review for the 2019 financial year.

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. This assessment included identifying severe but plausible scenarios for each of our principal risks as well as considering inter-dependencies and scenarios involving multiple risks. Additionally, stress testing was carried out, allowing the Committee to model circumstances that could 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 make the viability statement on page 39.

Deep dives

Where any weaknesses or areas for improvement were identified by the business or as the result of an internal audit review, the Committee received additional briefings. These included:

- Receiving regular updates on the control environment with particular focus on cybersecurity and Brazil
- Receiving a presentation on a post-implementation review of the launch of new payroll software, including lessons learned which have been embedded into business transformation processes going forward
- Monitoring a project to transition business systems from four-weekly periods to calendar months, and a review of project readiness before approving the final 'go-live'.

The further detail provided by these briefings gave comfort to the Committee that no material failings or weaknesses were present.

External audit

There are a number of areas that the Committee considers in relation to the external auditor including their performance in discharging the audit and the interim review, their independence and objectivity, and their reappointment and remuneration. The Chair 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 auditor, 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. The Committee reviewed and, where appropriate, challenged the basis for the audit plan before agreeing the proposed approach and scope of the external audit.

EY prepared a comprehensive report of their audit findings at the year end, which they took the Committee through at its meeting in November 2019. The findings were reviewed and discussed in detail by the Committee, particularly in relation to the key areas of audit risk previously identified. A similar review of the external auditor report of their findings at the half year was undertaken by the Committee.

The Committee considered the effectiveness of the audit in relation to its robustness, the quality of the audit delivery and the quality of the people and service. The EY UK 2019 Transparency Report was taken into account as part of this process, and the Committee concluded that EY remain effective as external auditor.

Independence and reappointment

The Committee reviews the independence and objectivity of the auditors throughout the year and confirms that it considers EY to remain independent. The Committee confirms compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, having last carried out a competitive tender for audit services in 2016. EY has been auditor to the company since flotation in 2005.

The external auditor is required to rotate the lead audit partner every five years. The current lead partner has been in place since the FY18 audit. Based on the Committee's recommendation, the Board is proposing that EY be reappointed to office at the AGM in January 2020.

Non-audit fees

The Group has a policy regarding the provision of non-audit services by the external auditor. Any non-audit services provided must be pre-approved by the Committee Chair 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 the Committee confirms that these are within scope and maximum level of fees set out in the FRC's Ethical and Auditing Standards (see note 7 on Auditor's remuneration on page 103).

Fair, balanced and understandable assessment

At the request of the Board, the Committee considered whether the 2019 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? Are the key messages in the narrative reflected in the financial reporting? Are the KPIs disclosed at an appropriate level based on the financial reporting?	Is there a good level of consistency between the narrative in the front section and the financial reporting in the back section of the report? Is the Annual Report considered a document fit for shareholders? Are statutory and adjusted measures explained clearly with appropriate prominence? Are the key judgements 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?	Is there a clear framework to the report? Are the important messages highlighted appropriately throughout the document? Is the layout clear with good linkage throughout in a manner which reflects the whole story?

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 2019 included 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 the external auditor
- 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 company performance
- Any correspondence from regulators received in relation to our financial reporting are considered and disclosures are updated if required

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

Financial statements and significant areas considered

Going concern basis for the financial statements and viability statement	The Committee reviewed and challenged management's assessment of going concern, longer-term prospects and viability statement with consideration of forecast cash flows, including sensitivity to trading and mitigating actions including the potential impacts of the uncertainties arising from Brexit. The Committee also considered the Group's financing facilities and future funding plans. Based on this, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the viability statement.
Revenue recognition	Revenue recognition is a key area of focus. The control environment surrounding long-term discounts, promotional discounts and account development funds was reviewed throughout the year to ensure that the accounting treatment was deployed in a consistent and accurate manner and was compliant with the relevant International Financial Reporting Standards ('IFRSs').
Valuation of goodwill and 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 Committee has 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. The disposal of the juice manufacturing sites in France triggered a thorough review of the assets held within the French business unit. The Committee reviewed the methodology and assumptions used by management in concluding the carrying values of the underlying assets are supportable.
Adjusting items	Adjusting items are not reported as part of the financial statements but are used in the Annual Report to provide clarity on underlying performance for users of the accounts. The classification of adjusting items is defined by a Group 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 during the year. The Committee reviewed and challenged items to be included with the Committee throughout the year in order 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 in order to be satisfied with the quality of financial statement disclosures.
Taxation	Uncertain tax positions within the Group were reviewed to ensure that the balance sheet provisions are complete, and that the Group effective tax rate is calculated appropriately.
Defined benefit pension scheme liabilities valuation	The Committee reviewed the 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 conclusions reported to the Committee. The impact of the guaranteed minimum pension ('GMP') equalisation ruling has been built into the assumptions.
IFRS 16 'Leases'	At each meeting, the Committee received an update in relation to the Group's proposed approach to the adoption of IFRS 16. The Committee regularly reviewed the controls in place to ensure the completeness of lease data across the Group and understood the systems and processes established to allow the efficient adoption of IFRS 16 on 30 September 2019. The Committee discussed the broader reporting impacts of IFRS 16 on reported assets, liabilities and the Group income statement, as well as the classification of cash flows relating to lease contracts. Particular attention was paid to the treatment of the agreement for the new combined heat and power plant at the Rugby site (see note 29 to the accounts on page 131).
Chief Financial Officer	During the period between the departure of Mathew Dunn and the new CFO, Joanne Wilson, joining the company, the responsibilities of the CFO were divided between several key personnel, with the CEO retaining overall accountability. The Committee Chair spent additional time during that period with the people leading the relevant functions, as well as the Head of Internal Audit and Risk and the Director of Finance Control & Governance.

The Committee subsequently recommended to the Board that, taken as a whole, the Company's 2019 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. The Board statement is on page 79.

Ian McHoul
Audit Committee Chairman
27 November 2019

Sue Clark
Remuneration Committee Chair

Annual statement from the Remuneration Committee Chair

Dear Shareholder

During the year the Committee has sought to understand the evolving expectations of stakeholders around the way that Executives are rewarded and the implications of the 2018 Code and other initiatives from proxy agencies and shareholders. The Committee understands its duty to ensure that Executives are incentivised and rewarded for the delivery of excellence while at the same time ensuring fairness and balance. This will be front of mind as we move into the review of our remuneration policy in the coming year. In preparation for that we have appointed new remuneration consultants to support the Committee with its work and have extended the number of times we will meet to ensure that we have the time to debate and consider any changes.

One of the main activities of the Committee over the last year has been to set the remuneration package of the Chief Financial Officer. As announced in March 2019, we welcomed Joanne Wilson to the Board of Britvic as Chief Financial Officer effective 9 September 2019. The Committee set Joanne's remuneration in line with the approved Remuneration Policy, and being cognisant of the focus on executive pensions, has aligned her pension to that available to the wider workforce. To secure her recruitment it was necessary to partly compensate Joanne for payments that would have been due had she remained at Tesco. The Committee has structured those, that they have agreed to pay, on the value of awards forgone along with clawback and deferral provisions as appropriate. The full details of Joanne's package are set out in the 'At a glance' section on pages 62 – 65.

Following the announcement in October 2018 of Mathew Dunn's resignation, he left the business on 19 April 2019. He received his salary and benefits up to the point of departure but did not receive an annual bonus or long-term incentives in respect of the 2018/19 financial year, and all unvested or unexercised awards lapsed upon his cessation of employment. No payments were made to Mathew Dunn for loss of office.

Committee at a glance

As Chair of the Committee, I am pleased to present the Directors' Remuneration Report for the year ended 29 September 2019. This report describes how the Committee has carried out its responsibilities during the year.

Committee members

Sue Clark (Chair)
John Daly
William Eccleshare
Ian McHoul

In line with the 2016 UK Corporate Governance Code, throughout the year the Committee consisted wholly of independent Non-Executive Directors. While the Chair, who was independent on initial appointment, is a member of the Committee, she is not present when her own remuneration is under discussion.

Our remuneration principles

Our Remuneration Policy is designed to support our overall vision to become the most dynamic, creative and trusted soft drinks company in the world. Our people are at the heart of our business. Our aim is to attract, engage and retain the very best talent from across our global sector. To determine the shape, size and variability of each element of pay the Committee follows 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 that we reward those behaviours that will lead to the realisation of our long-term vision without compromising short-term gain. 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 and key KPIs	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.

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. Share-based awards 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 arrangements 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 clawback provisions are in place to address potentially inappropriate actions or risk-taking when determining incentive plan payouts.

UK Corporate Governance Code

The Committee welcomes the changes under the Code which will provide greater transparency to all stakeholders and aligns to one of our key remuneration principles. The Committee has reviewed the 2018 Code with advisors and sought to understand its implications for the company ahead of implementation by Britvic for the financial year beginning 30 September 2019. The Committee noted that it is already undertaking substantive elements of the Code, such as having responsibility for Executive team remuneration, and where necessary has worked to develop a framework that will allow the Committee to review broader workforce policies and take these into consideration when setting Executive pay. The Committee has considered the Code's impact on its terms of reference which has resulted in minor amendments to them, and the revised terms of reference can be found at www.britvic.com/governance.

In addition, during the year the Committee has worked with the Board on establishing a process to ensure that we also hear the voice of the wider workforce in the boardroom. This was a journey which the Board had already begun, with further visits to Britvic locations during the year, including our manufacturing site at Kylemore, Ireland, where we were able to engage directly with both the workforce and customers. Along with previous visits to Rugby, the Board and Committee can experience the culture first-hand, and garner direct feedback. This is an area in which we believe it is the role of the whole Board to be involved; a fuller plan has been developed, with a number of interventions scheduled for the coming year, and we will report on their impact in next year's Annual Report.

Business performance and remuneration outcomes for the year

As detailed in the Chief Financial Officer's review, the business has remained resilient and, despite the pressure on revenues, has delivered another strong performance. This has resulted in the following outcomes:

- Annual bonus payout at 46.9% of the maximum opportunity, which reflects a decline over last year's bonus due to the revenue outturns, although performance on profit and cash flow were in line with expectations
- The performance share plan ('PSP') awarded in 2016 will vest at 82.0% of the maximum opportunity. EPS compound annual growth of 6.5% will realise a 76.0% vesting. This is reflective of the progress on earnings sustained over the period and is consistent with the TSR performance that was above upper quartile over the three year period when compared with the comparator group, and that element will vest in full
- The Executive Share Option Plan ('ESOP') awarded in 2016 will vest at 76.0% of the maximum opportunity, is aligned to the EPS result noted above and the sustained EPS growth over the performance period

The above payouts were agreed by the Committee in the context of performance against the targets set and the underlying performance of the business over the respective performance periods. 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 and I can confirm that no discretion was exercised by the Committee in respect of the Executive Directors' remuneration for 2018/19.

Looking ahead to 2019/20

We will be reviewing our Remuneration Policy in the coming year to be put to a vote at the 2021 AGM. As part of the policy review, we will be undertaking thorough consultation with major shareholders and proxy agencies and welcome your feedback. The Committee is mindful of the implications of the Code and other guidance which will be considered when setting the new policy.

The outlook for FY20 remains challenging with the uncertainty in the business climate with limited visibility around Brexit and its potential impact. The Committee reviewed targets in this context and is satisfied that the targets it has set for both the annual bonus and long term incentive plan ('LTIP') represent an appropriate level of challenge and stretch for the executives and are in line with our principles.

The Committee has agreed to increase the Chief Executive Officer's base salary effective 1 January 2020 from £627,300 to £642,982, an inflationary increase of 2.5%, in line with that awarded to the wider UK employee population. The new Chief Financial Officer's salary is set at £395,000 and this will be reviewed next in January 2021. The Committee will be reviewing the Chairman's fees during the year and the Board will consider increases for the Non-Executive Director's fees.

The remainder of this report sets out:

I. A summary of the remuneration outcomes for 2018/19 and the application of the Remuneration Policy for 2019/20 on pages 62 – 65.
II. The Annual Report on Remuneration, which is subject to an advisory shareholder vote at the January 2020 AGM and sets out the details of payments made to Directors in respect of the year ended 29 September 2019 on pages 67 – 75.

I look forward to receiving your support on the Annual Report on Remuneration at the January 2020 AGM. Should you have any questions relating to our approach to Executive remuneration, please feel free to contact me at investors@britvic.com.

Sue Clark
Remuneration Committee Chair
27 November 2019

At a glance

This section summarises the remuneration outcomes for the 2018/19 year, the link between remuneration and our strategy, and a summary of the Remuneration Policy approved at the 2018 AGM and its application for 2019/20. The full Britvic plc Remuneration Policy can be found in the 2017 Annual Report, available on the Britvic plc website at www.britvic.com.

Summary of remuneration package for Joanne Wilson – new Chief Financial Officer

Base salary	£395,000. This will be next reviewed in January 2021.
Annual bonus	Maximum opportunity of 120% of salary – as Joanne was appointed at the end of the 2018/19 financial year the first annual bonus that Joanne will participate in is for the 2019/20 financial year.
ESOP and PSP	Joanne will be eligible to participate in the ESOP and PSP and will be granted awards in respect of the 2019/20 financial year in line with the Remuneration Policy. Joanne's annual maximum opportunity under the ESOP and PSP is 200% of salary and 100% of salary respectively.
Pension	Employer contribution of 7.5% of salary per annum in line with pension provision for the wider UK employee workforce. Joanne elects to take the first £7,500 as a pension contribution and the remainder as a cash contribution of £19,442 in lieu, having allowed for employers' NIC.
Benefits	Standard contractual benefits permitted under the Remuneration Policy including a car allowance of £10,634.
Replacement awards	• To replace the actual value of her 2018/19 Tesco annual bonus forgone, Joanne received a cash payment on appointment equal to the amount forfeited of £169,433. The payment is subject to clawback if Joanne leaves Britvic within 12 months of joining • To replace forfeited Tesco deferred bonus shares, Joanne was awarded Britvic shares with a value equal to the awards forgone and with vesting dates that align with the original awards made. Shares with a value of £202,280 and £164,816 were granted and will vest in May 2020 and May 2021 respectively. If Joanne departs the company before the shares have vested the award(s) will be forfeited • A replacement payment with a total value of £169,805 has been awarded to Joanne to compensate for the repayment by Joanne of a loan to Tesco as a result of her departure before March 2020, which would otherwise have been settled through an incentive arrangement that she has forgone. The Committee therefore determined it appropriate to compensate Joanne for the cash cost incurred as a result of her joining Britvic. The payment was delivered in two parts: 1) a cash payment of £84,906 on appointment. 100% of this cash is subject to clawback if Joanne leaves Britvic within a year of appointment and the amount remains subject to clawback for a further two years on a reducing balance basis (reducing the value subject to clawback by 1/24 each month served over the two year period) 2) an award of deferred shares with a value of £84,899 that will vest after three years on 9 September 2022. If Joanne departs the business prior to the vest date, then these awards will be forfeited

Single total figure of remuneration for Executive Directors 2018/19

Through the implementation of the Remuneration Policy and principles, the total remuneration received for 2018/19 by Executive Directors is as follows:

	Fixed pay				Performance related pay[1]				Total
Executive Directors	Salary £'000	Benefits £'000	Pension £'000	Total fixed pay £'000	Annual Bonus £'000	LTIP £'000	Total performance related pay £'000	Other replacement awards[2] £'000	£'000
Simon Litherland	623.5	18.0	153.4	794.9	409.0	2,248.6	2,657.6	–	3,452.5
Mathew Dunn	207.1	15.8[3]	42.3	265.2	–	–	–	–	265.2
Joanne Wilson	23.5	0.7	1.5	25.7	–	–	–	706.3	732.0

Notes:

1 Variable pay outcomes are summarised in the tables on pages 70 – 71.

2 The total of replacement awards as set out in Joanne's summary of remuneration above.

3 Includes owed holiday pay.

Summary of performance related pay for 2018/19

i) Annual bonus

Shown below are the performance outcomes versus the performance measures set for the annual bonus:

Measure	Weighting		Threshold	Target	Maximum	% maximum achieved	% maximum bonus achieved
Adjusted profit before tax & amortisation	50%	£195.3m	£188.3m	£193.3m	£199.1m	67.3%	33.7%
Net revenue	20%	£1,482.7m	£1,477.2m	£1,502.1m	£1,521.1m	11.1%	2.2%
Net revenue from innovation	10%	£86.5m	£93.9m	£98.9m	£103.8m	0.0%	0.0%
Adjusted free cash flow	20%	£116.0m	£110.0m	£115.0m	£125.0m	55.0%	11.0%
Total	100%	46.9%	0%		100%		46.9%

Notes:

1 Adjusted profit before tax and amortisation ('PBTA') – profit before tax and adjusting items.

2 Net revenue – net revenue performance on a constant currency basis.

3 Net revenue from innovation – net revenue from innovation products on a constant currency basis.

4 Adjusted free cash flow – cash flow excluding movements in borrowings, dividend payments and adjusting items.

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

ii) Long-term incentives

Shown below are the outcomes versus the performance conditions set and vesting levels for the 2016 PSP and 2016 ESOP:

ESOP

Measure	Weighting		Threshold	Target	Maximum	% maximum vesting achieved
EPS	100%	6.5%	3.0%		8.0%	76.0%

PSP

Measure	Weighting		Threshold	Target	Maximum	% maximum vesting achieved
EPS	75%	6.5%	3.0%		8.0%	57.0%
TSR	25%	101%	Median		Upper quartile	25.0%
Total	100%	82.0%	0%		100%	82.0%

Note:

1 The Committee reviewed underlying return on invested capital ('ROIC') over the performance period and deemed performance appropriate relative to the EPS growth delivered.

Summary of implementation of the Remuneration Policy for 2019/20

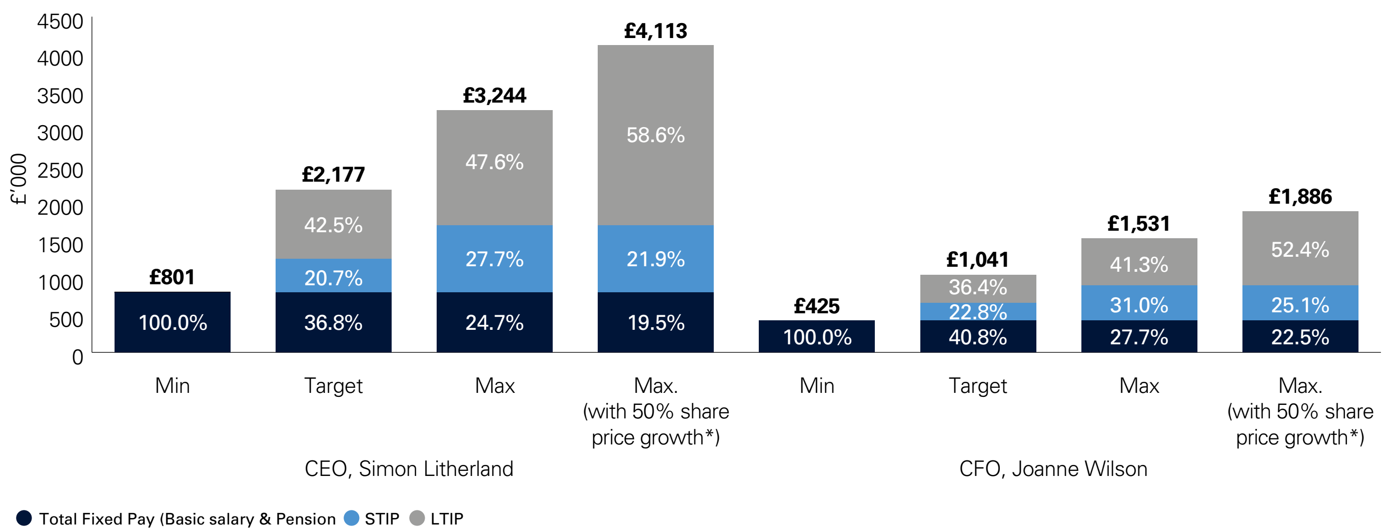
The table below shows how the Remuneration Policy will be implemented for the two Executive Directors for 2019/20:

Policy element	Simon Litherland (CEO)	Joanne Wilson (CFO)
Base salary	£642,982 2.5% increase.	£395,000 0% increase – salary will be next reviewed in January 2021.
Pension	24.6% of base salary paid as a cash allowance.	Employer contribution of 7.5% of salary per annum in line with pension provision for the wider UK employee workforce. Paid as £7,500 employer contribution to pension with £19,442 paid as cash in lieu.
Annual bonus	Target 70% of salary to maximum 140% of salary.	Target 60% of salary to maximum 120% of salary.
Annual bonus measures	For 2019/20, the following performance metrics and weightings apply to the bonus: 50% adjusted profit before tax & amortisation, 30% revenue (split total net revenue 20% and net revenue from innovation 10%) and adjusted free cash flow 20%.	
ESOP	Maximum 300% of salary with a two year post vest holding period, awarded in market priced options.	Maximum 200% of salary with a two year post vest holding period, awarded in market priced options.
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 with a two year post vest holding period.	Maximum 100% of salary with a two year post vest holding period.
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% three 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 that 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%	200%

Illustration of the application of Remuneration Policy for 2019/20

As described in the remuneration principles section on pages 60 – 61, the Committee believes that our Executive remuneration packages should provide a significant part of potential reward through performance-based incentive plans. Set out below are the potential total pay outcomes for Simon Litherland and Joanne Wilson across four alternative performance scenarios under the current Remuneration Policy. The four scenarios are minimum, on target, maximum performance and maximum performance together with an assumed 50% increase in share price. For simplicity, the illustrations below are calculated before any change in share price and roll-up of dividends.

Illustration of the application of Remuneration Policy



The chart has been prepared using the following assumptions:

- Base salary as at 30 September 2019
- Benefits reflect those estimated to be paid in 2019/20
- Target bonus is calculated at 50% of maximum opportunity
- Target vesting for the PSP is 60%, being the mid-point between threshold and maximum vesting level
- 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
- LTIP at 50% share price growth is calculated as the sum of (150% of maximum PSP award) + (50% of maximum ESOP award)

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 with roles of a similar nature and size of responsibility.
Benefits	Britvic provides local market typical benefits focused on employee health and wellbeing. The majority of UK 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 scheme was introduced following the closure of the defined benefit pension scheme in which UK employees are entitled to participate, with the wider workforce having a maximum employer contribution of 7.5%.
Annual bonus	Approximately 250 leaders and senior managers participate in bonus arrangements with measures aligned to those of the Executive Directors. Typically, all other employees are eligible to receive a bonus linked to adjusted profit and revenue of the company as well as their individual performance.
Long-term incentives	The PSP is awarded to approximately 90 leaders globally each year. Approximately 15 leaders also receive options under the ESOP. 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 local profit-sharing arrangements are available, depending on local market practices and legislation.

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

Role and responsibilities

The Committee's terms of reference are in line with the 2016 UK Corporate Governance Code and can be found at www.britvic.com/governance. The revised Code came into effect from January 2019 and will therefore apply to Britvic for the first time from 30 September 2019. The Committee's terms of reference have been updated to reflect the new Code.

The Committee has responsibility for the following:

- 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
- Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration
- Engaging as required with the wider workforce and shareholders on Executive pay structures, and how Executive remuneration aligns with wider company pay policy
- 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

Committee meetings

The Committee meets no less than three times a year. At the invitation of the Chair of the Committee, the Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, Director of Reward and the 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. The attendance of the Committee for each meeting during the year can be found on page 48.

Remuneration Committee meeting dates	Key agenda items
October 2018	Review of Executive remuneration payout projections 2017/18 Review of pension provision Review of 2017/18 Directors' Remuneration Report
November 2018	2017/18 bonus and LTIP outcomes, subject to final accounts being approved by the Board 2018/19 ESOP and PSP targets and grants for all participants 2018/19 annual bonus targets Update on the Executive team's shareholding requirements Approval of final draft of 2017/18 Directors' Remuneration Report 2019 salary reviews for CEO and Executive Committee Approve CFO exit arrangements Chairman's remuneration review
January 2019	Approval of bonus targets on IFRS15 basis
February 2019	Agree joining arrangements for Chief Financial Officer
March 2019	Approval of offer for the Chief Financial Officer
May 2019	Review share dilution from share schemes Consideration of Executive remuneration payout projections for 2018/19 and beyond Consider Shareholder Rights Directive II
July 2019	Discussion on approaches to comply with the revised Corporate Governance Code including: • Remit of the Committee • Terms of reference
September 2019	Consideration of 2019/20 remuneration structure and design Approve the structure and measures for the annual bonus plan for 2019/20 Annual Committee calendar for 2019/20 to include Policy review timetable Approve the appointment of advisors to the Remuneration Committee

Advisors

PwC was appointed as advisor to the Committee in August 2014 following a competitive tender process. 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 £47,500 and were charged partly on a fixed fee basis and partly on a time and expenses basis, in line with the firm's standard terms of business for advice provided. During the year, given the five year tenure of PwC, the Committee held a competitive tender process and appointed FIT as advisors, to be effective as of December 2019.

During the year, Addleshaw Goddard LLP was 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. 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 2018 AGM will continue to be implemented from the commencement of the new financial year (2019/20) as follows:

Base salary

Implemented in line with Policy.

The CEO will receive a salary increase of 2.5%, effective 1 January 2020, in line with the wider UK employee population.

	2019 base salary £'000	2020 base salary £'000	Increase
Simon Litherland	627.3	643.0	2.5%
Joanne Wilson[1]	395.0	395.0	0.0%

Note:

1 Joanne Wilson's salary will be reviewed next in January 2021.

Benefits and pension

Implemented in line with Policy.

Annual bonus

Implemented in line with Policy. The bonus measures[1] and weightings for 2019/20 are:

- Adjusted PBTA (50%)
- Total net revenue (20%)
- Net revenue from innovation (10%)
- Adjusted free cash flow (20%)

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

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:

Adjusted profit before tax and amortisation (PBTA) – measured before adjusting items on a constant currency basis.

Total net revenue and Net revenue from innovation – measured on a constant currency basis.

Adjusted free cash flow – measured excluding movements in borrowings, dividend payments and adjusting items.

Long-term incentive plans (ESOP and PSP)

Implemented in line with Policy.

ESOP	Performance conditions and targets set	Award at threshold vesting, (20% of maximum) % of salary	Maximum potential value % of salary	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. Vesting is on a straight line basis between threshold and maximum.	60%	300%	1,881.9	3 years commencing 30 September 2019
Joanne Wilson	Threshold vesting for EPS growth of 3% p.a. Maximum Vesting for EPS growth of 8% p.a. Vesting is on a straight line basis between threshold and maximum.	40%	200%	790.0	3 years commencing 30 September 2019

When considering the value of the award to the Executives, the methodology is explained on pages 64 – 65 the maximum potential value of ESOP awards is valued at 30% of the face value, reflecting that no gain is made unless share price growth is achieved in addition to the performance conditions.

PSP	Performance conditions and targets set	Award at threshold vesting (20% of maximum) % of salary	Maximum potential value % of salary	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 16 companies and maximum payout for ranking at or above the upper quartile.	30%	150%	941.0	3 years commencing 30 September 2019
Joanne Wilson	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 16 companies and maximum payout for ranking at or above the upper quartile.	20%	100%	395.0	3 years commencing 30 September 2019

Notes:

1 The Committee will also consider underlying ROIC over the performance period when assessing the vesting of the PSP to ensure that it remains satisfactory.

2 The relative TSR comparator group will be made up of the following 16 companies: AG Barr plc, Associated British Foods, C&C Group, Diageo, Fuller, Smith & Turner, Glanbia, Greencore, Greene King, Marston's, Nichols, Origin Enterprises, Premier Foods, Reckitt Benckiser, Smith & Nephew, Tate and Lyle, Wetherspoon.

3 Awards vesting under the LTIP will be subject to a two year post vest holding period.

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 30 September 2018 and 29 September 2019 are set out in the table below. The Non-Executive Directors basic fee increased by 2.5% on 1 January 2019 from £56,100 to £57,502. No increase was awarded to the Chairman, Chair of Committee or Senior Independent Director fees.

	Basic fee £'000		Remuneration Committee Chair fee £'000		Audit Committee Chair fee £'000		Senior Independent Director fee £'000		Total fees paid £'000	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
John Daly	**240.0**	240.0	**–**	–	**–**	–	**–**	–	**240.0**	240.0
Ian McHoul	**57.2**	55.8	**–**	–	**9.0**	9.0	**9.0**	9.0	**75.2**	73.8
Sue Clark	**57.2**	55.8	**9.0**	9.0	**–**	–	**–**	–	**66.2**	64.8
Euan Sutherland	**57.2**	55.8	**–**	–	**–**	–	**–**	–	**57.2**	55.8
Suniti Chauhan	**57.2**	46.6	**–**	–	**–**	–	**–**	–	**57.2**	46.6
William Eccleshare	**57.2**	46.6	**–**	–	**–**	–	**–**	–	**57.2**	46.6

Executive Directors

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

	Simon Litherland (CEO)		Mathew Dunn (former CFO)		Joanne Wilson (CFO)[1]	
	2019 £'000	2018 £'000	**2019 £'000**	2018 £'000	**2019 £'000**	2018 £'000
Salary	**623.5**	608.5	**207.1**	364.9	**23.5**	n/a
Benefits	**18.0**	18.0	**15.8**[2]	15.2	**0.7**	n/a
Pension	**153.4**	152.6	**42.3**	80.5	**1.5**	n/a
Total fixed pay	**794.9**	779.1	**265.2**	460.6	**25.7**	n/a
Annual bonus	**409.0**	757.6	**–**	389.3	**–**	n/a
LTIP[3,4]	**2,248.6**	690.3	**–**	224.6	**–**	n/a
Total performance related pay	**2,657.6**	1,447.9	**–**	613.9	**–**	n/a
Other – replacement awards					**706.3**	
Grand Total	**3,452.5**	2,227.0	**265.2**	1,074.5	**732.0**	n/a

Notes:

1 The total of replacement awards as set out in Joanne Wilson's summary of remuneration on page 64.

2 Includes outstanding and owed holiday pay.

3 2018 LTIP values restated based on the share price at vesting of 849.50 pence on 4 December 2018.

4 2019 LTIP values based on the average share price over the last quarter of 2019 of 894.78 pence.

i) Base salary – Corresponds to the amounts earned during the year

During the year under review, Simon Litherland received a salary increase of 2.5% in line with the wider employee population.

ii) Benefits – Corresponds to the taxable value of all benefits paid in respect of the year

Benefits comprise car allowance, private medical assurance, life assurance and, for Simon Litherland, free and matching shares under the Share Incentive Plan.

iii) Pension

The table below sets out the value of the defined contribution ('DC') pension contributions and the cash allowances earned by Directors for the year under review.

	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	153.4	–	153.4
Mathew Dunn	38.2	4.1	42.3
Joanne Wilson	1.1	0.4	1.5

Simon Litherland's normal retirement date is March 2024 and Joanne Wilson's normal retirement date is September 2035. Mathew Dunn and Joanne Wilson contribute to the DC section of the Britvic Pension Plan up to the HMRC annual pension allowance per scheme. The balance of their entitlement is paid as a cash allowance.

The cash allowance payable to the Executives reflects contributions the company would have made to the DC section of the Plan, less a deduction to ensure that the cash allowance is cost neutral to the company from a National Insurance perspective.

- Simon Litherland receives a cash allowance of 24.6% of pensionable pay (base salary only)
- Joanne Wilson earned pro rata for her period of employment in the financial year based on a defined contribution of £7,500 and a cash allowance of 4.9% of pensionable pay (base salary only).
- Mathew Dunn received a defined contribution of £7,500 and a cash allowance of 20.0% of pensionable pay (base salary only).

iv) Annual bonus – Corresponds to the total bonus earned under the bonus plan in respect of 2019 performance

The table below sets out the bonus outcome for the Chief Executive Officer and the respective performance targets and actual achieved performance. Bonuses are paid wholly in cash.

Performance measure	Weighting % of bonus maximum	Performance required for threshold payout	Performance required for target payout	Performance required for maximum payout	Actual performance
Adjusted PBTA	50%	£188.3m	£193.3m	£199.1m	£195.3m
Net revenue	20%	£1,477.2m	£1,502.1m	£1,521.1m	£1,482.7m
Adjusted free cash flow	20%	£110.0m	£115.0m	£125.0m	£116.0m
Net revenue from innovation	10%	£93.9m	£98.9m	£103.8m	£86.5m
Total	100%				

Performance measure	2019 maximum bonus opportunity % of salary	2019 bonus earned % of salary	2019 bonus earned £'000
	CEO	CEO	CEO
PBTA	70%	47.1%	293.7
Net revenue	28%	3.1%	19.3
Free cash flow	28%	15.4%	96.0
Net revenue from innovation	14%	0.0%	0.0
Total	140%	65.6%	409.0

v) Long-term incentives – Corresponds to the vesting outcome of the 2016 ESOP and PSP with three year performance periods ending 30 September 2019

2016 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 3% p.a. Maximum vesting for EPS growth of 8% p.a. Vesting is on a straight line basis between threshold and maximum. Exercise price for the options is 542.00 pence.	300% of salary	EPS growth at 6.5% p.a.	76.0%	890.4	252,398

2016 PSP	Performance conditions and targets set	Maximum potential value	Performance outcome Performance outcome	Level of award vesting% of maximum	Total value of vesting £'000	Number of shares
Simon Litherland	EPS (75% weighting): Threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS growth of 8% p.a. Vesting is on a straight line basis between threshold and maximum. Relative TSR (25% weighting): Threshold payout for ranking at median vs the comparator group of 16 companies and maximum payout for ranking at or above the upper quartile.	150% of salary	EPS growth at 6.5% p.a. which is 76.0% of maximum vesting under that measure. Britvic's TSR was positioned at upper quartile vs the comparator group, being 100% of maximum vesting of that measure. Rolled up dividends earned over the period are included within the total value of the vesting award.	82.0%	1,358.2	151,794

Notes:

1 The combined PSP and ESOP vesting values were estimated at £2.249m for Simon Litherland.

2 A share price estimate of 894.7 pence was used to calculate the value of the above awards which is based on the average closing share price over the last quarter of the financial year.

3 The relative TSR comparator group is made up of the following 16 companies; AG Barr plc, Associated British Foods, C&C Group, Diageo, Fuller, Smith & Turner, Glanbia, Greencore, Greene King, Marston's, Nichols, Origin Enterprises, Premier Foods, Reckitt Benckiser, Smith & Nephew, Tate and Lyle, Wetherspoon.

4 Threshold vesting for this award is set at 20% of maximum for both PSP and ESOP.

Outside appointments

Executive Directors are allowed external appointments with the permission of the Board. Simon Litherland is a Non-Executive Director of Persimmon plc, for which he received £60,000 in fees in the year to 29 September 2019.

Scheme interests awarded during the year

The following tables set out the ESOP and PSP awards granted to the CEO under the LTIP during the year under review (2018/19). All awards are subject to performance conditions and were granted on 9 December 2018. No awards were made to Mathew Dunn due to his resignation from the Company. ESOP awards are granted as market price options and PSP awards are granted as conditional share awards.

ESOP	Performance conditions and targets set	Award at threshold vesting (20% of maximum) % of 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. Vesting is on a straight line basis between threshold and maximum. Exercise price for the options is 819.70 pence.	60%	300% of salary	1,836.0	3 years ending 30 September 2021

PSP	Performance conditions and targets set	Award at threshold vesting (20% of maximum) % of 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. Vesting is on a straight line basis between threshold and maximum. Relative TSR (25% weighting): Threshold payout for ranking at median vs the comparator group of 16 companies and maximum payout for ranking at or above the upper quartile.	30%	150% of salary	918.0	3 years ending 30 September 2021

Notes:

1 The share price used to determine the award levels for the PSP and ESOP was 819.70 pence as at the date of grant, based on the average of the preceding three days.

2 The Committee will also consider underlying ROIC over the performance period when assessing the vesting of the PSP to ensure that it remains satisfactory.

3 The relative TSR comparator group is made up of the following 16 companies: AG Barr plc, Associated British Foods, C&C Group, Diageo, Fuller, Smith & Turner, Glanbia, Greencore, Greene King, Marston's, Nichols, Origin Enterprises, Premier Foods, Reckitt Benckiser, Smith & Nephew, Tate and Lyle, Wetherspoon.

The following table sets out the awards granted to the new Chief Financial Officer under her buy-out awards. All awards are subject to service conditions and were granted on 9 September 2019.

Buy-out awards	Face value of awards £'000	Number of Shares Granted	Vesting date
Deferred bonus	202.3	22,283	11 May 2020
Deferred bonus	164.8	18,596	9 May 2021
Loan repayment compensation	84.9	9,579	9 September 2022

Notes

1 The indicative value of the shares is based on a price of 886.3 pence, being the average share price for the week of 2 – 6 September 2019.

2 The share awards are a conditional right to receive the number of shares stated and will vest on the dates shown provided that Joanne does not leave the company before the vesting date.

Directors' shareholding requirements and interests in shares

The table below sets out the shareholding of Directors and connected persons and requirements as at 29 September 2019. A shareholding requirement of 200% of salary for the CEO and 200% for the CFO applies. The CEO was appointed in February 2013 and currently has a shareholding of 323% of salary. The CFO was appointed on 9 September 2019 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 29 September 2019

	Ordinary shares		Performance shares	Share options			Shares without performance conditions
	Total shares	% of salary	Subject to performance conditions	Subject to performance conditions	Vested but unexercised	Exercised in the period	Subject to service conditions
Simon Litherland[1]	230,924	323	416,922	783,359	986,449	0	–
Joanne Wilson	0	0	–	–	–	–	50,458
Mathew Dunn[2]	–	–	–	–	–	31,530	–
John Daly	15,000	–	–	–	–	–	–
Sue Clark	16,324	–	–	–	–	–	–
Ian McHoul	10,000	–	–	–	–	–	–
Euan Sutherland	–	–	–	–	–	–	–
Suniti Chauhan	–	–	–	–	–	–	–
William Eccleshare	–	–	–	–	–	–	–

Note:

1 Based on 12 month average share price of 876.08 pence and salary of £627,300 as at 29 September 2019.

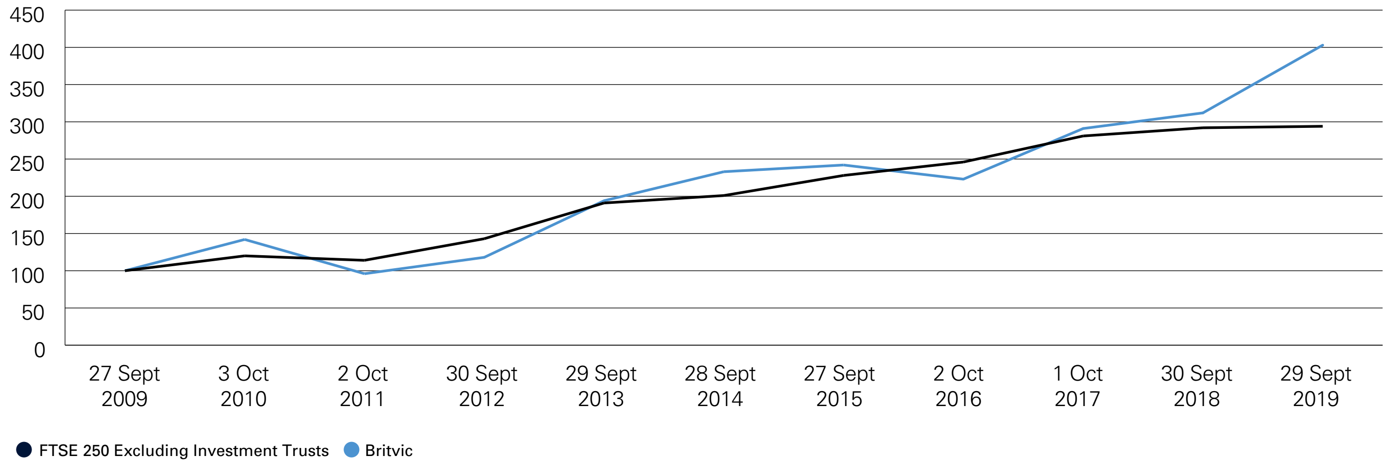
2 On 18 December 2018 Mathew Dunn exercised 31,530 share options under the Executive Share Option plan. The share price on the date of exercise was 853.55 pence and the exercise price of the share options was 711.66 pence. The total gain realised on the exercise was £44,738.

As at the date of this report, Simon Litherland had acquired a further 38 shares through the SIP since the year end.

Performance graph and table

The graph below shows the TSR for Britvic plc and the FTSE 250 excluding investment trusts over the nine year period ended 29 September 2019. The table on the following page shows total remuneration for the Chief Executive over the same period.

Britvic's historical TSR performance growth in the value of a hypothetical £100



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 2011 to 2019

£'000	2011	2012	2013	2014	2015	2016	2017	2018	2019
Simon Litherland total single figure of remuneration	n/a	n/a	1,114.6	1,964.3	3,075.2	1,734.5	2,086.3	2,147.4	3,452.5
Paul Moody total single figure of remuneration	1,819.7	670.1	1,412.6	n/a	n/a	n/a	n/a	n/a	n/a
Bonus (% of maximum)	0.0%	0.0%	0% for Paul Moody, 98.6% for Simon Litherland	72.2%	53.3%	80.6%	82.1%	88.9%	46.9%
LTIP (% of maximum)	89.6% (ESOP 86.0%, PSP 91.0%)	0.0% (ESOP 0.0%, PSP 0.0%)	0.0% for Paul Moody (ESOP 0.0% PSP 0.0% n/a for Simon Litherland	63.6% (ESOP 69.0%, PSP 50%)	100% (ESOP 100%, PSP 100%)	91.0% (ESOP 100%, PSP 65.8%)	59.4% (ESOP 61.1%, PSP 56.2%)	37.5% (ESOP 33.3%, PSP 50.0%)	78.0% (ESOP 76.0%, PSP 82.0%)

Percentage change in remuneration for CEO

The table below shows how the percentage change in the Chief Executive's salary, benefits and bonus between 2018 and 2019 compared with the percentage change in the weighted average of each of those components for all full-time equivalent employees based in 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.

Element	Chief Executive % increase	GB employees % increase
Base salary[1]	2.4%	2.4%
Taxable benefits[2]	0.0%	-2.6%
Bonus[3]	-46.0%	-20.0%

Notes:

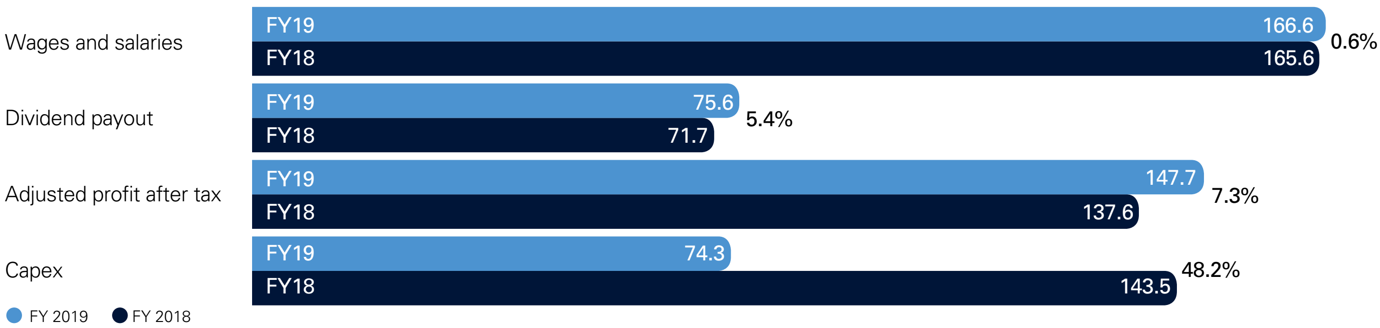
1 The increase reflects the pro rata effect of 2.5% being applied from 1 January 2019.

2 The decrease in taxable benefits reflects a reduction in the provision of the free share award which is based on the plc results, proportionally impacting the CEO less than the general workforce.

3 Bonuses for GB-based employees are primarily driven by profit, which has performed better than the revenue metrics included in the Chief Executive's bonus arrangements, and so have reduced employee bonuses by less than the Chief Executive's has reduced.

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:

1 Capital expenditure is defined as net cash flow from the purchase and sale of both tangible and intangible assets.

2 Profit after tax is before the deduction of adjusting items.

Payments made to past Directors (subject to audit)

No payments were made to past Directors during the year.

Payments made for loss of office (subject to audit)

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

Mathew Dunn, the previous Chief Financial Officer, left the business on 19 April 2019. He received his salary and benefits up to the point of departure. He received no annual bonus or long-term incentives in respect of the 2018/19 financial year and all unvested or unexercised awards lapsed upon his cessation. No payments were made to Mathew Dunn for loss of office.

Directors' contracts

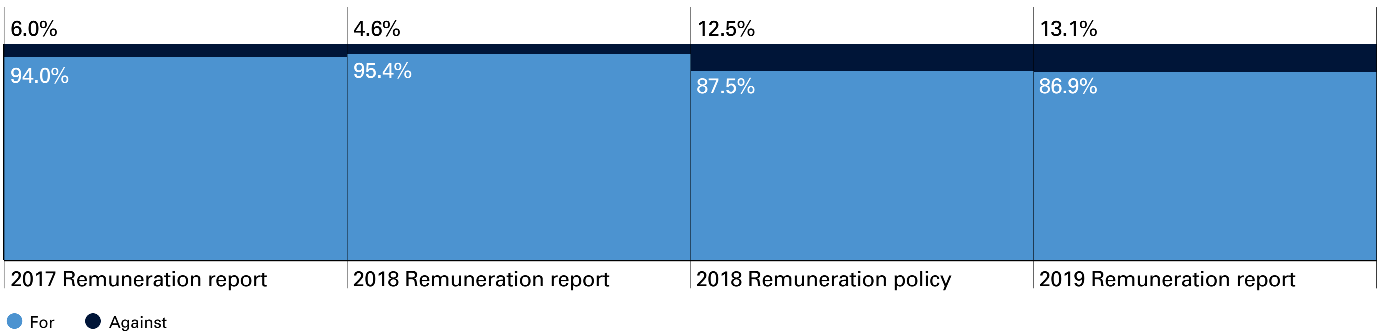
Details of the Executives' service contracts and the Non-Executive Directors' letters of appointment are set out below. All Directors' service contracts and letters of appointment are available for inspection at the company's registered office and at the AGM up until the start of the meeting.

Director	Effective date of contract	Unexpired term (approx. months)
Simon Litherland	14 February 2013	12
Joanne Wilson	9 September 2019	12
Ian McHoul	10 March 2017	5
John Daly	1 September 2017	11
Sue Clark	1 March 2019	29
Euan Sutherland	1 March 2019	29
Suniti Chauhan	29 November 2017	14
William Eccleshare	29 November 2017	14

Executive Directors' contracts operate on a 12 month rolling notice basis.

Statement of voting outcomes at the Annual General Meeting

The following chart sets out the result from the advisory vote on the Annual Statement and Annual Report on Remuneration for the past four years at the relevant AGMs and the binding vote on the Directors' Remuneration Policy at the 2018 AGM. As evidenced by the voting outcomes below, Britvic has consistently received support for its Remuneration arrangements:



Report/Policy	Votes For	Votes Against	Votes Withheld
2019 Remuneration report	174,473,526	26,341,914	1,081,841
2018 Remuneration policy	172,687,645	24,644,840	193,481
2018 Remuneration report	187,072,865	8,960,245	1,492,855
2017 Remuneration report	187,437,492	11,921,615	1,398,509

Directors' Report

The Directors present their report and the audited consolidated financial statements of the company and the Group for the 52 weeks ended 29 September 2019.

Additional disclosures

Other information that is relevant to this report is incorporated by reference, including information required in accordance with the UK Companies Act 2006 and associated regulations, Listing Rules and Disclosure Guidance and Transparency Rules ('DTRs'). For the purpose of DTR 4.1.8 R the management report comprises the Strategic Report and the relevant parts of this Director's Report. The corporate governance statement required under DTR 7.2.1 comprises the content on pages 40 – 79.

The following sets out where items required to be included in this report under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, that are not located in the Directors' Report, can be found:

Indication of future developments	Strategic Report	Pages 1 – 39
Financial risk management	CFO's review – Treasury management	Page 33
	Note 24 to the accounts	Pages 122 – 123
Employment of disabled persons	Creating stakeholder value	Page 24
Employee involvement	Creating stakeholder value	Page 24
Greenhouse gas emissions	Creating stakeholder value	Page 27

The following sets out where items required under Listing Rule 9.8.4 that are not located in the DIrectors' Report, can be found:

Directors' interests	Remuneration Report	Page 73

Operations and performance

Dividends and dividend waiver

The Group's profit before taxation attributable to the equity shareholders amounted to £110.3m (2018: £145.8m) and the profit after taxation amounted to £80.9m (2018: £117.1m). An interim dividend of 8.3 pence (2018: 7.9 pence) per ordinary share was paid on 12 July 2019.

Subject to shareholder approval, the Directors have proposed a final dividend of 21.7 pence (2018: 20.3 pence) per ordinary share payable on 5 February 2020 to shareholders on the register at the close of business on 6 December 2019, giving a total dividend in respect of 2019 of 30.0 pence (2018: 28.2 pence), an increase of 6.4% over the previous year.

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.

Research and development

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

Events since the balance sheet date

On 12 November we announced the decision of the board of directors to enter into exclusive discussions with Refresco over the potential sale by Britvic of its three juice manufacturing sites in France, its private label juice business, and the Fruité brand. The proposed sale is subject to a consultation process with the relevant employee representatives, which has now been initiated, and also subject to competition clearance by the French Competition Authority.

Shares and shareholders

Share capital

The company's issued share capital comprised a single class of shares divided into ordinary shares of 20 pence each ('ordinary shares'). As at 29 September 2019, the company's issued share capital comprised 265,510,737 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 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)
- 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.

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 29 September 2019, the Trustees held 1.14% (2018: 1.28%) of the issued share capital of the company.

Similarly, if IQ EQ (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 senior 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 0.44% (2018: 0.27%) of the issued share capital as at 29 September 2019.

Major shareholders

At 29 September 2019, the company had been notified, in accordance with the Disclosure and Transparency Rules, of the following interests amounting to 3% or more of the voting rights in the issued ordinary share capital of the company:

	Number of ordinary shares	Percentage of voting rights
FMR LLC	18,432,163	6.94%
Prudential	16,549,600	6.23%
APG Asset Management	16,080,643	6.06%
Invesco	13,375,175	5.04%
Standard Life	Below 5%	Below 5%
BlackRock	Below 5%	Below 5%
Incentive AS	8,111,148	3.05%
BNP Paribas	7,970,782	3.00%

As at 10 November 2019, the company had been notified of the following additional changes in interests:

	Number of ordinary shares	Percentage of voting rights
Prudential	0	0%
M&G Investments	14,579,256	5.49%

These transactions arose as a result of the demerger of M&G plc from Prudential plc and do not therefore represent a change of ownership.

Governance

Articles of association

The company's articles may only be amended by a special resolution at a general meeting of shareholders. The articles were last updated in January 2019.

Compliance

Britvic has a global compliance function responsible for overseeing the compliance agenda, including working with policy owners to ensure that individual policies form a coherent framework across the business. Objectives of this function are to ensure that policies remain relevant, identifying and addressing new policy areas and advising on implementation and monitoring. Each policy is assigned to a global policy owner who is responsible for ensuring that the policy is kept up to date and is properly implemented. Local policy owners are responsible in different countries to ensure that policies are amended in line with requirements of local regulation. New employees are required to read and complete training on key policies, and the compliance function runs a rolling programme of updates in order that the workforce, including contractors, review relevant policies at regular intervals.

Anti-bribery and corruption

Britvic has an anti-bribery and corruption policy that applies across the Group. Training is provided to employees through e-learning platforms, including the rules and limits around giving and receiving gifts and how to record these. Central records are kept by the Company Secretary and reviewed annually. Bribery and corruption risks are addressed within the Group risk management framework under the legal and regulatory principal risk (see page 37).

Britvic also provides a confidential 'Speak-Up' whistleblowing hotline, operated by an independent third party, enabling employees, contractors, suppliers and anyone associated with Britvic to report suspected wrongdoing. The Audit Committee reviews the process in place for reporting to ensure it is fit for purpose, and all reports received, and follow up actions, are reported to the Board. No Speak-Up reports related to anti-bribery and corruption have been received in the financial years 2016-2019.

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 39.

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

Political donations
No political donations were made by the Group and its subsidiaries (2018: nil).

Annual General Meeting
The AGM will be held at 11.00am on 31 January 2020 at the offices of Linklaters LLP, One Silk Street, London EC2Y 8HQ. Details of the resolutions to be proposed at the AGM are set out in the separate circular which has been sent to all shareholders and is available on the Britvic website at www.britvic.com/agm.

Directors
The following were Directors of the company during the year: Suniti Chauhan, Sue Clark, John Daly, Mathew Dunn (resigned 19 April 2019), William Eccleshare, Simon Litherland, Ian McHoul, Euan Sutherland and Joanne Wilson (appointed 9 September 2019). The biographical details of the Directors are set out on pages 42 – 43 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’ powers
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 Company’s articles require that each director retires at the end of each AGM of the company unless elected or re-elected at the meeting, and that a director who has been appointed by the Board during the year, retires at the next AGM following their appointment.

Contracts of significance
No Director has any other interest in any shares or loan stock of any Group company other than those disclosed on in the Remuneration Committee Report on page 73. 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. 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
- 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

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.

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 advisors 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 page 1 of this document.

The Directors’ Report was approved by the Board on 27 November 2019.

By Order of the Board

Jonathan Adelman
Company Secretary
Britvic plc
Company No. 5604923

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements 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 elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101').

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 Group and company and of their profit or loss 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
- In respect of the Group financial statements, state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance
- In respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that its financial statements comply with the Companies Act 2006 and, with respect to the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and Group and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' declaration in relation to relevant audit information

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 42 – 43. Having made enquiries of fellow Directors and of the company's auditor, each of these Directors confirms that:

- To the best of each Directors' knowledge and belief, there is no information relevant of which the company's auditor is unaware
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

Responsibility statement of the Directors in respect of the Annual Report

The Directors confirm that to the best of their knowledge:

- The consolidated financial statements prepared in accordance with IFRSs as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the company and undertakings included in the consolidation taken as a whole
- The Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face
- having taken into account all matters considered by the Board and brought to the attention of the Board during the year, the Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable. The Directors believe that the disclosures set out in this Annual Report provide the information necessary for shareholders to assess the company's performance, business model and strategy

On behalf of the Board

Simon Litherland
Chief Executive Officer
27 November 2019

Joanne Wilson
Chief Financial Officer

Independent Auditor's Report to the members of Britvic plc

Opinion

In our opinion:

- Britvic plc's Group financial statements and parent company financial statements (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 29 September 2019 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with 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; 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.

We have audited the financial statements of Britvic plc which comprise:

Group	Parent company
Consolidated income statement for the 52 week period ended 29 September 2019	Balance sheet as at 29 September 2019
Consolidated statement of comprehensive income/(expense) for the 52 week period ended 29 September 2019	Statement of changes in equity for the 52 week period ended 29 September 2019
Consolidated balance sheet as at 29 September 2019	Related notes 1 to 13 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the 52 week period ended 29 September 2019	
Consolidated statement of changes in equity for the 52 week period ended 29 September 2019	
Related notes 1 to 33 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union and, as regards the parent company financial statements, UK GAAP including FRS 101 'Reduced Disclosure Framework', as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We confirm we are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs(UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 35 – 38 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 34 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 directors' statement set out on page 79 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;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 39 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.

Overview of our audit approach

Key audit matters	• Fraud Risk – Inappropriate revenue recognition through manual journal entries • Fraud Risk – Management override of internal controls over customer discounts
Audit scope	• We performed full audit procedures over the 2 Group level functions in addition to the financial information of 5 components. We performed specific audit procedures over 1 further component. • The components where we performed full or specific audit procedures accounted for 106% of adjusted profit before tax, 92% of revenue and 92% of total assets.
Materiality	• Overall Group materiality of £9.3m which represents approximately 5% of adjusted profit before tax, as defined on page 83.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

The risks noted below are discussed in the Audit Committee Report on page 59 and in the accounting policy notes on pages 91 – 100.

Risk – Inappropriate revenue recognition through manual journal entries

Refer to the Audit Committee report (page 59); and note 5 of the Group financial statements

Description of risk

The Group has reported revenue of £1,545m (2018: £1,504m). Given the market focus on the Group's revenue performance we consider there to be a risk in relation to the potential overstatement of revenue. In addition, management reward and incentive schemes which are in part based on achieving profit targets, may also incentivise management to manipulate revenue recognition in order to help achieve targets of profitability.

There is therefore a risk that management may override controls to intentionally misstate revenue by recording fictitious revenue transactions through inappropriate manual journal entries.

Our response to this risk

- We understood the Group's revenue recognition policies (refer to pages 92 – 93) and assessed the design effectiveness of key controls and how they are applied.
- At all full and specific scope locations, we tested journal entries posted to revenue accounts, applying a number of parameters designed to identify entries that were not in accordance with our expectations. This included analysing and selecting journals for testing which appeared unusual in nature either due to size, preparer or were manually posted and therefore outside the normal course of business. We verified any such journals to source documentation to confirm that the entries supported the revenue recognised.
- For the GB, France, Brazil and Republic of Ireland components, which together form 92% of the Group's total revenue, we performed data analysis over the entire revenue process from revenue recognition through to invoice settlement. Where the postings did not follow our expectation, we investigated anomalies and tested a sample of these entries above a certain threshold to ensure their validity by agreeing back to source documentation.
- At all full and specific scope locations, we selected a sample of post period end credit notes and obtained corroborating evidence to demonstrate that the credit note related to the audit period and had been appropriately recorded.

Within International Standard on Auditing (UK) 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 period as noted above.

Key observations communicated to the Audit Committee

Based on our procedures we have not identified evidence of inappropriate management override in respect of the amount of revenue recorded.

Risk – management override of internal controls 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.

Consistent with industry practice, the Group provides material discounts to customers. These include promotional discounts, long term discounts and account development funds which are deducted from revenue. The accounting for these discounts can be complex and judgemental.

Management could manipulate results through incomplete recording of discounts and related liabilities. We have associated this risk to the promotional discounts, long term discounts and account development funds that remain open as at 29 September 2019.

Our response to this risk

For all full and specific scope components:

- We obtained an understanding of the Group's processes for the recognition and management of discounts provided to customers and assessed the design effectiveness of key controls and how they are applied.
- We tested the operating effectiveness of the controls in respect of long term discounts in France.
- We held bi-annual meetings with the customer account teams within the largest component, GB, to update our knowledge of the status of customer negotiations and the process by which discounts have been recorded.
- We performed analytical procedures including the correlation of revenue to discounts to assess completeness of discounts.
- We performed hindsight analysis, to determine the historical accuracy of management's estimation and any required adjustments to accruals.
- We performed targeted journal entry testing at both the general ledger and rebate transaction front-end system levels. Our testing was focused on manual journal entries posted, both to the period end accruals and to the rebate income statement accounts, with a particular focus on journal entries posted close to the period end.
- We performed testing on a sample of post year end discounts, both settled and updated, as evidence of the appropriateness of discount accruals recognised at the year end.
- We selected a sample of post year end credit notes and ensured that, where audit evidence demonstrated that the credit note related to the audit period, that these credit notes were appropriately provided for in the financial statements.
- For the GB, France and Republic of Ireland components, we performed data analysis over the entire discount process from cost recognition in the income statement through to settlement. Where the postings did not follow our expectation, we investigated anomalies and tested a sample of these entries above a certain threshold to ensure their validity by agreeing back to source documentation.

- For the France and Brazil components, we tested a sample of long term and promotional discount expenses and account development fund expenses throughout the period and a sample of period end accruals by agreeing balances through to supporting documentation including contractual agreements and ensured that the revenue recognition policies adopted complied with IFRS.
- We validated the assumptions used in determining the customer claims provision in GB and the Republic of Ireland were appropriate.

Key observations communicated to the Audit Committee

Based on our procedures, we identified no instances of inappropriate management override of the discounts either expensed or accrued in the financial statements.

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. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors such as Internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, in addition to performing full scope audit procedures on the 2 Group level functions, we selected 6 components covering operations at GB, Ireland, France and Brazil business units within the Group.

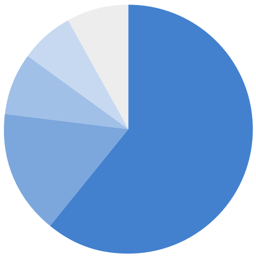
Of the 6 components selected, we performed full audit procedures over the financial information of 5 components ("full scope components") which were selected based on their size or risk characteristics. These components were the GB, Republic of Ireland, France and 2 Brazil operations. For 1 further operation, the Northern Ireland business ("specific scope component"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed full or specific scope audit procedures accounted for 106% (2018: 103%) of the Group's adjusted profit before tax, 92% (2018: 92%) of the Group's revenue and 92% (2018: 92%) of the Group's total assets. A number of loss making components were not assigned a full or specific scope which results in our coverage of adjusted profit before tax exceeding 100%. For the current period:

- the full scope components contributed 103% (2018: 100%) of the Group's adjusted profit before tax, 90% (2018: 91%) of the Group's revenue and 91% (2018: 91%) of the Group's total assets;
- the specific scope component contributed 3% (2018: 3%) of the Group's adjusted profit before tax, 2% (2018: 1%) of the Group's revenue and 1% (2018: 1%) of the Group's total assets. The audit scope of this component did not include testing of all significant accounts of the component but has contributed to the coverage of significant accounts tested for the Group, including the key audit matters listed above.

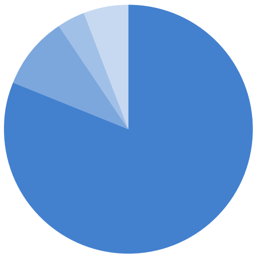
Of the remaining components that together represent (6%) of the Group's adjusted profit before tax, none are individually greater than +/-5% of the Group's adjusted profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements, in addition to the specified procedures for applicable components as detailed above.

Revenue



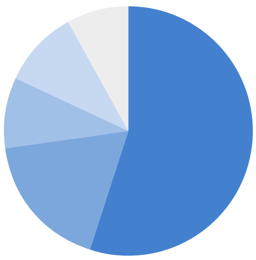
GB & Group Wide Functions (Full Scope)	61%
France (Full Scope)	16%
Brazil (Full Scope)	8%
Ireland (Full & Specific Scope)	7%
Other components	8%

Adjusted Profit Before Tax



GB & Group Wide Functions (Full Scope)	86%
France (Full Scope)	10%
Brazil (Full Scope)	4%
Ireland (Full & Specific Scope)	6%
Other components	-6%

Total Assets



GB & Group Wide Functions (Full Scope)	55%
France (Full Scope)	18%
Brazil (Full Scope)	9%
Ireland (Full & Specific Scope)	10%
Other components	8%

Changes from the prior period

Our scoping remains unchanged from the prior period reflecting the fact that there were no significant changes within the Group.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For the 3 components where the work was performed by component auditors, France and 2 components in Brazil, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team interacted regularly with component teams where appropriate during various stages of the audit process and through the review of planning and conclusion deliverables and other key working papers.

The Senior Statutory Auditor leads the audit of all full and specific components within the GB and Ireland businesses, the review scope procedures performed in respect of the International businesses, in addition to the audit of the Group functions. These full and specific scope components represent 92% of the Group's adjusted profit before tax, 68% of Group revenue and 66% of total assets.

The Senior Statutory Auditor visited Brazil, meeting with local management and toured an operating site. Another group audit partner visited France, meeting with local management and attended the closing meeting in person. These visits included discussions with the component teams on audit strategy, risk identification and the results of audit procedures performed.

Within GB and Ireland, the Senior Statutory Auditor visited the operating site in Rugby to see the Combined Heat and Power Plant and new production lines. This completes the planned cycle of visits to all GB operating sites in the last 18 months. Other members of the group audit team have visited selected operating sites during the period.

Our application of materiality

We apply the 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.

Materiality

The magnitude of an omission or misstatement that, individually or in the 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 £9.3 million (2018: £9.1 million), which is approximately 5% of adjusted profit before tax (2018: 5% of adjusted profit before tax). We believe that adjusted profit before tax is the most relevant measure of the underlying financial performance of the Group, as the primary metric used by stakeholders.

Starting basis	Profit before tax of £110m as per the Annual Report
Adjustments	Add adjusting items totalling £74m as per the Annual Report
Materiality	Represents approximately 5% of 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 performance materiality was 50% (2018: 50%) of our planning materiality, being £4.6m (2018: £4.5m).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current period, the range of performance materiality allocated to components was £0.9m to £4.1m (2018: £0.9m to £3.9m).

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 them all uncorrected audit differences in excess of £0.5m (2018: £0.4m), which is set at 5% of planning materiality, 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 light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 – 80, and 143 – 148, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report any uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** set out on page 79 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** set out on pages 56 – 59– the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** set out on page 40 – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions 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.

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 79, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to food safety, environmental, occupational health and safety and data protection.
- We understood how the Group is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programs and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, group management, internal audit, divisional management and all full and specific scope management; and focused testing, as referred to in the key audit matters section above.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the company at the AGM on 31 January 2019 to audit the financial statements for the 52 week period ending 29 September 2019 and subsequent financial periods. The period of total uninterrupted engagements including previous renewals and reappointments since Britvic became a standalone entity upon its flotation is 14 years, covering the 52 week period ending 1 October 2006 to the 52 week period ending 29 September 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company during the 52 week period ended 29 September 2019 and we remain independent of the Group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee

Christabel Cowling (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
27 November 2019

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

	Note	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
Revenue	5	**1,545.0**	1,503.6
Cost of sales		**(734.0)**	(702.0)
Gross profit		**811.0**	801.6
Selling and distribution costs		**(393.7)**	(400.8)
Administration expenses		**(256.1)**	(246.2)
Other income	6	**–**	11.5
Assets held for sale – impairment charge	6	**(31.2)**	–
Operating profit	6	**130.0**	166.1
Finance income	9	**1.0**	1.0
Finance costs	9	**(20.7)**	(21.3)
Profit before tax		**110.3**	145.8
Taxation	10	**(29.4)**	(28.7)
Profit for the period attributable to the equity shareholders		**80.9**	117.1
Earnings per share			
Basic earnings per share	11	**30.6p**	44.4p
Diluted earnings per share	11	**30.3p**	44.1p

All activities relate to continuing operations.

Consolidated statement of comprehensive income/(expense)

	Note	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
Profit for the period attributable to the equity shareholders		**80.9**	117.1
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement gains on defined benefit pension plans	22	**22.1**	33.3
Current tax on additional pension contributions	10a	**0.2**	–
Deferred tax on defined benefit pension plans	10a	**(4.2)**	(5.5)
Deferred tax on other temporary differences	10a	**0.2**	–
		18.3	27.8
Items that may be subsequently reclassified to profit or loss			
Losses in the period in respect of cash flow hedges	25	**(18.7)**	(2.6)
Amounts recycled to the income statement in respect of cash flow hedges	25	**26.2**	(0.4)
Current tax on cash flow hedges accounted for in the hedging reserve	10a	**(0.2)**	–
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	10a	**(1.3)**	0.5
Exchange differences on translation of foreign operations	25	**0.7**	(35.1)
Tax on exchange differences accounted for in the translation reserve	10a	**(0.2)**	–
		6.5	(37.6)
Other comprehensive income/(expense) for the period, net of tax		**24.8**	(9.8)
Total comprehensive income for the period attributable to the equity shareholders		**105.7**	107.3

Consolidated balance sheet

	Note	29 September 2019 £m	30 September 2018 £m
Assets			
Non-current assets			
Property, plant and equipment	13	**494.0**	519.8
Intangible assets	14	**427.8**	439.5
Other receivables		**6.5**	7.7
Derivative financial instruments	25	**39.5**	40.5
Deferred tax asset	10f	**5.6**	5.6
Pension asset	22	**142.4**	96.3
		1,115.8	1,109.4
Current assets			
Inventories	16	**141.0**	144.5
Trade and other receivables	17	**358.0**	356.8
Current income tax receivables	10c	**1.4**	2.3
Derivative financial instruments	25	**29.9**	37.9
Cash and cash equivalents	18	**49.0**	109.5
		579.3	651.0
Assets held for sale	31	**42.1**	–
		621.4	651.0
Total assets		**1,737.2**	1,760.4
Current liabilities			
Trade and other payables	23a	**(412.4)**	(424.3)
Contract liabilities – rebate accruals	23b	**(98.7)**	(97.4)
Interest bearing loans and borrowings	21	**(166.3)**	(171.4)
Derivative financial instruments	25	**(0.7)**	(0.7)
Current income tax payable	10c	**(4.6)**	(2.2)
Provisions	26	**(4.1)**	(2.6)
Other current liabilities		**(2.5)**	(0.2)
		(689.3)	(698.8)
Liabilities held for sale	31	**(28.4)**	–
		(717.7)	(698.8)
Non-current liabilities			
Interest bearing loans and borrowings	21	**(517.2)**	(597.7)
Deferred tax liabilities	10f	**(69.0)**	(62.5)
Pension liability	22	**(14.9)**	(9.4)
Derivative financial instruments	25	**(3.1)**	(4.2)
Provisions	26	**(3.2)**	(7.4)
Other non-current liabilities		**(0.1)**	(3.1)
		(607.5)	(684.3)
Total liabilities		**(1,325.2)**	(1,383.1)
Net assets		**412.0**	377.3
Capital and reserves			
Issued share capital	19	**53.1**	52.9
Share premium account		**145.5**	139.1
Own shares reserve		**(10.3)**	(5.4)
Other reserves	20	**99.4**	92.9
Retained earnings		**124.3**	97.8
Total equity		**412.0**	377.3

The financial statements were approved by the board of directors and authorised for issue on 27 November 2019. They were signed on its behalf by:

Simon Litherland **Joanne Wilson**

Consolidated statement of cash flows

	Note	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
Cash flows from operating activities			
Profit before tax		110.3	145.8
Net finance costs	9	19.7	20.3
Other financial instruments		–	0.6
Impairment of property, plant and equipment	13	–	4.8
Reversal of impairment of property, plant and equipment	13	(3.8)	–
Impairment of assets held for sale	31	31.2	–
Reversal of impairment of intangible assets	14	–	(11.5)
Depreciation	13	51.7	48.5
Amortisation	14	18.5	18.4
Share based payments	27	11.3	5.6
Net pension charge less contributions		(16.4)	(22.1)
Decrease/(Increase) in inventory		(7.8)	(3.3)
Decrease/(Increase) in trade and other receivables		(20.7)	(44.9)
Increase in trade, other payables and contract liabilities		4.5	66.4
(Decrease)/increase in provisions		(1.6)	4.5
Loss on disposal of property, plant and equipment and intangible assets		11.9	4.5
Income tax paid		(23.7)	(30.8)
Net cash flows from operating activities		185.1	206.8
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		0.3	–
Purchases of property, plant and equipment		(67.4)	(136.3)
Purchases of intangible assets		(7.4)	(7.3)
Interest received		0.9	0.9
Acquisition of subsidiaries, net of cash acquired	32	–	(38.4)
Net cash flows used in investing activities		(73.6)	(181.1)
Cash flows from financing activities			
Interest paid, net of derivative financial instruments		(21.0)	(22.0)
Net movement on revolving credit facility	21	8.7	35.3
Other loans repaid	21	(0.3)	(0.7)
Repayment on finance leases	21	(0.9)	(1.1)
Partial repayment of private placement notes	21	(77.0)	(54.9)
Drawdown of 2018 private placement notes	21	–	120.3
Issue costs paid	21	–	(0.4)
Issue of shares relating to incentive schemes for employees		2.2	1.0
Purchase of own shares		(8.4)	(3.1)
Dividends paid to equity shareholders	12	(75.6)	(71.7)
Net cash flows used in financing activities		(172.3)	2.7
Net (decrease)/ increase in cash and cash equivalents		(60.8)	28.4
Cash and cash equivalents at beginning of period		109.5	82.5
Exchange rate differences		0.3	(1.4)
Cash and cash equivalents at the end of the period	18	49.0	109.5

Consolidated statement of changes in equity

	Note	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves (note 20) £m	Retained earnings/ (losses) £m	Total £m
At 1 October 2017		52.8	133.9	(3.7)	130.5	25.8	339.3
Profit for the period		–	–	–	–	117.1	117.1
Other comprehensive (expense)/income		–	–	–	(37.6)	27.8	(9.8)
Total comprehensive (expense)/income		–	–	–	(37.6)	144.9	107.3
Issue of shares relating to incentive schemes for employees		0.1	5.2	(4.4)	–	–	0.9
Own shares purchased for share schemes		–	–	(5.2)	–	–	(5.2)
Own shares utilised for share schemes		–	–	7.9	–	(7.1)	0.8
Movement in share based schemes		–	–	–	–	5.5	5.5
Current tax on share based payments	10a	–	–	–	–	0.4	0.4
Payment of dividend	12	–	–	–	–	(71.7)	(71.7)
At 30 September 2018		**52.9**	**139.1**	**(5.4)**	**92.9**	**97.8**	**377.3**
Profit for the period		–	–	–	–	80.9	80.9
Other comprehensive income		–	–	–	6.5	18.3	24.8
Total comprehensive income		–	–	–	6.5	99.2	105.7
Issue of shares relating to incentive schemes for employees		0.2	6.4	(4.3)	–	–	2.3
Own shares purchased for share schemes		–	–	(9.0)	–	–	(9.0)
Own shares utilised for share schemes		–	–	8.4	–	(7.5)	0.9
Movement in share based schemes		–	–	–	–	9.4	9.4
Current tax on share based payments	10a	–	–	–	–	0.3	0.3
Deferred tax on share based payments	10a	–	–	–	–	0.7	0.7
Payment of dividend	12	–	–	–	–	(75.6)	(75.6)
At 29 September 2019		**53.1**	**145.5**	**(10.3)**	**99.4**	**124.3**	**412.0**

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 the 52 weeks ended 29 September 2019 (prior financial year 52 weeks ended 30 September 2018).

The financial statements were authorised for issue by the board of directors on 27 November 2019.

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 29 September 2019, the consolidated balance sheet is showing a net assets position of £412.0m (30 September 2018: net assets of £377.3m).

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, on which the Group had drawn down £67m as at 29 September 2019, with a maturity date of November 2021, and £615.5m of private placement notes which have maturity dates between 2019 and 2033.

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.

New standards adopted in the current period
Initial adoption of IFRS 9 – Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. This standard introduces new requirements in three areas:

- Classification and measurement: Financial assets are now classified based on the objective of the Group in holding the asset and the contractual cash flows
- Impairment: A new expected credit loss model is used for calculating impairment on financial assets. A loss event does not have to occur before credit losses are recognised
- Hedge accounting: New general hedge accounting requirements allow hedge accounting based on the Group's risk management policies rather than only prescribed scenarios. There is currently an option to defer the transition of hedge accounting under IFRS 9.

On 1 October 2018, the Group adopted IFRS 9 'Financial Instruments', which replaced IAS 39 'Financial Instruments: Recognition and Measurement'. As there was no material impact from the adoption of this standard, the Group has not restated the comparative information relating to prior years.

Financial assets principally relate to trade and other receivables, which are initially measured at the transaction price as determined under IFRS 15. These are then subsequently measured at amortised costs, as are prepayments and accrued income. The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group, as the Group continued measuring all financial assets previously held at fair value under IAS 39 at fair value. The adoption of IFRS 9 has had no impact on the Group's accounting for impairment losses for financial assets, as the replacement of IAS 39's incurred loss approach with the forward-looking expected credit loss (ECL) approach had no net impact.

3. Accounting policies continued

Financial liabilities principally relate to trade and other payables, bank loans, accruals and deferred income. Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The Group's financial liabilities are measured at fair value, with the bank loans being net of attributable transaction costs.

IFRS 9 Impairment

The IFRS 9 impairment model is applicable to the Group's financial assets including trade receivables and other receivables as described in note 17. As the majority of the relevant balances are trade receivables to which the simplified model applies, this disclosure focuses on these balances.

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision for credit losses for trade receivables is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime. This is determined by a number of factors including; the nature of the customer, the payment method selected and where relevant, the sector in which they operate. The characteristics used to determine the groupings of receivables are the factors that have the greatest impact on the likelihood of default.

Sensitivity to changes in assumptions

The most significant assumption included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and there will be no significant change in the payment profile or recovery rates within each identified Group of receivables. To address this risk, the Group reviews and updates default rates, by customer group, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant. The Group also considers regulatory changes and customer segment specific factors that may have an impact, now or in the future, on recoverability of the balance. While forward-looking information is usually considered to be immaterial, the exception to this could be the forecast occurrence of a significant one-off event. The Group does not believe that Brexit will have a material impact on the outstanding receivables balance.

Hedge accounting: The Group has decided to continue to account for hedging relationships under IAS 39 'Financial instruments: recognition and measurement' and will review when to adopt the hedge accounting for IFRS 9 at a future date. On adoption there is not expected to be any material change in hedge accounting for the Group.

Revenue recognition

The Group recognises revenue from the sale of soft drinks to the wholesale market. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer. Following delivery, which is determined to be the time of shipment, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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. Rebates to customers are deducted from revenue where the amounts paid are sales related or in relation to a good or service which results in an increase in sales in the customer's outlet and therefore is not distinct from the sale of soft drinks to the customer and comprise:

Long term discounts and rebates

These discounts are typically for months rather than weeks and are usually part of the trading terms agreed with the customer. Long term discounts fall into three main categories:

- Fixed – a defined amount over a period of time
- Pence per litre/case – a pence per litre/case rebate, based upon volumes sold
- % of Net Revenue – a percentage of Net Revenue, which may have associated hurdle rates

Short term promotional discounts

Promotional discounts consist of many individual rebates across numerous customers and represents the cost to the Group of short term deal mechanics. The common deals typically include BOGOFs, 3 For 2, and Half Price deals.

Account development fund

The account development fund represents customer promotional activity which promotes Britvic's products in the customer's outlets. The Group agrees to pay the customer various amounts as part of the trading investment. Where these amounts are payable in relation to a good or service which result in an increase in sales in the customer's store only, e.g. in-store promotional activity, management has concluded that this is not distinct, and it is accounted for as a reduction in revenue. Where these amounts are payable in relation to a good or service which result in an increase in group sales more broadly, e.g. participation in tradeshows or market research, management has concluded that the payment is for a distinct good or service. Where amounts paid to customers are deemed to be for a distinct service these are included as selling and distribution costs in the income statement.

3. Accounting policies continued

Variable consideration

The Group agrees to pay customers various amounts either in the form of sales related rebates and discounts earned or as part of the trading investment (e.g. sales driving investment, growth over-rider investment, incentives for purchasing full loads, payment for new store openings, payment for listing new products).

Where the consideration, the Group is entitled to, will vary because of a rebate, refund incentive or price concession or similar item; or is contingent on the occurrence or non-occurrence of a future event, e.g. the customer meeting certain agreed criteria, the amount payable is deemed to be variable consideration.

The Group uses the most likely method to reflect the consideration that the Group is entitled to. Variable consideration is then only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future. 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.

Contract liabilities

Contract liabilities are recognised where, as part of a contract with a customer, the Group has received consideration where the Group will either need to return that consideration or deliver future services and goods in respect of this consideration.

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 15 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.

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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3. Accounting policies continued

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.

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 an 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.

3. Accounting policies continued

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.

Provision for expected credit losses of trade 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 for Expected Credit Losses (ECL) 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. The provision rates are based on days past due and based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 17.

Supplier financing arrangements

Management reviews supplier financing agreements to determine the appropriate presentation of balances outstanding as trade payables or borrowings, dependent on the nature of each arrangement. Factors considered in determining the appropriate presentation, impact on the Groups working capital positions, credit enhancement or other benefits provided.

Balances outstanding under current supplier financing arrangements are classified as accounts payables.

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 best economic 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.

3. Accounting policies continued

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.

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.

3. Accounting policies continued

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 as 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.

The retirement benefit obligation recognised in the consolidated balance sheet represents the 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.

3. Accounting policies continued

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 other 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 the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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 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.

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 transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

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

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

Additional disclosures are provided in Note 31.

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:

International Financial Reporting Standards (IFRS)		Effective date – periods commencing on or after
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2020
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

The Group does not expect IFRS 17 to have a material impact on the financial statements. The impact of adopting IFRS 16 Leases has been included below:

IFRS 16 Leases

IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 January 2019 and will replace IAS 17 'Leases'. It will eliminate the classification of leases as either operating leases or finance leases for the lessee and, instead, introduce a single lessee accounting model. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17.

In summary, IFRS 16 seeks to align the presentation of leased assets more closely to owned assets. In doing so, a right of use asset and lease liability are brought on to the balance sheet, with the lease liability recognised at the present value of future lease payments. The Group intends to adopt the new standard as of 30 September 2019 and will apply the modified retrospective transition approach and will not restate comparative amounts.

The Group will use the exemptions allowed by the standard and will not recognise a right of use an asset and a lease liability for those lease contracts for which the lease terms ends within 12 months from the date of initial application and for those lease contracts for which the underlying assets is low value.

From an income statement perspective, the IAS 17 operating lease charge is replaced by depreciation and interest. IFRS 16 therefore results in an immaterial impact to operating profit, which is reported prior to interest being deducted. Whilst depreciation reduces on a straight-line basis, interest is charged on outstanding lease liabilities and therefore for any given lease, interest is higher in the earlier years and decreases over time. As a result, the impact on the income statement below operating profit is highly dependent on average lease maturity.

The headline impacts of IFRS 16 can be summarised as follows:

- Operating lease rental charges for those leases accounted for under IFRS 16 are replaced by depreciation and finance costs. The impact on profit before tax and operating profit is not expected to be material.
- The Group Balance Sheet will recognise a lease liability in the region of £45m-£50m and a right of use an asset of in the region of £45m-£50m as of 30 September 2019.

IFRIC 23 Uncertainty over income tax treatments

The new standard came in to effect on or after 1 January 2019. The interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes. The Group is currently assessing the impact of IFRIC 23. The standard is effective for the Group for the period commencing 30 September 2019.

4. 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.

Judgements

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 29 September 2019 these intangible assets have a remaining useful life of 23 years. The franchise agreement itself has a remaining contract life of 6 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.

4. Key judgements and estimates continued

Intangible assets with indefinite lives

Management has 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.

Assets held for sale

On 12 November 2019, the Board of Directors announced its decision to enter into an exclusive discussion with Refresco over the potential sale by Britvic of its three juice manufacturing sites in France, its private label juice business, and the Fruité brand. Transactions relating to the sale are classified as a disposal group held for sale. The Board considered the transaction to meet the criteria to be classified as held for sale at that date for the following reasons:

- The assets are available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer has been identified and negotiations as at the reporting date are at an advanced stage

Management have applied judgement around the future costs to sell and the allocation of goodwill to the business sold.

For more details on the asset held for sale, refer to Note 31.

Estimates

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.

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.

5. 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.

5. Segmental reporting continued

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

52 weeks ended 29 September 2019	GB stills £m	GB carbs £m	Total GB £m	Ireland £m	France £m	International £m	Brazil £m	Total £m
Revenue from external customers	**281.8**	**663.6**	**945.4**	**175.8**	**244.9**	**54.1**	**124.8**	**1,545.0**
Brand contribution	**120.5**	**259.0**	**379.5**	**52.0**	**80.0**	**11.3**	**28.3**	**551.1**
Non-brand advertising & promotion*								**(10.5)**
Fixed supply chain**								**(108.0)**
Selling costs**								**(83.0)**
Overheads and other costs*								**(135.5)**
Adjusted operating profit								**214.1**
Net finance costs								**(19.2)**
Adjusting items* **								**(84.6)**
Profit before tax								**110.3**

* 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.

*** See Non-GAAP reconciliations for further details on adjusting items on page 146.

52 weeks ended 30 September 2018	GB stills £m	GB carbs £m	Total GB £m	Ireland £m	France £m	International £m	Brazil £m	Total £m
Revenue from external customers	280.7	610.6	891.3	174.0	269.2	49.0	120.1	1,503.6
Brand contribution	116.6	251.7	368.3	57.1	81.4	10.2	24.8	541.8
Non-brand advertising & promotion*								(11.2)
Fixed supply chain**								(113.7)
Selling costs**								(79.5)
Overheads and other costs*								(131.4)
Adjusted operating profit								206.0
Net finance costs								(19.8)
Adjusting items* **								(40.4)
Profit before tax								145.8

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

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

*** See Non-GAAP reconciliations for further details on adjusting items on page 146.

Geographic information

Revenues from external customers

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

	2019 £m	2018 £m
United Kingdom	**998.9**	941.5
Republic of Ireland	**148.7**	149.6
France	**250.8**	274.2
Brazil	**124.8**	120.1
Other	**21.8**	18.2
Total revenue	**1,545.0**	1,503.6

5. Segmental reporting continued

Non-current assets

	2019 £m	2018 £m
United Kingdom	489.1	490.1
Republic of Ireland	135.9	135.5
France	190.8	237.5
Brazil	111.5	110.0
Other	1.1	2.3
Total	928.4	975.4

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

6. Operating profit

This is stated after charging/(crediting):

	2019 £m	2018 £m
Cost of inventories recognised as an expense	887.2	770.3
Write-down of inventories to net realisable value	0.4	0.4
Research and development expense	7.6	8.3
Net foreign currency exchange differences	1.4	2.4
Depreciation of property, plant and equipment	51.7	48.5
Amortisation of intangible assets	18.5	18.4
Reversal of impairments of trademarks* (note 14)	–	(11.5)
(Reversal of impairment) / Impairment of property, plant and equipment (note 13)	(3.8)	4.8
Loss on disposal of property, plant and equipment	11.9	4.5
Government grants	(3.5)	(4.4)
Operating lease payments – minimum lease payments	9.9	9.2
Assets held for sale impairment charge** (note 31)	31.2	–

* Disclosed as other income

** Relates to part of the French business which has been designated as held for sale during the year

7. Auditor's remuneration

	2019 £m	2018 £m
Audit of the group financial statements	0.2	0.2
Audit of subsidiaries	0.9	0.6
Total audit services	1.1	0.8
Audit related assurance services	0.3	0.1
Total non-audit services	0.3	0.1
Total fees	1.4	0.9

8. Staff costs

	2019 £m	2018 £m
Wages and salaries	166.6	165.6
Social security costs	26.3	26.6
Net pension charge	13.4	11.3
Expense of share based compensation (note 27)	11.3	5.6
	217.6	209.1

	2019 £m	2018 £m
Directors' emoluments	2.8	2.9
Aggregate gains made by directors on exercise of options	2.0	–

8. Staff costs continued

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

	2019 No.	2018 No.
Distribution	365	349
Production	2,317	2,292
Sales and marketing	1,430	1,448
Administration	683	692
	4,795	4,781

9. Finance income and costs

	2019 £m	2018 £m
Finance income		
Bank deposits	1.0	1.0
Total finance income	1.0	1.0
Finance costs		
Bank loans, overdrafts and loan notes	(20.2)	(20.8)
Ineffectiveness in respect of cash flow hedges	(0.5)	(0.5)
Total finance costs	(20.7)	(21.3)
Net finance costs	(19.7)	(20.3)

10. Taxation

a) Tax on profit on continuing operations

	2019 £m	2018 £m
Income statement		
Current income tax		
Current income tax charge	(28.4)	(23.0)
Amounts over provided in previous years	0.9	0.4
Total current income tax charge	(27.5)	(22.6)

	2019 £m	2018 £m
Deferred income tax		
Origination and reversal of temporary differences	(3.2)	(6.1)
Amounts over provided in previous years	1.3	–
Total deferred tax charge	(1.9)	(6.1)
Total tax charge in the income statement	(29.4)	(28.7)
Statement of comprehensive income/(expense)		
Current tax on additional pension contributions	0.2	–
Deferred tax on defined benefit plans	(4.2)	(5.5)
Deferred tax on cash flow hedges accounted for in the hedging reserve	(1.3)	0.5
Current tax on cash flow hedges accounted for in the hedging reserve	(0.2)	–
Tax on exchange differences accounted for in the translation reserve	(0.2)	–
Deferred tax on other temporary differences	0.2	–
Total tax charge in the statement of comprehensive income/(expense)	(5.5)	(5.0)
Statement of changes in equity		
Current tax on share options exercised	0.3	0.4
Deferred tax on share options granted to employees	0.7	–
Total tax credit in the statement of changes in equity	1.0	0.4

10. Taxation continued

b) Reconciliation of the total tax charge

The tax expense in the consolidated income statement is higher (2018: higher) than the standard rate of UK corporation tax of 19.0% (2018: 19.0%). The differences are reconciled below:

	2019 £m	2018 £m
Profit before tax	**110.3**	145.8
Profit multiplied by the UK average rate of corporation tax of 19.0% (2018: 19.0%)	**(20.9)**	(27.7)
Permanent differences	**(8.5)**	(3.3)
Impact of change in tax rates on deferred tax liability	**(0.3)**	2.4
Current tax/deferred tax rate differential	**0.6**	0.9
Tax over provided in previous years	**2.2**	0.4
Overseas tax rate differences	**(2.5)**	(1.4)
	(29.4)	(28.7)
Effective income tax rate	**26.7%**	19.7%

The increase in overseas tax rate difference reflects the changing profit mix in overseas jurisdictions.

There was no recurrence in 2019 of the benefit from tax rate changes on deferred tax in France in 2018.

Prior year adjustments relate to the release of uncertain tax positions for which the statute of limitation has passed, deferred tax on fixed assets and loss recognition.

Permanent differences increased as a result of an impairment in France on assets held for sale.

c) Income tax

	2019 £m	2018 £m
Income tax recoverable	**1.4**	2.3
Income tax payable	**(4.6)**	(2.2)
	(3.2)	0.1

Net income tax payable has increased due to lower instalments of tax payments in the UK and France.

d) Uncertain tax positions

Where the outcome of jurisdictional tax laws are subject to interpretation, management relies on its best judgement and estimates the likely outcomes to ensure all uncertain tax positions are adequately provided for in the Group financial statements. 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 provided for in accordance with management's best estimates of the most likely outcomes.

e) Unrecognised tax items

	2019 £m	2018 £m
No deferred tax asset has been recognised in respect of unused tax losses of:	**1.1**	5.4

The Group considers that there will be no direct or withholding tax consequences of future remittances of earnings from overseas subsidiaries and therefore no temporary differences arise in respect of its overseas investments. Accordingly, there is no amount of deferred tax provided or unprovided in respect of investments in subsidiaries.

A deferred tax asset has been recognised in respect of losses that have arisen in both Ireland and Brazil. All existing tax losses may be carried forward indefinitely; however, in Brazil losses may only be utilised to the extent of 30% of taxable profit in each year.

No deferred tax asset has been recognised in respect of losses from prior periods, which at current exchange rates amounts to £1.1m (2018: £5.4m).

10. Taxation continued

f) Deferred tax

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

	2019 £m	2018 £m
Deferred tax liability		
Accelerated capital allowances	(17.2)	(15.4)
Acquisition fair value adjustments	(30.4)	(32.8)
Post employment benefits	(33.1)	(26.9)
Deferred tax liability	**(80.7)**	(75.1)
Deferred tax asset		
Employee incentive plan	6.4	4.8
Unutilised losses incurred in overseas jurisdictions	7.9	8.6
Other temporary differences	3.0	4.8
Deferred tax asset	**17.3**	18.2
Net deferred tax liability	**(63.4)**	(56.9)

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:

	2019 £m	2018 £m
Net deferred tax assets	5.6	5.6
Net deferred tax liabilities	(69.0)	(62.5)
	(63.4)	(56.9)

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

	2019 £m	2018 £m
Employee incentive plan	0.9	(0.2)
Accelerated capital allowances	(2.2)	(5.7)
Post employment benefits	(2.0)	(3.0)
Acquisition fair value adjustments	1.6	0.6
Utilised losses incurred in overseas jurisdictions	0.1	(0.4)
Other temporary differences	(0.3)	2.6
Deferred tax charge	**(1.9)**	(6.1)

The deferred tax charge has reduced due to lower fixed asset additions in F19 compared to F18 and prior year adjustment on other temporary differences.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit 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.

11. Earnings per share continued

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

	2019 £m	2018 £m
Basic earnings per share		
Profit for the period attributable to equity shareholders	**80.9**	117.1
Weighted average number of ordinary shares in issue for basic earnings per share	**264.5**	263.7
Basic earnings per share	**30.6p**	44.4p
Diluted earnings per share		
Profit for the period attributable to equity shareholders	**80.9**	117.1
Effect of dilutive potential ordinary shares – share schemes	**2.4**	1.7
Weighted average number of ordinary shares in issue for diluted earnings per share	**266.9**	265.4
Diluted earnings per share	**30.3p**	44.1p

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).

12. Dividends paid and proposed

	2019 £m	2018 £m
Declared and paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2018: 20.3p per share (2017: 19.3p per share)	**53.6**	50.8
Interim dividend for 2019: 8.3p per share (2018: 7.9p per share)	**22.0**	20.9
Dividends paid	**75.6**	71.7
Proposed		
Final dividend for 2019: 21.7p per share (2018: 20.3p per share)	**57.6**	53.7

13. Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Assets under construction £m	Total £m
At 1 October 2017 net of accumulated depreciation and impairment	121.2	26.3	189.2	55.6	69.3	461.6
Exchange differences	(3.9)	–	(2.5)	–	(0.5)	(6.9)
Additions	1.6	0.9	11.8	11.1	97.5	122.9
Reclassification	4.0	0.9	60.3	12.9	(78.1)	–
Disposals at cost	(1.6)	–	(26.9)	(16.2)	–	(44.7)
Impairment	(4.8)	–	–	–	–	(4.8)
Depreciation eliminated on disposals	0.7	–	24.0	15.5	–	40.2
Depreciation charge for the period	(4.6)	(0.8)	(29.6)	(13.5)	–	(48.5)
At 30 September 2018 net of accumulated depreciation and impairment	**112.6**	**27.3**	**226.3**	**65.4**	**88.2**	**519.8**
Exchange differences	**0.5**	**–**	**0.1**	**–**	**–**	**0.6**
Additions	**5.8**	**0.1**	**13.6**	**7.5**	**41.9**	**68.9**
Reclassification	**24.8**	**4.5**	**53.5**	**12.7**	**(97.3)**	**(1.8)**
Disposals at cost	**(0.5)**	**(0.2)**	**(72.4)**	**(10.8)**	**(0.1)**	**(84.0)**
Transfer to assets held for sale (note 31)	**(21.8)**	**–**	**(48.4)**	**(1.9)**	**–**	**(72.1)**
Impairment reversal	**3.8**	**–**	**–**	**–**	**–**	**3.8**
Depreciation eliminated on disposals	**0.2**	**0.2**	**62.6**	**9.1**	**–**	**72.1**
Depreciation charge for the period	**(4.4)**	**(1.2)**	**(32.7)**	**(13.4)**	**–**	**(51.7)**
Transfer depreciation of assets held for sale (note 31)	**10.9**	**–**	**26.5**	**1.0**	**–**	**38.4**
At 29 September 2019 net of accumulated depreciation and impairment	**131.9**	**30.7**	**229.1**	**69.6**	**32.7**	**494.0**
At 29 September 2019						
Cost (gross carrying amount)	**176.8**	**48.5**	**448.4**	**214.8**	**32.7**	**921.2**
Accumulated depreciation and impairment	**(44.9)**	**(17.8)**	**(219.3)**	**(145.2)**	**–**	**(427.2)**
Net carrying amount	**131.9**	**30.7**	**229.1**	**69.6**	**32.7**	**494.0**
At 30 September 2018						
Cost (gross carrying amount)	168.0	44.0	501.7	207.4	88.2	1,009.3
Accumulated depreciation and impairment	(55.4)	(16.7)	(275.4)	(142.0)	–	(489.5)
Net carrying amount	112.6	27.3	226.3	65.4	88.2	519.8

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Other £m	Total £m
At 1 October 2017	145.0	18.6	56.5	23.9	209.5	1.5	455.0
Exchange differences	(6.4)	0.2	(3.9)	0.1	(6.2)	(0.2)	(16.4)
Additions	–	–	–	7.8	–	–	7.8
Reversal of impairment	11.5	–	–	–	–	–	11.5
Amortisation charge for the period	(2.8)	(0.7)	(7.0)	(7.4)	–	(0.5)	(18.4)
At 30 September 2018	**147.3**	**18.1**	**45.6**	**24.4**	**203.3**	**0.8**	**439.5**
Exchange differences	**0.8**	**–**	**0.5**	**(0.1)**	**0.8**	**–**	**2.0**
Additions	**–**	**–**	**–**	**7.6**	**–**	**–**	**7.6**
Reclassification	**–**	**–**	**–**	**1.9**	**–**	**–**	**1.9**
Disposals at cost	**–**	**–**	**–**	**(13.2)**	**–**	**–**	**(13.2)**
Transferred to assets held for sale (note 31)	**–**	**–**	**(0.2)**	**–**	**(4.5)**	**–**	**(4.7)**
Amortisation eliminated on disposals	**–**	**–**	**–**	**13.2**	**–**	**–**	**13.2**
Amortisation charge for the period	**(2.6)**	**(0.7)**	**(6.8)**	**(8.0)**	**–**	**(0.4)**	**(18.5)**
At 29 September 2019	**145.5**	**17.4**	**39.1**	**25.8**	**199.6**	**0.4**	**427.8**
At 29 September 2019							
Cost (gross carrying amount)	**184.2**	**26.4**	**84.4**	**97.9**	**259.0**	**1.7**	**653.6**
Accumulated amortisation and impairment	**(38.7)**	**(9.0)**	**(45.3)**	**(72.1)**	**(59.4)**	**(1.3)**	**(225.8)**
Net carrying amount	**145.5**	**17.4**	**39.1**	**25.8**	**199.6**	**0.4**	**427.8**
At 30 September 2018							
Cost (gross carrying amount)	183.1	26.4	83.9	101.7	262.7	1.7	659.5
Accumulated amortisation and impairment	(35.8)	(8.3)	(38.3)	(77.3)	(59.4)	(0.9)	(220.0)
Net carrying amount	147.3	18.1	45.6	24.4	203.3	0.8	439.5

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 – 14.8 years. As at 29 September 2019 these intangible assets have an average remaining useful life of 11 years.

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 29 September 2019 these intangible assets have a remaining useful life of 23 years. The franchise agreement itself has a remaining contract life of 6 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 29 September 2019 this would increase the annual amortisation for franchise rights by £2.3m to £3.0m.

14. Intangible assets continued

Customer lists

Britvic France

Customer lists recognised on the acquisition of Britvic France relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 20 years. At 29 September 2019 these intangible assets have a remaining useful life of 11 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 29 September 2019 these intangible assets have a remaining useful life of between 1 and 8 years.

Britvic Brazil

Customer lists recognised on acquisitions in Britvic Brazil relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of between 4 and 9 years. At 29 September 2019 these intangible assets have a remaining useful life of between 1 and 6 years.

Software costs

Software is capitalised at cost. As at 29 September 2019 these intangible assets have a remaining useful life of up to 6 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.

There has been an allocation of goodwill to the French business to be disposed of as described in note 31.

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:

	2019 £m	2018 £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	22.1	22.1
Britvic France	89.5	89.7
Britvic Brazil	31.1	30.2
	204.0	203.3

	2019 £m	2018 £m
Trademarks with indefinite lives		
Britvic Ireland CGUs		
Britvic	4.4	4.4
Cidona	5.9	5.9
MiWadi	9.1	9.1
Ballygowan	23.4	23.5
Club	15.1	15.1
	57.9	58.0
Britvic France CGUs		
Teisseire	50.8	50.9
Moulin de Valdonne	4.2	4.2
Pressade	4.8	4.8
	59.8	59.9
Total trademarks with indefinite lives	117.7	117.9

15. Impairment testing of intangible assets continued

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.

Goodwill in Brazil comprises goodwill relating to the acquisition of Ebba and Bela Ischia. Management consider this to be a single CGU based on the integration of Bela Ischia into the overall Britvic Brazil business.

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.

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:

	At 29 September 2019	At 30 September 2018
Britvic GB	7.7%	6.2%
Britvic Ireland	7.1%	7.3%
Britvic France	8.7%	7.1%
Britvic Brazil	13.5%	12.9%

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 for the following year and forecasts for up to a further four years. The applicable long term growth rates are:

	At 29 September 2019	At 30 September 2018
Britvic GB	1.5%	1.6%
Britvic Ireland	2.9%	2.0%
Britvic France	1.5%	1.8%
Britvic Brazil	2.2%	2.6%

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.

15. Impairment testing of intangible assets continued

Results and conclusions

Other than the goodwill held in Britvic Brazil the directors do not consider that a reasonable possible change in the assumptions used to calculate the value in use of remaining goodwill and intangible assets would result in any impairment. Britvic Brazil is seen as a growth market where maturity is not expected for a number of years, as such a management forecast growth projection was used until 2024.

A sensitivity analysis was performed to assess the impact of reasonable possible changes in key assumptions:

- A reduction in the long term growth rate from 2.3% to 0.75% would result in a £0.1m impairment charge.
- Applying a 5.5% reduction to the operating margin throughout the forecast period until 2024 would result in an impairment charge of £0.7m.

16. Inventories

	2019 £m	2018 £m
Raw materials	**59.6**	64.2
Finished goods	**69.6**	67.2
Consumable stores	**11.4**	12.7
Returnable packaging	**0.4**	0.4
Total inventories at lower of cost and net realisable value	**141.0**	144.5

17. Trade and other receivables (current)

	2019 £m	2018 £m
Trade receivables	**318.1**	313.4
Other receivables	**11.2**	18.5
Prepayments	**28.7**	24.9
	358.0	356.8

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the Group operates. As at 29 September 2019 trade receivables at nominal value of £5.4m (2018: £4.3m) were impaired and fully provided against. Movements in allowance for Expected Credit Losses (ECL) were as follows:

	Total £m
At 1 October 2017	4.3
Exchange differences	(0.6)
Charge for period	4.6
Utilised	(3.8)
Unused amounts reversed	(0.2)
At 30 September 2018	**4.3**
Exchange differences	**0.1**
Charge for period	**1.7**
Utilised	**(0.6)**
Unused amounts reversed	**(0.1)**
At 29 September 2019	**5.4**

The Group takes the following factors into account when considering ECLs for trade receivables:

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

17. Trade and other receivables (current) continued

The ageing analysis of trade receivables is as follows:

	Total £m	Neither past due nor impaired £m	Past due but not impaired < 30 days £m	30 – 60 days £m	60 – 90 days £m	90 – 120 days £m	> 120 days £m
2019	**318.1**	**264.4**	**28.5**	**5.3**	**3.4**	**2.3**	**14.2**
2018	313.4	265.4	28.1	5.8	3.4	0.8	9.9

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.

The Group's main trading subsidiary Britvic Soft Drinks Ltd, operates a discount factoring programme, whereby it agrees to assign, on a renewable bases, certain trade receivables without recourse against the risk of default by the debtor. The analysis of the risks and rewards as defined by IFRS 9 led the Group to derecognise the receivables to the extent of the discounted amount received from the factor. Britvic Soft Brinks Ltd remains responsible for invoicing and debt recoverability for which it receives remuneration but does not retain control.

Receivables totalling £39.9m were assigned under these programmes in 2019 (2018: £32.4m) and as at the 2019 year end, £24.9m (2018: £20.1m) of receivables from customers where derecognised.

Receivables of £5.1m (2018: nil) where settled by customers and are due to be paid to the factoring partner. These balances are disclosed within other payables in note 23a.

18. Cash and cash equivalents

	2019 £m	2018 £m
Cash at bank and in hand	**28.2**	41.0
Deposits	**20.8**	68.5
Cash and cash equivalents in the statement of cash flows	**49.0**	109.5

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 29 September 2019 the Group had available £333m (2018: £342m) 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 1 October 2017	263,797,000	52,759,400
Shares issued relating to incentive schemes for employees	809,911	161,982
At 30 September 2018	264,606,911	52,921,382
Shares issued relating to incentive schemes for employees	903,826	180,765
At 29 September 2019	265,510,737	53,102,147

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.

Of the issued and fully paid ordinary shares, 1,180,721 shares (2018: 724,335 shares) are own shares held by an employee benefit trust. This equates to £236,144 (2018: £144,867) 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	Merger reserve £m	Total £m
At 1 October 2017	(4.7)	47.9	87.3	130.5
Losses in the period in respect of cash flow hedges	(2.6)	–	–	(2.6)
Amounts recycled to the income statement in respect of cash flow hedges	(0.4)	–	–	(0.4)
Deferred tax in respect of cash flow hedges	0.5	–	–	0.5
Exchange differences on translation of foreign operations	–	(35.1)	–	(35.1)
At 30 September 2018	**(7.2)**	**12.8**	**87.3**	**92.9**
Losses in the period in respect of cash flow hedges	**(18.7)**	**–**	**–**	**(18.7)**
Amounts recycled to the income statement in respect of cash flow hedges	**26.2**	**–**	**–**	**26.2**
Deferred tax in respect of cash flow hedges	**(1.3)**	**–**	**–**	**(1.3)**
Current tax on cash flow hedges booked to the hedging reserve	**(0.2)**	**–**	**–**	**(0.2)**
Exchange differences on translation of foreign operations	**–**	**0.7**	**–**	**0.7**
Tax on exchange differences accounted for in the translation reserve	**–**	**(0.2)**	**–**	**(0.2)**
At 29 September 2019	**(1.2)**	**13.3**	**87.3**	**99.4**

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.

21. Interest bearing loans and borrowings

	2019 £m	2018 £m
Current		
Finance leases	**(0.7)**	(0.7)
Bank loans	**(66.9)**	(58.4)
Private placement notes	**(99.2)**	(112.9)
Less: unamortised issue costs	**0.5**	0.6
Total current	**(166.3)**	(171.4)

	2019 £m	2018 £m
Non-current		
Finance leases	**(0.3)**	(0.9)
Bank loans	**(0.1)**	(0.1)
Private placement notes	**(518.0)**	(598.0)
Less: unamortised issue costs	**1.2**	1.3
Total non-current	**(517.2)**	(597.7)
Total interest bearing loans and borrowings	**(683.5)**	(769.1)

21. Interest bearing loans and borrowings continued

Total interest bearing loans and borrowings comprise the following:

	2019 £m	2018 £m
Finance leases	(1.0)	(1.6)
2007 Notes	–	(109.6)
2009 Notes	(96.5)	(91.3)
2010 Notes	(94.7)	(88.6)
2014 Notes	(127.7)	(122.5)
2017 Notes	(175.0)	(175.0)
2018 Notes	(120.6)	(120.6)
Accrued interest	(2.7)	(3.3)
Bank loans	(67.0)	(58.5)
Capitalised issue costs	1.7	1.9
	(683.5)	(769.1)

Analysis of changes in interest-bearing loans and borrowings

	2019 £m	2018 £m
At the beginning of the period	(769.1)	(672.4)
Net movement on revolving credit facility	(8.7)	(35.3)
Other loans repaid	0.3	0.7
Partial repayment of private placement notes	77.0	54.9
Drawdown of 2018/2017 private placement notes	–	(120.3)
Issue costs	–	0.4
Repayment of finance leases	0.9	1.1
Amortisation of issue costs and write off of financing fees	(0.3)	(0.6)
Net translation gain and fair value adjustment	15.8	2.7
Accrued interest	0.6	(0.3)
At the end of the period	(683.5)	(769.1)
Derivatives hedging balance sheet debt*	68.3	84.1
Debt translated at contracted rate	(615.2)	(685.0)

* 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.

Bank loans

Loans outstanding at 29 September 2019 attract interest at an average rate of 1.74% for sterling denominated loans, 0.56% for euro denominated loans and 3.36% for Brazilian real denominated loans (2018: 0.68% for euro denominated loans and 4.44% for Brazilian real 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
2009	December 2019	$120m	US$ fixed at 5.24%
2010	December 2020 – December 2022	$113m	US$ fixed at 4.04% – 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%
2017	February 2025 – February 2032	£120m	UK£ fixed at 2.31% – 2.76%
2017	February 2027 – February 2032	£55m	UK£ LIBOR plus 1.32% – 1.36%
2018	June 2028 – June 2033	£65m	UK£ fixed at 2.66% – 2.88%
2018	June 2030	£20m	UK£ LIBOR plus 1.06%
2018	June 2028	€40m	EURIBOR€ plus 0.65%

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 asset/(liability) by scheme

2019	GB £m	ROI £m	NI £m	France £m	Total £m
Present value of benefit obligation	**(779.7)**	**(106.0)**	**(35.3)**	**(5.0)**	**(926.0)**
Fair value of plan assets	**906.7**	**94.8**	**50.7**	**–**	**1,052.2**
Transfer to assets held for sale (note 31)	**–**	**–**	**–**	**1.3**	**1.3**
Net asset/(liability)	**127.0**	**(11.2)**	**15.4**	**(3.7)**	**127.5**

2018	GB £m	ROI £m	NI £m	France £m	Total £m
Present value of benefit obligation	(658.2)	(87.6)	(30.2)	(4.0)	(780.0)
Fair value of plan assets	739.2	82.2	45.5	–	866.9
Net (liability)/asset	81.0	(5.4)	15.3	(4.0)	86.9

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 LLP 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.

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 is expected to make a payment to the BPP of £15m by 31 December 2019. We are currently in the process of completing the triennial valuation as at 31 March 2019. The outcome of these activities may have an impact on the level of future cash contributions made by the company.

The contributions required are determined based on the secondary funding deficit revealed at the last triennial actuarial funding valuation, currently at 31 March 2016. The secondary funding deficit will always differ from the accounting valuation surplus/deficit above.

Accounting standards require all companies to discount their projected cash flows at a standard rate based on high quality corporate bonds and not to allow for prudence when calculating the value of the liabilities. This is in contrast to the funding valuation where prudence is a requirement when assessing the value of the liabilities. This, in combination with the plan being invested in relatively low risk assets as part of the funding strategy agreed, results in the funding valuation being expected to show a higher deficit than the accounting valuation. The benefits of adopting a low risk approach to funding is that there is less volatility expected in the company's future contribution requirements.

In addition when comparing the surplus/deficit, consideration of the different dates of valuations need to be taken into account. The accounting valuation is assessed at the current balance sheet date of 29 September 2019, whereas the contributions agreed were based on the funding valuation at 31 March 2016.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2019 was £10.2m (2018: £10.1m).

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.

IFRIC 14/ IAS 19 relates to the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Trustee of the Plan previously made a change to the Rules of the Plan to clarify that any surplus may be returned directly to the Company without prior Trustee approval on the death or leaving of the final member of the Plan. The Group has therefore assessed gradual settlement of pension scheme assets for the basis of the asset recognition and in determining the amount recorded for the net defined benefit asset. Potential trustee rights to augment additional benefit have not been considered in assessing the amount of the net defined benefit asset. Furthermore, any such refund should be treated as income for tax purposes. These two points should mean that IFRIC 14 does not have any practical impact on the Plan and so no allowance for it (and, in particular, no allowance for the asset ceiling) has been made in the calculated figures. BETUS is treated as unfunded for the purposes of IAS 19, so IFRIC 14 is not applicable.

22. Pensions continued

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 Trustee has been undertaking investment de-risking to protect the on-going funding position achieved as a result of the 2012 changes. The latest triennial valuation was carried out as at 1 January 2018. The scheme remains open to future accrual for current members.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the consolidated income statement for 2019 was £0.8m (2018: £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 to future accrual from 31 December 2018. Since this date all 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 2017.

Contributions are paid into the BNIPP as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. Additional contributions of £1.5m per annum were paid on a monthly basis up to 31 May 2019.

The amount recognised as an expense in relation to the Northern Ireland defined contribution scheme in the consolidated income statement for 2019 was £0.1m (2018: £0.1m).

France schemes

Britvic France operates two defined benefit schemes: in the first, employees receive long-service cash payments at various stages throughout their careers. For 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/(expense)

	2019 Total £m	2018 Total £m
Current service cost	(1.8)	(1.7)
Net interest on net defined benefit asset/(liability)	2.8	1.3
Past service cost	(6.0)	–
Curtailment/settlement gain	–	0.2
Net expense	**(5.0)**	(0.2)

Following the Lloyds GMP equalisation case in October 2018, which ruled that treatment of men and women be brought in line for schemes with a guaranteed minimum pension, the vast majority of UK-based defined benefit schemes will need to recalculate member benefits. The impact of the GMP equalisation is £6.0m which has been recognised as a past service cost as part of adjusting items in the current period.

The curtailment/settlement gain in the prior period arose due to the retirement of executives and the exchange of their benefits in the BETUS for a cash lump sum recognised in administration expenses.

Other than stated below, the net expense 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.

Taken to the statement of comprehensive income

	2019 Total £m	2018 Total £m
Actual return on scheme assets	197.4	19.1
Less: Amounts included in net interest expense	(24.7)	(22.8)
Return on plan assets (excluding amounts included in net interest expense)	172.7	(3.7)
Gains due to demographic assumptions	13.4	6.2
(Losses)/gains due to financial assumptions	(163.4)	29.8
Experience (losses)/ gains	(0.6)	1.0
Remeasurement gains taken to the statement of comprehensive income	**22.1**	33.3

22. Pensions continued

Movements in present value of benefit obligation

	GB £m	ROI £m	NI £m	France £m	Total £m
					2019
At 1 October 2018	**(658.2)**	**(87.6)**	**(30.2)**	**(4.0)**	**(780.0)**
Current service cost	**–**	**(1.4)**	**–**	**(0.4)**	**(1.8)**
Past service cost	**(5.9)**	**–**	**(0.1)**	**–**	**(6.0)**
Member contributions	**–**	**(0.3)**	**–**	**–**	**(0.3)**
Interest cost on benefit obligation	**(19.1)**	**(1.8)**	**(0.9)**	**(0.1)**	**(21.9)**
Benefits paid	**31.4**	**1.9**	**1.1**	**0.1**	**34.5**
Remeasurement (losses)	**(127.9)**	**(16.8)**	**(5.2)**	**(0.6)**	**(150.5)**
At 29 September 2019	**(779.7)**	**(106.0)**	**(35.3)**	**(5.0)**	**(926.0)**
Weighted average duration of the liabilities	**20 years**	**24 years**	**21 years**	**15 years**	

	GB £m	ROI £m	NI £m	France £m	Total £m
					2018
At 1 October 2017	(726.1)	(83.5)	(35.3)	(3.9)	(848.8)
Exchange differences	–	(0.9)	–	–	(0.9)
Settlement gain	–	–	–	0.2	0.2
Current service cost	–	(1.2)	(0.1)	(0.4)	(1.7)
Member contributions	–	(0.3)	–	–	(0.3)
Interest cost on benefit obligation	(18.8)	(1.8)	(0.8)	(0.1)	(21.5)
Benefits paid	52.3	2.8	0.8	0.1	56.0
Remeasurement gains/ (losses)	34.4	(2.7)	5.2	0.1	37.0
At 30 September 2018	(658.2)	(87.6)	(30.2)	(4.0)	(780)
Weighted average duration of the liabilities	21 years	23 years	19 years	15 years	

Movements in fair value of plan assets

	GB £m	ROI £m	NI £m	Total £m
				2019
At 1 October 2018	**739.2**	**82.2**	**45.5**	**866.9**
Interest income on plan assets	**21.7**	**1.6**	**1.4**	**24.7**
Return on scheme assets excluding interest income	**157.2**	**11.7**	**3.8**	**172.7**
Employer contributions	**20.0**	**0.9**	**1.2**	**22.1**
Member contributions	**–**	**0.3**	**–**	**0.3**
Benefits paid	**(31.4)**	**(1.9)**	**(1.2)**	**(34.5)**
At 29 September 2019	**906.7**	**94.8**	**50.7**	**1,052.2**

	GB £m	ROI £m	NI £m	Total £m
				2018
At 1 October 2017	759.2	78.1	42.7	880.0
Exchange differences	–	0.9	–	0.9
Interest income on plan assets	20.1	1.6	1.1	22.8
(Losses)/return on scheme assets excluding interest income	(7.7)	3.2	0.8	(3.7)
Employer contributions	19.9	0.9	1.7	22.5
Member contributions	–	0.3	–	0.3
Benefits paid	(52.3)	(2.8)	(0.8)	(55.9)
At 30 September 2018	739.2	82.2	45.5	866.9

Principal assumptions

The assets and liabilities of the pension schemes were valued on an IAS 19 (Revised) basis at 29 September 2019, by Towers Watson (BPP and the French schemes), Invesco (BIPP) and Buck (BNIPP).

22. Pensions continued

Financial assumptions

	2019 GB %	2019 ROI %	2019 NI %	2019 France %
Discount rate	**1.80**	**1.00**	**1.95**	**0.33 – 0.69**
Rate of compensation increase	**–**	**2.00**	**–**	**2.00 – 3.00**
Pension increases	**1.80 – 2.85**	**–**	**1.80 – 2.10**	**–**
Inflation assumption	**3.05**	**1.10**	**2.10**	**2.00**
Indexation	**RPI**	**CPI**	**CPI**	**ECB***

	2018 GB %	2018 ROI %	2018 NI %	2018 France %
Discount rate	2.95	2.00	3.00	1.30 – 1.80
Rate of compensation increase	–	2.00	3.55	2.00 – 3.00
Pension increases	1.90 – 3.00	–	1.90 – 2.25	–
Inflation assumption	3.25	1.70	2.25	2.00
Indexation	RPI	CPI	CPI	ECB*

* The France scheme is linked to the long-term interest rate of the European Central Bank (ECB).

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:

	2019 GB Years	2019 ROI Years	2019 NI Years	2018 GB Years	2018 ROI Years	2018 NI Years
Current pensioners (at age 65) – males	**21.0**	**21.5**	**21.0**	21.5	21.2	21.1
Current pensioners (at age 65) – females	**23.6**	**24.0**	**23.6**	24.0	23.7	23.7
Future pensioners currently aged 45 (at age 65) – males	**22.4**	**23.9**	**22.4**	22.9	23.6	22.5
Future pensioners currently aged 45 (at age 65) – females	**25.1**	**26.0**	**25.3**	25.6	25.9	25.3

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 £80.9m	Decrease by £11.5m	Decrease by £3.1m	Decrease by £0.4m
	Decrease by 0.5%	Increase by £73.3m	Increase by £13.4m	Increase by £3.6m	Increase by £0.5m
Inflation rate	Increase by 0.25%*	Increase by £24.2m	Increase by £2.0m	Increase by £1.3m	Increase by £0.2m
	Decrease by 0.25%*	Decrease by £17.9m	Decrease by £2.1m	Decrease by £1.0m	Decrease by £0.2m
Longevity rates	Increase by 1 year	Increase by £35.6m	Increase by £3.1m	Increase by £1.3m	n/a

* The sensitivity to inflation assumption includes corresponding changes to future salary (applicable only to France) and future pension increase assumptions.

22. Pensions continued

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

	GB £m	ROI £m	NI £m	Total £m	2019 Total %
UK equities	–	1.1	–	1.1	0
Overseas equities	19.6	17.8	–	37.4	4
Properties	30.2	–	–	30.2	3
Corporate bonds	415.8	–	7.5	423.3	40
Fixed interest gilts	–	55.4	–	55.4	5
Index linked gilts	–	–	–	–	–
Diversified Funds	–	–	27.4	27.4	3
Liability-driven investments	430.8	–	14.4	445.2	42
Cash and other assets	10.3	20.6	1.4	32.3	3
Total	**906.7**	**94.8**	**50.7**	**1,052.2**	**100**

	GB £m	ROI £m	NI £m	Total £m	2018 Restated Total %
UK equities	–	–	10.7	10.7	1
Overseas equities	23.7	26.9	11.7	62.3	7
Properties	30.6	–	–	30.6	4
Corporate bonds	374.9	4.5	6.4	385.8	44
Fixed interest gilts	–	44.3	6.4	50.7	6
Index linked gilts	–	–	8.8	8.8	1
Liability-driven investments	295.2	–	–	295.2	34
Cash and other assets	14.8	6.5	1.5	22.8	3
Total	739.2	82.2	45.5	866.9	100

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.

Liability-driven investments are a portfolio of assets used in the GB scheme to hedge the exposure to changes in interest rates and inflation. It consists of equities, fixed interest gilts and index linked gilts including leveraged gilt funds. The fair value of these assets is derived from quoted market prices of the underlying funds held. These funds are held as part of the strategy by the trustees of the GB scheme to invest in low risk assets that provide a hedge against interest rates and inflation.

Additional contributions of £20m are expected to be paid into the defined benefit pension schemes during the 2020 financial year, of which £15m 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 has implemented an investment strategy which consists of a diverse range of fixed interest and index linked securities, which provides a significant hedge against inflation and interest rate 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.

23a. Trade and other payables (current)

	2019 £m	2018 £m
Trade payables	**265.1**	267.3
Other payables	**11.6**	26.4
Accruals	**52.8**	56.2
Other taxes and social security	**82.9**	74.4
	412.4	424.3

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

The Group's main trading subsidiary, Britvic Soft Drinks Ltd (BSD), operates a supply chain factoring programme (reverse factoring), under which certain portfolio of BSD's suppliers are able to collect the amount owed from BSD at a date earlier than the due date, from the BSD's factor. BSD derecognises the trade payables factored under such arrangements and recognises a separate liability payable to the factor.

The liability owed to the factor is presented within the trade payables and amounted to £19.9m as at 29 September 2019 (2018: £25.9m). The Group presents the cash flow impact associated with the reverse factoring programme within the operating cash flows in the cash flow statement.

23b. Contract liabilities

The Group has the following balances with customers (rebate accruals) that are recorded separately as contract liabilities.

	2019 £m	2018 £m
Rebate accruals	**98.7**	97.4
	98.7	97.4

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. 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 29 September 2019 after taking into account the effect of these instruments, approximately 53% of the Group's borrowings are at a fixed rate of interest (2018: 60%).

Interest rate risk table

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

	Increase/ (decrease) in basis points	Effect on profit before tax £m	Effect on equity £m
2019			
Sterling	**200**	**(2.9)**	**44.6**
	(200)	**2.9**	**(52.5)**
Euro	**200**	**(2.1)**	**3.3**
	(200)	**2.1**	**(3.5)**
2018			
Sterling	200	(1.0)	44.9
	(200)	1.0	(53.5)
Euro	200	(2.7)	2.2
	(200)	2.7	(2.3)

24. Financial risk management objectives and policies continued

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 US dollar-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.

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 29 September 2019 the Group has hedged 73% (2018: 77%) 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 basis points	Effect on profit before tax £m	Effect on equity £m
2019			
Sterling/Euro	**10**	**1.7**	**(6.5)**
	(10)	**(1.7)**	**6.5**
Sterling/US dollar	**10**	**0.1**	**(1.5)**
	(10)	**(0.1)**	**1.5**
Euro/US dollar	**10**	**0.9**	**(1.2)**
	(10)	**(0.9)**	**1.2**
US dollar/Brazilian real	**10**	**0.9**	**–**
	(10)	**(0.9)**	**–**
2018			
Sterling/Euro	10	2.4	(9.3)
	(10)	(2.4)	9.3
Sterling/US dollar	10	0.4	(1.2)
	(10)	(0.4)	1.2
Euro/US dollar	10	1.3	(1.3)
	(10)	(1.3)	1.3
US dollar/Brazilian real	10	0.9	–
	(10)	(0.9)	–

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 uses commodity swaps to hedge commodity price risk on a proportion of its sugar requirement. Also 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.

24. Financial risk management objectives and policies continued

Liquidity risk

The Group monitors its risk of a shortage of funds using rolling cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable 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 29 September 2019, the Group had drawn down £67m (2018: £58.0m) under this facility. In addition to this facility the Group had £0.2m of outstanding external borrowings all of which were secured (2018: £0.5m all of which were secured).

The table below summarises the maturity profile of the Group's financial liabilities at 29 September 2019 based on contractual undiscounted payments and receipts including interest:

2019	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Bank loans	66.9	0.1	–	67.0
Private placement notes	115.6	206.7	389.3	711.6
Derivatives hedging private placement notes – payments	77.3	89.5	73.6	240.4
Derivatives hedging private placement notes – receipts	(82.2)	(93.2)	(74.7)	(250.1)
	110.7	203.0	388.2	701.9
Trade, other payables and contract liabilities (excluding other taxes and social security)	429.5	–	–	429.5
Finance leases	0.7	0.3	–	1.0
Other financial liabilities	0.4	–	–	0.4
	608.2	203.4	388.2	1,199.8

2018	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Bank loans	58.4	0.2	–	58.6
Private placement notes	132.8	253.4	440.5	826.7
Derivatives hedging private placement notes – payments	72.1	164.1	76.0	312.2
Derivatives hedging private placement notes – receipts	(78.9)	(170.2)	(77.5)	(326.6)
	126.0	247.3	439.0	812.3
Trade, other payables and contract liabilities (excluding other taxes and social security)	447.3	–	–	447.3
Finance leases	0.7	0.9	–	1.6
Other financial liabilities	0.4	0.1	–	0.5
	632.8	248.5	439.0	1,320.3

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. 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 29 September 2019 was £524m (2018: £593.6m) compared to a carrying value of £503.9m (2018: £597.5m). 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:

	2019 £m	2018 £m
Financial assets		
Cash and cash equivalents	(49.0)	(109.5)
Derivatives hedging balance sheet debt	(68.3)	(84.1)
Financial liabilities		
Financial liabilities held at amortised cost	683.5	769.1
Adjusted net debt	566.2	575.5
Equity	412.0	377.5
Capital	978.2	953.0

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 29 September 2019 the Group had entered into the following derivative contracts.

	2019 £m	2018 £m
Consolidated balance sheet		
Non-current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps[1]	30.1	15.2
Fair value of the USD GBP cross currency floating interest rate swaps[3]	9.3	25.1
Fair value of forward currency contracts	0.1	0.2
	39.5	40.5
Current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps[1]	0.6	33.0
Fair value of the USD GBP cross currency floating interest rate swaps[3]	26.9	2.9
Fair value of the GBP euro cross currency floating interest rate swaps[2]	0.3	0.4
Fair value of forward currency contracts[1]	2.1	1.6
	29.9	37.9
Current liabilities: derivative financial instruments		
Fair value of forward currency contracts[1]	(0.4)	(0.4)
Fair value of forward currency contracts	(0.2)	(0.3)
Fair value of the GBP euro cross currency floating interest rate swaps[2]	(0.1)	–
	(0.7)	(0.7)
Non-current liabilities: derivative financial instruments		
Fair value of the GBP euro cross currency fixed interest rate swaps[2]	(3.1)	(4.1)
Fair value of forward currency contracts[1]	–	(0.1)
	(3.1)	(4.2)

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.

Derivatives designated as part of hedge relationships

As at 29 September 2019 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 2021 and have been assessed as part of effective cash flow hedge relationships as at 29 September 2019.

Cross currency interest rate swaps

USD GBP 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 USPP 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 USPP Notes where the hedge is deemed effective.

The increase in fair value of the cross currency interest rate swaps, excluding maturities, of £1.0m (2018: £0.7m decrease) has been recognised in finance costs and offset with a similar loss on the borrowings of £0.5m (2018: £0.5m gain). The net gain of £0.5m (2018: £0.2m loss) represents the ineffective portion on the hedges of the debt.

25. Derivatives and hedge relationships continued

Cash flow hedge net unrealised gains/(losses) and related deferred tax assets/(liabilities):

2019	Net unrealised gain/(loss) within equity £m	Related deferred tax asset/(liability) £m
Forward currency contracts	(1.7)	0.4
2007 cross currency swaps	–	–
2010 cross currency swaps	1.7	(0.3)
2014 cross currency swaps	1.2	(0.2)

2018	Net unrealised gain/(loss) within equity £m	Related deferred tax asset/ (liability) £m
Forward currency contracts	1.3	(0.2)
2007 cross currency swaps	(0.1)	–
2010 cross currency swaps	(3.6)	0.6
2014 cross currency swaps	(6.4)	1.1

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 USPP 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 £0.6m (2018: £0.7m decrease) has been recognised in finance costs and offset with a similar loss on the borrowings of £0.1m (2018: £0.5m gain). The net gain of £0.5m (2018: £0.2m loss) represents the ineffective portion on the hedges of the debt.

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 (2018: £nil).

25. Derivatives and hedge relationships continued

Impact of derivatives and hedge relationships on the consolidated statement of comprehensive income

	2019 £m	2018 £m
Consolidated statement of comprehensive income		
Amounts recycled to the income statement in respect of cash flow hedges		
Forward currency contracts*	1.5	1.0
2007 cross currency interest rate swaps**	32.7	(2.7)
2010 cross currency interest rate swaps**	(2.7)	3.7
2014 cross currency interest rate swaps**	(5.3)	(2.4)
	26.2	(0.4)
Ineffectiveness recognised in the income statement in respect of cash flow hedges		
2010 cross currency interest rate swaps**	–	(0.5)
	–	(0.5)
Gains/(losses) in the period in respect of cash flow hedges		
Forward currency contracts	(1.0)	(0.8)
2007 cross currency interest rate swaps	(32.6)	1.9
2010 cross currency interest rate swaps	4.5	(3.6)
2014 cross currency interest rate swaps	10.4	(0.1)
	(18.7)	(2.6)
Exchange differences on translation of foreign operations		
Movement on 2009 GBP euro cross currency interest rate swaps	(0.5)	(0.5)
Movement on 2010 GBP euro cross currency interest rate swaps	(0.4)	(0.4)
Movement on Euro loans designated as net investment hedges	0.1	0.1
Exchange movements on translation of foreign operations	1.5	(34.3)
	0.7	(35.1)

* Offsetting amounts recorded in cost of sales.

** Offsetting amounts recorded in finance income/costs.

26. Provisions

	Restructuring £m	Other £m	Total £m
At 1 October 2017	0.4	8.3	8.7
Provisions made during the year	6.4	–	6.4
Provisions utilised during the year	(1.2)	(2.3)	(3.5)
Unused amounts reversed	–	(0.5)	(0.5)
Exchange differences	0.1	(1.2)	(1.1)
At 30 September 2018	**5.7**	**4.3**	**10.0**
Provisions made during the year	1.0	–	1.0
Provisions utilised during the year	(2.5)	(1.2)	(3.7)
Unused amounts reversed	–	(0.1)	(0.1)
Exchange differences	–	0.1	0.1
At 29 September 2019	**4.2**	**3.1**	**7.3**
Current	**3.8**	**0.3**	**4.1**
Non-current	**0.4**	**2.8**	**3.2**
At 29 September 2019	**4.2**	**3.1**	**7.3**
Current	1.6	1.0	2.6
Non-current	4.1	3.3	7.4
At 30 September 2018	5.7	4.3	10.0

26. Provisions continued

Restructuring provisions

Restructuring provisions at 29 September 2019 and 30 September 2018 primarily relate to contract termination costs, consultation fees and employee termination benefits, recognised by the Group following the implementation of cost initiatives announced in 2016. These costs include provisions for the closure of the Norwich site as announced in October 2017. Provisions due in more than one year are expected to be settled on the closure of the Norwich site during 2020. The impact of discounting was deemed to be immaterial.

Other provisions

Other provisions at 29 September 2019 and 30 September 2018 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 and certain provisions recognised on the acquisition of subsidiaries 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 the senior leadership team participates in PSP plans.

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 29 September 2019, including National Insurance is £11.3m (2018: £5.6m). 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 not sell these shares for three years from their date of award. 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 (2018: £50) per four week pay period.

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.

	2019 No. of shares	2019 Weighted average fair value	2018 No. of shares	2018 Weighted average fair value
Annual free shares award	323,363	838.7p	354,970	791.5p
Matching shares award – 1 free share for every ordinary share purchased	86,131	865.9p	101,665	758.6p

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 10 years after the date of grant.

Options granted in 2019

The performance condition requires the increase in EPS of 3% – 8% p.a. compound over a three year performance period for the options to vest. If the EPS growth is 3%, 20% of the options will vest, with full vesting at 8% 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.

Options granted in 2018

Options granted in 2018 were as per the options granted in 2019 outlined above.

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.

27. Share-based payments continued

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

	Number of share options	Weighted average exercise price (pence)
Outstanding at 1 October 2017	4,965,867	579.2
Granted	934,092	792.4
Exercised	(246,711)	387.4
Lapsed	(655,335)	653.9
Outstanding at 30 September 2018	**4,997,912**	**618.7**
Granted	**844,872**	**826.3**
Exercised	**(398,524)**	**563.0**
Lapsed	**(818,861)**	**696.2**
Outstanding at 29 September 2019	**4,625,399**	**647.7**
Exercisable at 29 September 2019	**1,971,903**	**572.5**

The weighted average share price for share options exercised during the period was 862.4p (2018: 792.1p).

The share options outstanding as at 29 September 2019 had a weighted average remaining contractual life of 5.6 years (2018: 6.5 years) and the range of exercise prices was 221.0p – 902.0p (2018: 221.0p – 810.0p).

The weighted average fair value of options granted during the period was 101.5p (2018: 116.7p).

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 2009 and 2011 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.

Awards granted in 2019

Three awards were granted in 2019.

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 the 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 16 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.

The second award was granted to members of the senior management team. EPS is the only condition applied to awards granted to the senior management team.

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 third award is an exceptional award under the PSP 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 2018

Awards granted in 2018 were as per the three awards in 2019 outlined above.

27. Share-based payments continued

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	Continued employment condition
Outstanding at 1 October 2017	536,352	3,194,915	277,567
Granted	140,085	944,259	138,692
Exercised	(129,077)	(433,462)	–
Lapsed	(89,003)	(837,637)	(33,727)
Outstanding at 30 September 2018	458,357	2,868,075	382,532
Granted	131,697	861,275	65,152
Exercised	(73,011)	(327,362)	(141,326)
Lapsed	(99,072)	(688,565)	(27,515)
Outstanding at 29 September 2019	417,971	2,713,423	278,843

Weighted average remaining contracted life in years for nil cost options outstanding at:			
29 September 2019	2.2	1.7	–
30 September 2018	3.2	2.9	–

Key assumptions used to determine the fair value of the 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:

	2019	2018
Dividend yield (%)	**3.41%**	3.32%
Expected volatility (%)	**21.40%**	22.60%
Risk-free interest rate (%)	**0.8%**	0.6%
Expected life of option (years)	**3 – 5**	3 – 5
Share price at date of grant (pence)	**805.0 – 890.0**	533.0 – 809.5
Exercise price (pence)	**820.0 – 902.0**	542.0 – 810.0

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

	2018 £m	Cash flows £m	Exchange differences £m	Other movement £m	**2019 £m**
Cash and cash equivalents	109.5	(60.8)	0.3	–	**49.0**
Debt due within one year	(171.4)	69.8	5.2	(69.9)	**(166.3)**
Debt due after more than one year	(597.7)	–	10.3	70.2	**(157.2)**
	(659.6)	9.0	15.8	0.3	**(634.5)**
Derivatives hedging the balance sheet debt*	84.1	–	(15.8)	–	**68.3**
Adjusted net debt	(575.5)	9.0	–	0.3	**(566.2)**

	2017 £m	Cash flows £m	Exchange differences £m	Other movement £m	2018 £m
Cash and cash equivalents	82.5	28.4	(1.4)	–	109.5
Debt due within one year	(89.7)	27.9	4.9	(114.5)	(171.4)
Debt due after more than one year	(582.7)	(119.9)	(2.2)	107.1	(597.7)
	(589.9)	(63.6)	1.3	(7.4)	(659.6)
Derivatives hedging the balance sheet debt*	87.0	(6.5)	3.6	–	84.1
Adjusted net debt	(502.9)	(70.1)	4.9	(7.4)	(575.5)

* Represents the element of the fair value of interest rate currency swaps hedging the balance sheet value of the USPP 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:

	Land and buildings £m	Other £m	Total £m
			2019
Within one year	4.0	3.9	7.9
After one year but not more than five years	10.5	5.3	15.8
After more than five years	28.1	0.1	28.2
	42.6	9.3	51.9

	Land and buildings £m	Other £m	Total £m
			2018
Within one year	3.7	4.3	8.0
After one year but not more than five years	9.8	5.6	15.4
After more than five years	25.5	–	25.5
	39.0	9.9	48.9

Finance lease commitments

Future minimum lease payments under finance leases are as follows:

	2019 £m	2018 £m
Within one year	0.7	0.8
After one year but not more than five years	0.3	1.0
	1.0	1.8

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 29 September 2019 the Group has commitments of £58.5m (2018: £31.3m) relating to the acquisition of new plant and machinery, of which £52m relates to the CHP plant. Under IFRS 16 this balance will come onto the balance sheet during 2020, when the plant is bought into use.

Contingent liabilities

The Group had no material contingent liabilities at 29 September 2019 (2018: 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[1]	100
Britvic Finance No 2 Limited	Financing company	Jersey[3]	100
Indirectly held			
Britvic EMEA Limited	Marketing and distribution of soft drinks	England and Wales[1]	100
Britvic Soft Drinks Limited	Manufacture and sale of soft drinks	England and Wales[1]	100
Robinsons Soft Drinks Limited	Holding company	England and Wales[1]	100
Orchid Drinks Limited	Brand licence holder	England and Wales[1]	100
Red Devil Energy Drinks Limited	Brand licence holder	England and Wales[1]	100
Britvic International Investments Limited	Holding company	England and Wales[1]	100
Britvic Overseas Limited	Holding company	England and Wales[1]	100
Britvic Pensions Limited	Dormant	England and Wales[1]	100
Britvic Property Partnership	Pension funding vehicle	Scotland[5]	100
Britvic Brands LLP	Pension funding vehicle	England and Wales[1]	100
Britvic Asset Company No.1 Limited	Pension funding vehicle	England and Wales[1]	100
Britvic Asset Company No.2 Limited	Pension funding vehicle	England and Wales[1]	100
Britvic Asset Company No.3 Limited	Pension funding vehicle	England and Wales[1]	100
Britvic Asset Company No.4 Limited	Pension funding vehicle	England and Wales[1]	100
Britvic Finance Partnership LLP	Financing company	England and Wales[1]	100
Robinsons (Finance) No.2 Limited	Financing company	England and Wales[1]	100
Britvic Scottish Limited Partnership	Pension funding vehicle	Scotland[5]	100
Britvic Finance Limited	Financing company	Jersey[4]	100
Britvic Irish Holdings Limited	Holding company	Republic of Ireland[6]	100
Britvic Ireland Limited	Manufacture and marketing of soft drinks	Republic of Ireland[6]	100
Britvic Northern Ireland Limited	Marketing and distribution of soft drinks	Republic of Ireland[6]	100
Aquaporte Limited	Supply of water-coolers and bottled water	Republic of Ireland[6]	100
Britvic Americas Limited	Marketing and distribution of soft drinks	Republic of Ireland[6]	100
Britvic Ireland Pension Trust DAC	Pension trust company	Republic of Ireland[6]	100
Robinsons (Finance) Limited	Financing company	Republic of Ireland[6]	100
Counterpoint Wholesale (Ireland) Limited	Wholesale of soft drinks to the licensed trade	Republic of Ireland[6]	100
Counterpoint Wholesale (NI) Limited	Wholesale of soft drinks to the licensed trade	Northern Ireland[7]	100
Britvic Northern Ireland Pensions Trust Limited	Pension trust company	Northern Ireland[7]	100
Britvic North America LLC	Marketing and distribution of soft drinks	USA[8]	100
Britvic France SAS	Holding partnership	France[9]	100
Fruité Entreprises SAS	Holding company	France[9]	100
Fruité SAS	Manufacture and sale of soft drinks	France[11]	100
Bricfruit SAS	Manufacture and sale of soft drinks	France[10]	100
Unisource SAS	Manufacture and sale of soft drinks	France[12]	100
Teisseire France SAS	Manufacture and sale of soft drinks	France[9]	100
Teisseire Benelux SA	Marketing and distribution of soft drinks	Belgium[13]	100
Britvic Brasil Holdings SA	Holding company	Brazil[14]	100
Empresa Brasileira de Bebidas e Alimentos SA	Manufacture and sale of soft drinks	Brazil[15]	100
Bela Ischia Alimentos Ltda	Manufacture and sale of soft drinks	Brazil[16]	100

30. Related party disclosures continued

Name	Principal activity	Country of incorporation	% equity interest
Britvic Asia PTE. Ltd	Holding company	Singapore[17]	100
Britvic India Manufacturing Private Limited	Non-trading	India[18]	100
Britvic International Support Services Limited	Dormant	England and Wales[1]	100
Greenbank Drinks Company Limited	Dormant	England and Wales[1]	100
The Really Wild Drinks Company Limited	Dormant	England and Wales[1]	100
H. D. Rawlings Limited	Dormant	England and Wales[1]	100
R. White & Sons Limited	Dormant	England and Wales[1]	100
Idris Limited	Dormant	England and Wales[1]	100
The Southern Table Water Company Limited	Dormant	England and Wales[1]	100
Britvic Corona Limited	Dormant	England and Wales[1]	100
Britvic Beverages Limited	Dormant	England and Wales[1]	100
Sunfresh Soft Drinks Limited	Dormant	England and Wales[1]	100
The London Essence Company Limited	Dormant	England and Wales[2]	100
Hooper, Struve & Company Limited	Dormant	England and Wales[1]	100
British Vitamin Products Limited	Dormant	England and Wales[1]	100
Britvic Healthcare Trustee Limited	Dormant	England and Wales[1]	100
Wisehead Productions Limited	Dormant	England and Wales[2]	100
Britvic Licensed Wholesale Limited	Dormant	Republic of Ireland[6]	100
Knockton Limited	Dormant	Republic of Ireland[6]	100
Britvic Munster Limited	Dormant	Republic of Ireland[6]	100

1 Registered office: Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ
2 Registered office: 9 Roding Road, Beckton, London E6 6LF
3 Registered office: IFC 5, St Helier, Jersey, JE1 1ST
4 Registered office: Portman House, Hue Street, St Helier, Jersey, JE4 5RP
5 Registered office: 1 Exchange Crescent, Conference Square, Edinburgh, Scotland, EH3 8UL
6 Registered office: IFSC, 25-28 North Wall Quay, Dublin 1, Republic of Ireland
7 Registered office: 42-46 Fountain Street, Belfast, Northern Ireland, BT1 5EF
8 Registered office: 1209 Orange Street, Wilmington, Delaware 19801, United States of America
9 Registered office: 482 Avenue Ambroise Croizat 38926, Crolles, France
10 Registered office: La Jaunaie-44690, Chateau-Tebaud, France
11 Registered office: Z.I. Les Afforêts 74800, La Roche-sur-Foron, France
12 Registered office: Z.I. de la Mouline 34440, Nissan-lez-Enserune, France
13 Registered office: Rue Emile Francqui 11, 1435 Mont-Saint-Guibert, Belgium
14 Registered office: Avenue Reboucas, No. 3842, Pinheiros, CEP 05402-600, São Paulo, Brazil
15 Registered office: Avenida Consul Joseph Noujaim 40, Pina, Recife, Pernambuco, CEP 51110-150, São Paulo, Brazil
16 Registered office: Rodovia MG 285-KM 77, sem número, Centro, CEP 36780-000, Astolfo Dutra/MG, Brazil
17 Registered office: 80 Robinson Road #17-02, Singapore 068898, Singapore
18 Registered office: 9SE, 9th Floor, The Ruby, 29 Senapati Bapatmarg, Dadar (West), Mumbai-400028, India

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.

	2019 £m	2018 £m
Short-term employee benefits	**4.9**	5.9
Post employment benefits	**0.5**	0.5
Share-based payments	**5.2**	1.6
	10.6	8.0

See note 8 for details of Directors' emoluments.

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

31. Assets held for sale

On 12 November we announced the decision of the board of directors to enter into exclusive discussions with Refresco over the potential sale by Britvic of its three juice manufacturing sites in France, its private label juice business, and the Fruité brand. The proposed sale is subject to a consultation process with the relevant employee representatives, which has now been initiated, and also subject to competition clearance by the French Competition Authority.

The proposed transaction would complete in spring 2020. As part of the transaction, Pressade and Fruit Shoot would be supplied by Refresco under a long-term manufacturing agreement, creating a smaller but higher margin business in France, enabling the local management team to focus on growing our profitable brand portfolio.

In accordance with IFRS 5 the major classes of assets and liabilities classified as held for sale as at 29 September 2019 are as follows:

	2019 £'m
Assets	
Intangible assets (note 14)	4.7
Property, plant & equipment (note 13)	33.7
Inventories	11.7
Trade & other receivables	23.2
Total assets held for sale	73.3
Impairment charge	(31.2)
Assets held for sale	42.1
Liabilities	
Trade & other payables	26.4
Pension liability (note 22)	1.3
Deferred tax liability	0.7
Liabilities directly associated with disposal group	28.4
Net assets directly associated with disposal group	13.7

32. Acquisition of subsidiaries

The final tranche of the deferred consideration payable on the acquisition of Ebba of £35.9m (BR$152.2m) was paid during 2018.

On 2 February 2017 the Group completed the acquisition of the trade and assets of East Coast Suppliers Limited a licensed wholesaler in Ireland. Deferred consideration of £0.2m (€0.3m) is due 36 months from completion (i.e. 2020).

33. Post balance sheet events

There are no post balance sheet events, other than the potential sale described in note 31.

Company balance sheet

	Note	29 September 2019 £m	30 September 2018 £m
Non-current assets			
Investments in group undertakings	5	706.8	787.0
Other receivables		2.5	2.7
Derivative financial instruments	9	39.4	40.3
Deferred tax asset		0.4	1.6
		749.1	831.6
Current assets			
Trade and other receivables	6	576.3	509.7
Derivative financial instruments	9	27.8	36.3
Cash and cash equivalents		–	51.3
		604.1	597.3
Current liabilities			
Bank overdraft		(14.7)	–
Trade and other payables	7	(76.2)	(74.4)
Interest bearing loans and borrowings	8	(317.9)	(384.8)
Derivative financial instruments	9	(0.2)	–
Other payables		(2.5)	–
		(411.5)	(459.2)
Net current assets		192.6	138.1
Total assets less current liabilities		941.7	969.7
Non-current liabilities			
Interest bearing loans and borrowings	8	(516.8)	(596.7)
Derivative financial instruments	9	(3.1)	(4.1)
Other non-current liabilities		–	(2.5)
		(519.9)	(603.3)
Net assets		421.8	366.4
Capital and reserves			
Issued share capital	10	53.1	52.9
Share premium account		145.5	139.1
Own shares reserve		(10.3)	(5.4)
Hedging reserve		(2.3)	(8.4)
Merger reserve		87.3	87.3
Retained earnings*		148.5	100.9
Total equity		421.8	366.4

* The company has taken advantage of the exemption permitted by section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes. The company made a profit attributable to the equity shareholders of £121.3m in the period (2018: loss £7.4m).

The financial statements were approved by the board of directors and authorised for issue on 27 November 2019. They were signed on its behalf by:

Simon Litherland **Joanne Wilson**

Company statement of changes in equity

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 1 October 2017	52.8	133.9	(3.7)	(5.9)	87.3	181.6	446.0
Loss for the period	–	–	–	–	–	(7.4)	(7.4)
Movement in cash flow hedges	–	–	–	(3.0)	–	–	(3.0)
Deferred tax in respect of cash flow hedges	–	–	–	0.5	–	–	0.5
Total comprehensive expense	–	–	–	(2.5)	–	(7.4)	(9.9)
Issue of shares	0.1	5.2	(4.4)	–	–	–	0.9
Own shares purchased for share schemes	–	–	(5.2)	–	–	–	(5.2)
Own shares utilised for share schemes	–	–	7.9	–	–	(7.1)	0.8
Movement in share based schemes	–	–	–	–	–	5.5	5.5
Payment of dividend	–	–	–	–	–	(71.7)	(71.7)
At 30 September 2018	**52.9**	**139.1**	**(5.4)**	**(8.4)**	**87.3**	**100.9**	**366.4**
Profit for the period	–	–	–	–	–	121.3	121.3
Movement in cash flow hedges	–	–	–	7.3	–	–	7.3
Deferred tax in respect of cash flow hedges	–	–	–	(1.2)	–	–	(1.2)
Total comprehensive income	–	–	–	6.1	–	121.3	127.4
Issue of shares	0.2	6.4	(4.3)	–	–	–	2.3
Own shares purchased for share schemes	–	–	(9.0)	–	–	–	(9.0)
Own shares utilised for share schemes	–	–	8.4	–	–	(7.5)	0.9
Movement in share based schemes	–	–	–	–	–	9.4	9.4
Payment of dividend	–	–	–	–	–	(75.6)	(75.6)
At 29 September 2019	**53.1**	**145.5**	**(10.3)**	**(2.3)**	**87.3**	**148.5**	**421.8**

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.

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). As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available in relation to:

(a) the requirements of IFRS 7 'Financial Instruments: Disclosures';
(b) the requirement of IFRS 9 'Financial Instruments';
(c) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
(d) the requirements of IAS 7 'Statement of Cash Flows';
(e) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' in relation to standards not yet effective;
(f) the requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures'; and
(g) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements of Britvic plc.

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 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).

1. Significant accounting policies, judgements, estimates and assumptions continued

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, bank overdrafts repayable on demand are a component of cash and cash equivalents.

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 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 the profit and loss account 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.

Gains and losses arising on the repurchase, settlement or other 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 profit and loss account. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

1. Significant accounting policies, judgements, estimates and assumptions continued

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 profit and loss account. Amounts previously recognised in other comprehensive income are transferred to the profit and loss account 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 profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are then transferred to the profit and loss account 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 profit and loss account. 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 profit and loss account. 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 profit and loss account based on a recalculated effective interest rate. The fair value gain or loss on the hedging instrument would continue to be recorded in the profit and loss account.

Issued share capital

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

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 financial statements 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 £121.3m in the period (2018: loss £7.4m).

4. Directors' remuneration

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

	2019 £m	2018 £m
Directors' emoluments	3.1	2.9
Aggregate gains made by directors on exercise of options	2.0	–

	2019 £m	2018 £m
Number of directors accruing benefits under defined benefit schemes	–	–

Further information relating to Directors' remuneration for the 52 weeks ended 29 September 2019 is shown in the Directors remuneration report on pages 60 – 65.

5. Investments in group undertakings

	2019 £m	2018 £m
Cost and net book value at the beginning of the period	787.0	781.4
Capital contribution	11.4	5.6
Group restructuring*	(91.6)	–
Cost and net book value at the end of the period	706.8	787.0

* A project was undertaken during the year in order to simplify aspects of the Group structure, which resulted in the redemption of all of the fixed rate redeemable preference shares in the capital of one of the subsidiary companies for an aggregate price of £91.6m.

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

	2019 £m	2018 £m
Loans due from subsidiary undertakings	576.3	509.7
	576.3	509.7

At initial application of IFRS 9, management considered the outstanding intercompany loans. These loans are repayable on demand. The Directors are confident that these amounts are fully recoverable and hence have applied a no Expected Credit Loss provision on the amounts owed.

7. Trade and other payables

	2019 £m	2018 £m
Amounts due to subsidiary undertakings	72.3	71.8
Accruals and deferred income	3.9	2.1
Other creditors	–	0.5
	76.2	74.4

All of the amounts due to subsidiary undertakings are repayable on demand.

8. Interest bearing loans and borrowings

	2019 £m	2018 £m
Current		
Bank loans	66.8	58.1
Loans due to subsidiary undertakings	152.4	214.4
Private placement notes	99.2	112.9
Unamortised issue costs	(0.5)	(0.6)
Total current	317.9	384.8
Non-current		
Private placement notes	518.0	598.0
Unamortised issue costs	(1.2)	(1.3)
Total non-current	516.8	596.7

8. Interest bearing loans and borrowings continued

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
2009	December 2019	$120m	US$ fixed at 5.24%
2010	December 2020 – December 2022	$113m	US$ fixed at 4.04% – 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%
2017	February 2025 – February 2032	£120m	UK£ fixed at 2.31% – 2.76%
2017	February 2027 – February 2032	£55m	UK£ LIBOR plus 1.32% – 1.36%
2018	June 2028 – June 2033	£65m	UK£ fixed at 2.66% – 2.88%
2018	June 2030	£20m	UK£ LIBOR plus 1.06%
2018	June 2028	€40m	€EURIBOR plus 0.65%

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.

9. Derivative financial instruments

	2019 £m	2018 £m
Non-current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	**30.1**	15.2
USD GBP cross currency floating interest rate swaps	**9.3**	25.1
	39.4	40.3
Current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	**0.6**	33.0
USD GBP cross currency floating interest rate swaps	**26.9**	2.9
GBP euro cross currency floating interest rate swaps	**0.3**	0.4
	27.8	36.3
Current liabilities: derivative financial instruments		
GBP euro cross currency fixed interest rate swaps	**(0.2)**	–
	(0.2)	–
Non-current liabilities: derivative financial instruments		
GBP euro cross currency fixed interest rate swaps	**(3.1)**	(4.1)
	(3.1)	(4.1)

Derivatives designated as part of hedge relationships

As at 29 September 2019 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. The 2007 USPP note matured in the year ended 29th September 2019. 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 USPP 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 £0.5m loss (2018: £0.5m loss) 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 USPP Notes.

The fair value movements on the 2009 and 2010 USD GBP cross currency interest rate swaps are recorded in the income statement, with a corresponding adjustment to the carrying value of the USPP Notes where the hedge is deemed effective.

The increase in fair value of the cross currency interest rate swaps, excluding maturities, of £0.6m (2018: £0.7m decrease) has been recognised in finance costs and offset with a similar loss on the borrowings of £0.1m (2018: £0.5m gain). The net gain of £0.5m (2018: £0.2m loss) 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 1 October 2017	263,797,000	52,759,400
Shares issued relating to incentive schemes for employees	809,911	161,982
At 30 September 2018	264,606,911	52,921,382
Shares issued relating to incentive schemes for employees	903,826	180,765
At 29 September 2019	265,510,737	53,102,147

Of the issued and fully paid ordinary shares, 1,180,721 shares (2018: 724,335 shares) are own shares held by an employee benefit trust. This equates to £236,144 (2018: £144,867) 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

	2019 £m	2018 £m
Declared and paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2018: 20.3p per share (2017: 19.3p per share)	**53.6**	50.8
Interim dividend for 2019: 8.3p per share (2018: 7.9p per share)	**22.0**	20.9
Dividends paid	**75.6**	71.7
Proposed		
Final dividend for 2019: 21.7p per share (2018: 20.3p per share)	**57.6**	53.7

12. Contingent liabilities

The company is co-guarantor of the Group's bank loan and overdraft facilities. See note 18 of the consolidated financial statements.

13. 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 29 September 2019 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.

Shareholder information

Contacts

Britvic plc

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Telephone:
+44 (0)1442 284400

Company Secretary enquiries by email:
company.secretariat@britvic.com

Investor relations enquiries by email:
investors@britvic.com

Website:
www.britvic.com

This report is available to download via the company's website www.britvic.com/annualreport.

The Britvic Registrar:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Shareholder helpline:
0371 384 2550 (UK callers), +44 121 415 7019 (non-UK callers)

Shareview dealing:
08456 037 037

ISA helpline:
0845 300 0430

Employee helpline:
0371 384 2520 (UK callers), +44 121 415 7018 (non-UK callers)

For those with hearing difficulties, a textphone is available on 0371 384 2255 for UK callers with compatible equipment.

Websites:
www.equiniti.com, www.shareview.co.uk.

ADR Depositary Bank and Registrar:

BNY Mellon Shareowner Services, PO Box 505000, Louisville, KY 40233-5000, USA

Direct mailing for overnight packages:
BNY Mellon Shareowner Services, 462 South 4th Street, Suite 1600, Louisville, KY 40202, USA

Investor helpline:
+1-888-BNY-ADRs (USA callers, toll free), +1-201-680-6825 (non-USA callers)

Email:
shrrelations@cpushareownerservices.com

Website:
www.mybnymdr.com

Shareholder information continued

Dividends

2019 dividends

	Payment date	Amount per share
Interim	12 July 2019	8.3 pence
Final	5 February 2020	21.7 pence

Dividend mandates

Shareholders who wish to have their dividends paid directly into a sterling 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 at www.britvic.com/investors/shareholder-centre/dividends.

Shareholders outside the UK who wish to have dividends paid directly to a bank account in their local currency should contact the Registrar helpline on +44 121 415 7019 as arrangements can be made in over 90 countries.

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 via download from the company's website at www.britvic.com/investors/shareholder-centre/dividends.

2019/20 financial calendar

Ex-dividend date	5 December 2019
Record date	6 December 2019
Annual General Meeting	31 January 2020
Payment of final dividend	5 February 2020
Interim results announcement	13 May 2020 (provisional date)

Further information

Stock exchange listings

Britvic is listed on the London Stock Exchange and can be found using the code BVIC. The company was floated through an IPO in November 2005.

Britvic American Depository Receipts are traded on OTCQX in the USA under the symbol BTVCY. OTCQX is an over-the-counter ('OTC') market, where securities not listed on major exchanges are traded directly by a network of dealers. One ADR represents two Britvic plc ordinary shares.

Share dealing services

The company's Registrar, Equiniti Financial Services Limited, offers 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 the ISA Helpline, telephone 0345 300 0430.

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 £200m is lost in this way in the UK each year.

The Financial Conduct Authority ('FCA') has some helpful information about such scams on its 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/scamsmart/share-bond-boiler-room-scams. If you suspect an attempt at fraud, report it to the FCA on 0800 111 6768.

Electronic communications

Britvic has adopted website communication as the default method of communication with shareholders. We periodically contact shareholders to ask if they would prefer to receive hard copy documents. Shareholders who do not respond to this query within 28 days are deemed to have consented to website communication under the 2006 Companies Act provisions. Britvic will still send a paper notification to tell these shareholders when new documents are posted to the website.

Alternatively, shareholders can elect to receive these notifications by email, by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. 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.

Shareholder profile as at 29 September 2019

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1-199	416	15.76%	24,541	0.01%
200-499	309	11.70%	100,671	0.04%
500-999	349	13.22%	240,974	0.09%
1,000-4,999	856	32.42%	1,862,102	0.70%
5,000-9,999	212	8.03%	1,455,583	0.55%
10,000-49,999	196	7.42%	4,568,860	1.72%
50,000-99,999	81	3.07%	5,904,128	2.22%
100,000-499,999	142	5.38%	34,595,013	13.03%
500,000-999,999	37	1.40%	27,257,797	10.27%
1,000,000 plus	42	1.60%	189,501,068	71.37%
	2,640	100%	265,510,737	100%

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private individuals	1,736	65.76%	4,291,870	1.62%
Nominee companies	613	23.22%	214,499,423	80.79%
Limited and public limited companies	223	8.45%	44,489,743	16.76%
Other corporate bodies	64	2.42%	2,211,020	0.82%
Pension funds, insurance companies and banks	4	0.15%	18,681	0.01%
	2,640	100%	265,510,737	100%

Non-GAAP reconciliations

Adjusting items

The Group includes adjusting items, which are income and expenses included in the financial statements that are disclosed separately because of their size, nature or infrequency 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.

These items primarily relate to material projects such as the Business Capability Programme which included supply chain and back office transformation, and one-off items that are not considered part of business operations such as the pension revaluation charge that followed the Guaranteed Minimum Pension equalisation ruling in 2018. In addition, acquisition related costs such as amortisation of acquired intangibles and the impairment of assets held for sale as part of a disposal are also considered adjusting items.

Adjusted KPIs are used to measure the underlying profitability of the Group and enable comparison of performance against peers. They are also used in the calculation of short and long term reward schemes.

Adjusting 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 adjusting items because they are non-cash and do not form part of how management assess performance.

	Notes	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
Strategic restructuring – business capability programme	(a)	(33.0)	(40.3)
Reversal of impairments of trademarks	(b)	–	11.5
Costs in relation to the acquisition and integration of subsidiaries	(c)	1.3	–
Strategic M&A Activity	(d)	(2.5)	–
Closure of Fruit Shoot multi-pack operations in USA	(h)	(2.1)	
Impairment of assets held for sale	(d)	(31.2)	–
Pension scheme costs	(e)	(6.2)	–
Fair value movements	(f)	–	(0.1)
Acquisition related amortisation	(g)	(10.4)	(11.0)
Total included in operating profit		(84.1)	(39.9)
Fair value movements	(f)	(0.5)	(0.5)
Total included in finance costs		(0.5)	(0.5)
Tax on adjusting items included in profit before tax		7.4	6.9
Impact of change in France tax rate on deferred tax relating to acquisition fair value adjustments		–	2.2
Total included in taxation		7.4	9.1
Net adjusting items		(77.2)	(31.3)

a. Strategic restructuring – business capability programme relates to a restructuring of supply chain and operating model in Britvic GB, Ireland, France and Brazil including the closure of the Norwich site. Primarily these costs relate to employee costs and dual running supply chain costs.

b. Reversal of impairments of trademarks relates to a reversal of impairment in the Ballygowan trademark in the prior year.

c. Primarily relates to the acquisition and integration costs offset by the release of provisions for Bela Ischia Alimentos Ltda (Bela Ischia) and Empresa Brasileira de Bebidas e Alimentos SA (Ebba).

d. Part of the French business has been designated as held for sale. The fair value calculation as detailed in note 31 has resulted in an impairment charge. In accordance with IFRS 5 the assets and liabilities held for sale are remeasured at the lower of book value and net realisable value (less costs to sell).

e. Pension scheme costs relate to past service cost as recognised at half year relating to the equalisation of Guaranteed Minimum Pension (GMP) in GB & Northern Ireland pension schemes and pension advisory costs.

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.

g. Acquisition related amortisation relates to the amortisation of intangibles recognised on the acquisitions in Ireland, France and Brazil.

h. Costs primarily relating to asset write-offs, stock write-offs and employee costs.

Adjusted profit

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
Operating profit as reported	**130.0**	166.1
Add back adjusting items in operating profit	**84.1**	39.9
Adjusted EBIT	**214.1**	206.0
Net finance costs	**(19.7)**	(20.3)
Add back adjusting net finance costs	**0.5**	0.5
Adjusted profit before tax and acquisition related amortisation	**194.9**	186.2
Acquisition related amortisation	**(10.4)**	(11.0)
Adjusted profit before tax	**184.5**	175.2
Taxation	**(29.4)**	(28.7)
Less adjusting tax credit	**(7.4)**	(9.1)
Adjusted profit after tax	**147.7**	137.4
Adjusted effective tax rate	**19.9%**	21.6%

Earnings per share

	2019 £m	2018 £m
Adjusted basic earnings per share		
Profit for the period attributable to equity shareholders	**80.9**	117.1
Add: Net impact of adjusting items	**77.2**	31.3
	158.1	148.4
Weighted average number of ordinary shares in issue for basic earnings per share	**264.5**	263.7
Adjusted basic earnings per share	**59.8p**	56.3p
Adjusted diluted earnings per share		
Profit for the period attributable to equity shareholders before adjusting items and acquisition related intangible assets amortisation	**158.1**	148.4
Weighted average number of ordinary shares in issue for diluted earnings per share	**266.9**	265.4
Adjusted diluted earnings per share	**59.2p**	55.9p

Constant currency movements, excluding the Soft Drinks Levy

	Revenue £m	Adjusted EBIT £m
2018		
52 week period ended 30 September 2018 as reported	1,503.6	206.0
Soft Drinks Levy	(33.2)	–
Adjustment for foreign exchange	(5.7)	(1.0)
2018 at constant currency, excluding sugar tax	**1,464.7**	**205.0**
2019		
52 week period ended 29 September 2019 as reported	**1,545.0**	**214.1**
Soft Drinks Levy	**(60.3)**	**–**
2019 excluding sugar tax	**1,484.7**	**214.1**

Non-GAAP reconciliations continued

Adjusted free cash flow

	52 weeks ended 29 September 2019 £m	52 weeks ended 30 September 2018 £m
Adjusted EBIT	**214.1**	206.0
Depreciation	**45.7**	44.8
Amortisation (non-acquisition related)	**8.0**	7.4
Adjusted loss on disposal of PPE	**2.3**	1.4
Adjusted EBITDA	**270.1**	259.6
Adjusted working capital movements	**(20.2)**	15.5
Purchases of intangible and tangible assets	**(74.8)**	(143.5)
Net pension charge less contributions	**(22.3)**	(22.1)
Net interest and finance costs	**(19.1)**	(19.0)
Adjusted income tax paid	**(23.7)**	(28.1)
Share based payments	**11.3**	5.6
Issue of shares	**2.2**	1.0
Purchase of own shares	**(8.4)**	(3.1)
Other	**0.9**	(0.9)
Adjusted free cash flow	**116.0**	65.0

Glossary

A&P is Advertising and Promotion and is a measure of marketing spend including marketing, research and advertising.

Adjusted earnings per share is 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 adjusting items.

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items. EBIT margin is EBIT as a proportion of group revenue.

Adjusted free cash flow is a non-GAAP measure and is defined as net cash flow excluding movements in borrowings, dividend payments and adjusting items.

Adjusted profit after tax is a non-GAAP measure and is defined as profit after tax before adjusting items, with the exception of acquisition related amortisation.

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.

AER refers to Actual Exchange Rate where variances are calculated on sterling values translated at actual exchange rates.

ARP is Average Realised Price and is defined as average price per litre sold, excluding factored brands and concentrate sales.

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.

Business Capability Programme (BCP) relates to a restructuring of supply chain and operating model to enhance commercial capabilities in GB and Ireland, including the closure of the Norwich site.

CAGR is Compound Annual Growth Rate.

Constant exchange rate is a non-GAAP measure of performance in the underlying currency to eliminate the impact of foreign exchange movements.

EBITDA is Earnings Before Interest, Taxation, Depreciation and Amortisation.

EGalim law is a French agriculture and food law intended to improve the quality of produce, ensure food producers are paid fair prices and promote healthy, safe and sustainable food.

FMCG is Fast Moving Consumer Goods.

GPTW stands for Great Place to Work and is a methodology process adopted by businesses to measure employee engagement.

Innovation is defined as new launches over the last three years, excluding new flavours and pack sizes of established brands.

LEC is the London Essence Company. These are a range of premium tonics and sodas produced by incubator company WiseHead Productions.

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.

Non-working A&P is a measure of marketing spend that is not spent directly on consumer facing activity. It would include, but is not limited to, agency fees, research and production costs.

Organic is a non-GAAP measure which excludes the impact of the acquisition of Bela Ischia and presented on a constant currency basis. In GB and Ireland organic also excludes the Soft Drinks Industry Levy (SDIL) and Sugar Sweetened Soft Drinks Tax (SSDT).

PET is polyethylene terephthalate plastic.

Retail market value and volume 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.

Revenue is defined as sales achieved by the group net of price promotional investment and retailer discounts.

Revenue management is used to define a range of actions to affect ARP. It includes, but is not limited to, price increases, changes to price promotions and variation of pack size.

rPET is recycled polyethylene terephthalate plastic.

Soft Drinks Industry Levy (SDIL) is a levy applied on soft drinks manufacturers in the UK.

Sugar Sweetened Soft Drinks Tax (SSDT) is a levy applied on soft drinks manufacturers in the Republic of Ireland.

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.

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