,

Britvic plc Preliminary Results
30 November 2011

Britvic plc announces its preliminary results for the 52 weeks ended 2 October 2011(full year) (1)

Financial highlights (52 week unless stated)(1):

- Group revenue growth of 14.6%; Group ex-France +0.8%. GB, France and International all delivered positive volume and revenue growth, with Ireland constraining overall group growth
- Group EBITA growth of 4.3%, adjusted EPS decline versus 53 weeks in 2010 of 8.2%
- Group adjusted net debt to EBITDA ratio of 2.4x compared to 2.5x last year
- Group bank syndicate successfully refinanced to deliver strong funding platform to 2016
- Full year dividend per share up 6.0% to 17.7p

Three major new agreements for Fruit Shoot in US doubling coverage to six states:

- Britvic product to be manufactured in the US for first time under new agreement with Pepsi Bottling Ventures, largest independent Pepsi bottler in the US, to manufacture and distribute in North and South Carolina.
- Agreement with Gross & Jarson, third largest Pepsi bottler in the US, to distribute in Kentucky
- Agreement to distribute Fruit Shoot in Florida & Georgia through Pepsi Beverages Company. PBC is the wholly-owned manufacturing, sales and distribution operating unit of PepsiCo.

Pension funding contributions on GB pension scheme agreed:

- Pension Funding Partnership (PFP) expected to be in place by end of 2011. Payments of: £10m in 2011, £12.5m in 2012 and £20m 2013-2017. Delivers net cash benefits versus guidance. If PFP not agreed, £20m extended to 2022. Payments subject to triennial valuation.

Innovation:

- Continued successful group wide innovation programme, including the launch of Teisseire Fruit Shoot in France, Mountain Dew Energy and Juicy Drench in Ireland; all of which are performing ahead of expectations.

	52 weeks ended 2 October 2011 £m (1)	52 weeks ended 26 September 2010 £m (1)	% Change Actual Exchange Rate	% change Constant(2) Exchange Rate
Group Revenue	1,290.4	1,121.1	15.1%	14.6%
Ex-France	*1,045.7*	*1,035.9*	*0.9%*	*0.8%*
France(3)	*244.7*	*85.2*	-	-
Group EBITA(4)	138.1	131.8	4.8%	4.3%
EBITA Margin(4)	10.7%	11.8%	(110)bps	(110)bps
Group EBIT	135.0	129.6	4.2%	3.7%
Group Profit Before Tax	105.1	104.6	0.5%	0.0%
Group Profit After Tax	77.9	76.8	1.4%	0.9%
Group Profit After Tax, After Exceptional And Other Items	58.4	(51.4)	-	-
Adjusted Earnings Per Share(5)	33.7p	36.5p(a)	(7.7)%	(8.2)%
Weighted Average No. of Shares	240.4	224.9	6.9%	-
Full year Dividend Per Share	17.7p	16.7p	6.0%	-
Underlying Free Cash flow (6)	59.3	67.8	(12.5)%	-
Group Adjusted Net Debt (7)	(452.0)	(451.2)	(0.2)%	-
Underlying ROIC (8)	21.9%	22.4%	(50)bps	-

(a) Adjusted earnings per share in 2010 is a 53 week number

Dividend

The board is proposing a final dividend per share of 12.6p bringing the full year dividend per share to 17.7p, an increase of 6.0% on the prior year. This reflects the board's continuing confidence in the future prospects of the business, as well as the underlying cash generative nature of its activities.

Paul Moody, Chief Executive commented:

"Britvic has delivered a robust set of results, despite the particularly challenging economic backdrop in 2011. Our GB, France and International business units have each produced revenue and volume growth this year, leading to an increase in total group revenue of almost 15%. This performance reflects the strength of our brands and the quality of our innovation programme, as well as the continued focus on revenue management.

We are particularly delighted with the progress that we have made with the internationalisation of Fruit Shoot. The announcement today of three major new agreements for this Britvic-owned brand in the United States gives us material additional territories, new distribution partners and, significantly, an agreement with PBV to begin production in the US; important steps towards realising our ambitions for Fruit Shoot.

The political, financial and social environment in which we operate will remain challenging, but we are confident in our ability to compete strongly and to deliver another solid set of results for the year ahead, in line with our expectations."

For further information please contact:

Investors:	
Rupen Shah	+44 (0)1245 504 330
Media:	
Mike Smith/Nick Cosgrove (Brunswick)	+44 (0)207 404 5959
Susan Turner	+44 (0)7808 098579

There will be a live-webcast of the presentation given today at 11.00am by Paul Moody (Chief Executive) and John Gibney (Group Finance Director). The webcast will be available at http://ir.britvic.com with a transcript available in due course. There will also be a conference call today at 3.00pm (10.00am Eastern Standard Time) for investors and analysts with an opportunity to ask questions.

UK Access Number	+44 (0)20 3140 0668
UK Toll Free	0800 368 1950
US Access Number	+1 631 510 7490
US Toll Free	+1 866 928 6049
Participant PIN Code	200174#

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

UK Toll Access Number	+44 (0)20 3140 0698
UK Toll Free Number	0800 368 1890
US Toll Free Number	+1 877 846 3918
Conference Reference	380948#

Definitions

(1) All numbers and comparisons are quoted on a 52 week basis, constant currency and before exceptional and other items unless otherwise stated. 2010 was a 53 week reporting period. 2010, 52 week comparatives have been derived by removing the impact of the 53 week of trading. 2011 Volume and ARP (average realised price) are adjusted for the impact of double concentrate on Robinsons and MiWadi to provide a meaningful comparison. Further information, including numbers not adjusted for double concentrate and last year 53 week numbers are available at the Investor Centre "Results and Presentations" section on the Britvic Investor Relations website at www.britvic.com

(2) Constant currency growth removes the impact of exchange rate movements during the period by retranslating prior year foreign currency denominated results of the group at current period exchange rates to aid comparability.

(3) France is included for the full twelve months this year versus only four months in the prior period. Britvic France was acquired on 28 May 2010.

(4) EBITA is defined as operating profit before exceptional and other items and amortisation. Only amortisation attributable to intangibles on acquisition is added back, in the period this is £3.1m (2010: £2.2m). EBITA margin is the EBITA number as a proportion of group revenues.

(5) Adjusted earnings per share amounts are calculated by dividing adjusted earnings by the average number of shares during the period. Adjusted earnings is defined as the profit/(loss) attributable to ordinary equity shareholders before exceptional and other items adjusted for the adding back of acquisition related amortisation. Average number of shares during the period is defined as the weighted average number of ordinary shares outstanding during the period excluding any own shares held by Britvic that are used to satisfy various employee share-based incentive programmes. The weighted average number of ordinary shares in issue for adjusted earnings per share for the period was 240.4m (2010: 224.9m). 2010 adjusted earnings per share is a 53 week number.

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

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

(8) Underlying return on invested capital (ROIC) - ROIC is defined as operating profit after applying the tax rate for the period, stated before exceptional and other items, as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the group and excluding any deferred tax balances and effective hedges relating to interest-bearing liabilities. The measure excludes the reduction in the asset base following the impairments of intangible assets in Ireland in 2010 to reflect capital initially invested and subsequent returns. To aid comparability year on year the results and asset base of Britvic France have been excluded as 2010 would include only 4 months returns versus 12 months in 2011.

Reconciliation from Statutory 2010 53 week to 52 week Constant Currency Comparatives

2010 £m	53 Week	Less 53rd week	52 Week	Constant Currency Change	Constant Currency
Group Revenue	1,138.6	(17.5)	1,121.1	4.8	1,125.9
Group EBIT	134.6	(5.0)	129.6	0.6	130.2
Group Profit Before Tax	109.1	(4.5)	104.6	0.5	105.1
Group Profit After Tax (PAT)	80.0	(3.2)	76.8	0.4	77.2
Group PAT, After Exceptional And Other Items	(48.2)	(3.2)	(51.4)	(4.6)	(56.0)
Group EBITA	136.8	(5.0)	131.8	0.6	132.4
Adjusted Earnings Per Share	36.5	(1.4)	35.1	0.2	35.3

Note: 2010 EBITA and adjusted EPS are adjusted only for amortisation attributable to intangibles on acquisition and have been restated from the numbers disclosed in 2010. Adjusted EPS in 2010 preliminary results was only disclosed on a 53 week basis.

The preliminary results announcement for the 52 week period ended 2 October 2011 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Preliminary results do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. They have, however, been extracted from the statutory accounts for the 52 week period ended 2 October 2011 on which an unqualified report which did not contain an emphasis of matter reference or a statement under Section 498 (2) or (3) of Companies Act 2006 has been made by the company's auditors.

Notes to editors

About Britvic

Britvic is one of the leading branded soft drinks businesses in Europe. The company leverages its own leading brand portfolio including Robinsons, Tango, J_2O, Fruit Shoot, Teisseire and MiWadi as well as PepsiCo brands such as Pepsi, 7UP and Mountain Dew Energy which Britvic produces and sells in GB and Ireland under exclusive PepsiCo agreements.

Britvic is the largest supplier of branded still soft drinks in Great Britain ("GB") and the number two supplier of branded carbonated soft drinks in GB. Britvic is an industry leader in the island of Ireland with brands such as MiWadi and Ballygowan, and in France with brands such as Teisseire and Fruité. Britvic is growing its reach into other territories through export, licensing and franchising. Britvic's management team has successfully developed the business through a clear strategy of organic growth and international expansion based on creating and building scale brands. Britvic is listed on the London Stock Exchange under the code BVIC.

Cautionary note regarding forward-looking statements

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

Full Year Reporting Period

Britvic GB and Britvic International's 2011 full year runs from 4 October 2010 to 2 October 2011. Britvic Ireland and Britvic France report on a monthly basis to 30 September 2011. The acquisition of Britvic France was completed on 28 May 2010; any reference to 2010 full year comparatives are for illustration purposes only and are non-audited.

Britvic Ireland

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

Market Data

GB take-home market data referred to in this announcement is supplied by Nielsen and runs to 1 October 2011. GB Pubs and Clubs market data referred in this announcement is supplied by CGA and runs to 6 August 2011 ROI grocery and ROI Licensed data referred to in this announcement is supplied by Nielsen and runs to 2 October 2011. French market data is supplied by IRI and runs to 30 September 2011.

Next Scheduled Announcement

Britvic will publish its Q1 interim management statement on 25 January 2012.

Business Review

Chief Executive's Review

In spite of the challenging economic backdrop, Britvic has increased group revenues by 14.6% and 0.8% excluding France. Group EBITA of £138.1m was 4.3% higher than last year.

2011 financial year was a challenging period for the soft drinks markets. We saw accelerated cost inflation in February, which resulted in the company increasing its raw material guidance from 5-6% to 9-11%. The timing of our GB pricing and business plan negotiations was aligned with the VAT increase in January and consequently we were unable to offset the increased costs in February. The summer weather disappointed and impacted soft drinks sales in each of our markets. Furthermore the growing economic challenges have altered the spending power and behaviour of consumers.

Nonetheless our GB, France and International business units have all delivered positive volume and revenue growth. Britvic has benefited from the diverse nature of its portfolio of great brands and in GB saw strong growth in carbonates which more than offset declines in stills.

Our GB business delivered pricing growth, with average realised price (ARP) up 1.9% reflecting our price discipline in the market. We have also grown volumes by 0.8% in the full year.

GB carbonates performance was strong with revenue up 7.3% as we increased our ARP by 4.2% and also increased volumes by 3.0%. Our value share of the GB carbonates market, as measured by Nielsen, has increased by 20 basis points, the result of our successful innovation, including products such as Mountain Dew Energy, execution of the on-the-go strategy and holding our value share in the competitive cola market place.

GB stills was impacted by consumers choosing more affordable products given the economic challenges that they face. The poor summer impacted the number of outdoor occasions, such as barbecues and picnics at which drinks including J20 and Fruit Shoot could be enjoyed. Our stills performance was also impacted by the transition from single to double concentrate on the Robinsons brand. We have great market leading stills brands, all well positioned to take advantage when the macro-economic situation improves.

The economic challenges in Ireland combined with a poor summer, continued to impact the Irish soft drinks market, which declined in volume and value, constraining Britvic Ireland's delivery at both revenue and profit level. In the second half we saw clear benefits from the significant restructuring we have delivered in the Irish business and we continue to review the business. We remain fully committed to the Irish business and firmly believe the strength of our portfolio will deliver growth when market recovery begins.

We have seen a strong year of performance in Britvic France, delivering high single digit revenue growth against a strong comparative in the previous year which benefited from stronger sales in the syrups category during the hot summer. During 2011 we have seen the launch of Teisseire Fruit Shoot and we are very encouraged by its progress to date.

Britvic International saw double digit revenue growth as we refocused our resources behind the growing franchise opportunities and away from the slower growing Nordic region. We have seen exciting results in our existing US and Australian Fruit Shoot agreements and we have announced further material developments for the Fruit Shoot brand in the US.

The Soft Drinks Market

Nielsen data reveals 2011 GB take-home volume growth slowing down to 0.8% versus its medium term average of 2-3%. The soft drinks category was impacted by poor weather across the summer, lower spending and changing consumer shopping decisions based on affordability, which impacted the stills categories more than carbonates. Despite this, the soft drinks market remained resilient with volume growing, whilst price went up. The GB take-home soft drinks market value increased by 5.8%, bolstered by the increased VAT rate from 17.5% to 20.0% alongside manufacturers' price increases to offset increasing raw material costs. All soft drinks categories delivered value growth this year with the exception of dairy and juice drinks.

Carbonates continued to grow ahead of stills in both volume and value. Carbonates volume growth was 3.6% while value grew by an impressive 8.9%. Within carbonates, cola which represents 50% of the category by volume, grew volume by 3.4% and value by 6.9%. The strongest performance was from the glucose and stimulant category where volume grew by an impressive 15.1% and value by 15.9%, albeit it represents around 10% of the overall carbonates category volume but more than double in value.

Stills volume declined by 1.8% and value grew by 3.1%. Plain water which is the largest category showed volume growth of 1.0%, but the next three scale categories all showed volume decline; pure juice down 5.1%, squash down 6.0% (impacted by the move to double concentrate on the number one squash brand Robinsons) and juice drinks down 2.7%. These four categories together make up over 80% of the volume of the category and around 75% of the value.

Once again it was branded soft drinks that drove GB market growth in 2011 and apart from June and July, soft drinks have consistently been the best performing major impulse category.

The GB pub & club soft drinks market, as expected, continued to decline during 2011, with volume down 2.2% but value up 1.3% (MAT to August). Managed pub operators grew volume in soft drinks by 2.2% whilst the independent, leased and tenanted pubs declined. In the latest quarter to August, with the impact of the poor summer, the GB pub & club soft drinks market decline accelerated with volume down 10.3% and value down 6.3%.

In France market volume grew by 2.6% and value grew by 4.3%. Britvic France currently materially operates only in the syrup and pure juice categories, which were up by 2.0% and 4.9% in value respectively. The fruit drinks category, which we have just entered with Teisseire Fruit Shoot, grew value by 9.5%.

Unsurprisingly given the difficult macro economic background Irish consumers continue to seek value and rein in overall spending. The soft drinks market has continued to decline with take-home market volume down by 2.2% although the value performance was slightly better but down 1.6%. The pub and club channel has been severely impacted with volume down 8.7% and value down 9.5%.

Britvic's Strategy Execution

Management has continued its focus on developing the business in five main areas:

1. Supporting and Growing Our Core GB Brands

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

Pepsi held its value share in the growing cola category this year, building on share gains in previous years; a strong performance given the previously documented competitive environment. Pepsi Max has taken more share than any sub brand within the cola category in volume and value[1]. Our successful marketing programmes continue to focus on the Pepsi Max brand. This year we successfully executed the ultimate test of friendship – 'Are you the worlds best mate?' across a quarter of a billion packs. Every hour consumers had the chance to win either cash for themselves, or the ultimate Live Music VIP experience for them and their friends.

We continue to build on Pepsi's long heritage with music with the exclusive three year partnership between Pepsi and the world's largest live music promoter, Live Nation. In 2011 Pepsi consumers enjoyed the chance to have unrivalled access to the UK's biggest music festivals.

Our on-the-go strategy continues to build momentum as we leverage the strength of Britvic's broad carbonates and stills portfolio, combined with strong consumer engagement programmes such as 'Reward Your Thirst'. These programmes have proved to be especially successful with both our impulse and foodservice customers and entries into the on pack promotion have been 40% higher than the next best campaign we have run.

Robinsons maintained its position as the number one squash brand. Once again we used the Wimbledon tennis association with a major on pack promotion giving families street tennis kits to experience the fun and excitement of Wimbledon in the back garden or the local park.

The Fruit Shoot brand remains the number one children's drink brand[1], with a choice of variants and pack sizes to meet all occasions. This year we launched Fruit Shoot Hydro, designed to appeal to older children. With a cooler image, a bigger 350ml bottle and a new formulation, Hydro broadens the appeal of Fruit Shoot beyond the younger age demographic. The launch was supported by TV advertising, a consumer engagement programme called 'champions of the playground' and great visibility in-store.

J_2O was back on TV this year with the 'Smile Tastebuds!' campaign. Within the take-home market, J_2O continues to grow volume share and hold value share but in the current environment the premium juice drinks category has been under pressure. The heart of the brand is in the pub and club channel, where despite the brands premium price position and the consumer looking for value, J_2O remains the clear number one juice drinks brand.

[1] Source: Nielsen MAT value to October 2011

2. Innovation and Product Launches

2011 saw the introduction of new brands, brand extensions and new pack formats designed to deliver revenue and margin accretion.

The North American brand Mountain Dew was introduced in 2010 with a new energy formulation, initially available in 500ml for the on-the-go occasion. Early success led us to launch new pack formats in 2011 such as multi-pack PET and a 440ml can, to allow the brand to be available in new channels and meet consumer demand. Mountain Dew Energy has received numerous accolades this year such as Product Launch of the Year at the prestigious Retail Industry Awards.

In 2010 across the low and no sugar carbonates brands we introduced a bigger 600ml bottle offering better value across Pepsi Max, Diet Pepsi, Tango and 7UP Free. The momentum has continued into 2011 and has successfully contributed in driving our carbonates ARP and revenue growth. In September this year we launched a major carbonates pack initative with the launch of multipack cans in a 250ml format, available in grocery stores. Pepsi, Diet Pepsi and Pepsi Max are available now and 7UP Free and Tango will be available next spring.

Robinsons squash large packs went through a substantial development by moving from single to double concentrate. This was supported by the 'a lot from a drop' campaign on TV and digital media across the summer. Our consistent objective is to focus on driving value and developing added value format innovation that differentiates our premium positioning. The Robinsons brand continues to command a clear number one position in the squash market and for the third consecutive year it was voted a 'Superbrand of the year' by the British public based on quality, reliability and distinction.

We took the recently launched brand of Lipton Ice Tea into new channels with the introduction of a 250ml glass bottle for the food service channel, supplementing the 500ml on-the go PET bottle and 1.5Litre PET bottle for at-home consumption. In take-home Lipton Ice Tea has grown its market volume by 26.8% versus a year ago and has a category share of 64.5%.

On the back of Mountain Dew Energy's success in the glucose category, we have this year launched SoBe Pure Rush which plays to the stimulant section of the energy category. It is available in an on-the-go 250ml can with two great tasting flavours and contains no artificial colours, flavours or preservatives. This has driven SoBe Pure Rush to be an early success in the forecourts and high street channels.

To maximise the SoBe brand equity to the full, we repositioned the PepsiCo brand V Water to become part of the SoBe family. The packaging has been redesigned to improve visibility. New flavours have been introduced and reformulated to broaden its consumer appeal with its focus on low-calorie content. SoBe V Water has been the fastest growing functional water this year and has taken substantial share.

Finally in 2011 we pushed the boundaries of soft drinks innovation with Turbo Tango, the worlds first use of a nitro-fuelled bottle, which provided real fun and enjoyment for consumers across the summer.

3. Britvic International

Britvic International is embarking on a three-pronged growth strategy across its core export and travel business, European expansion through acquisition, licensing and franchising.

In Australia Fruit Shoot was launched with a concentrate model in November 2010. Under the agreement Bickford's manufacture, market and sell the brand, with Britvic supplying key juice and flavour ingredients. Specific formulations and packaging solutions have been designed for the Australian market following extensive market research. In its first year we have seen Fruit Shoot achieve 17% market share[1], making it the number two childrens' drink. As a measure of its success and the confidence that both Britvic and Bickford's have in the brand we are discussing how we may expand the Fruit Shoot brand footprint in Australia.

In the US, Britvic began distributing Fruit Shoot in 2008 with Buffalo Rock; the fourth largest Pepsi bottler in the States with an operational footprint in Alabama. In 2009 Britvic signed a long term distribution agreement with Buffalo Rock to formalise the partnership and capitalise on the early success of the brand with US consumers. In our third year in Alabama our growth is an impressive 32%.

During 2011 Britvic commenced trials with other US Pepsi Bottlers and has now concluded three further substantial and material agreements for Fruit Shoot in the US:

Gross & Jarson
We have signed an agreement with Gross & Jarson, the third largest Pepsi Bottler in the US, to distribute Fruit Shoot in Kentucky. Gross and Jarson currently has the rights to distribute Pepsi as well as Lipton, SoBe, Dole and the Starbucks-branded iced coffee.

Pepsi Bottling Ventures (PBV)
We have signed a long-term agreement for both the distribution and manufacture of Fruit Shoot with PBV. The distribution agreement cements the agreement to distribute in both North and South Carolina. The agreement to manufacture in the US is an important next step in our US development. During the second half of 2012 Britvic will supply a proprietary compound (concentrate) from our facilities in Dublin. As well as producing for the PBV territory it will also allow Britvic to supply other US Fruit Shoot bottlers, allowing us to move away from shipping finished goods from the UK.

Pepsi Beverages Company (PBC)
We have reached agreement with Pepsi Beverages Company (PBC) to distribute Fruit Shoot in its Florida and Georgia territories. PBC is the wholly-owned manufacturing, sales and distribution operating unit of PepsiCo and accounts for approximately 75% of PepsiCo's North America volume.

We have also invested in our manufacturing capability in Ireland to be able to supply concentrate from a newly created company in Ireland called Britvic Worldwide Brands (BWB).

In the context of larger opportunities that we believe exist within franchising representing better utilisation of our resources, we took the decision to withdraw the Robinsons range from the Nordics region during the period.

These new Fruit Shoot agreements, coupled with the ongoing growth of our existing agreements represent a major step forward in the development of our international growth strategy. They build on the success Fruit Shoot has achieved in the UK where since inception over 10 years ago it has become a top-selling children's brand.

[1] Nielsen grocery September 2011

4. Britvic Ireland

The economic challenges facing the Irish consumer are well documented and continue to have a negative impact on the performance of Britvic Ireland. Both volume and revenue have come under pressure as the soft drinks market has declined further. Despite these challenges the business has stayed focussed. Firstly we implemented a successful price increase for the first time since acquisition. Secondly we carried out the previously announced restructuring, materially changing our go-to market model and enhancing our execution efficiency. Lastly the business launched innovation successfully. Mountain Dew Energy and Juicy Drench were two new brands launched into the Irish market with both delivering ahead of expectations. MiWadi successfully transitioned to double concentrate and with our single serve pack innovation on Pepsi we have moved our on-the go share in cola to its highest ever level.

5. Britvic France

Sixteen months on from the acquisition of Britvic France, we are pleased with the first full year of high single digit revenue growth. The strong syrup brands of Teisseire and Moulin de Valdonne have both taken share gains this year as a result of strong through the line execution and innovation launched this year. Our large private label juice business has also performed well.

Teisseire Fruit Shoot was launched successfully and supported by media and sampling resulting in good distribution levels and surpassing our expectations in the first few months since launch. The way in which the business has taken Teisseire Fruit Shoot to market combined with the growing group capability, has demonstrated we can develop our business with new product introductions.

Financial Review

The following discussion is based on Britvic's results for the 52 weeks ended 2 October 2011, with all numbers and comparisons quoted on a 52 week basis, before exceptional and other items and on a constant exchange rate basis. Volumes and ARP are adjusted for the impact of double concentrate on Robinsons and MiWadi to provide meaningful comparisons. France is included for the full 12 month this year versus only 4 months in the prior year.

Key performance indicators

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

- *Volume growth* – increase in number of litres sold by the group relative to prior period.
- *Average Realised Price (ARP)* – average revenue per litre sold.
- *Revenue growth* – increase in sales achieved by the group relative to prior period.
- *Brand contribution margin* – revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product, divided by revenue. Such costs include brand specific advertising and promotion costs, raw materials, and marginal production and distribution costs. Management uses the brand contribution margin to analyse Britvic's financial performance, because it provides a measure of contribution at brand level.
- *Operating profit margin* – As previously reported, from 2011, the group focuses on EBITA (earnings before interest, tax and acquisition related amortisation) before exceptional and other items as the key operating profit measure. Margin is calculated by dividing this number by revenue. Each business unit's performance is reported down to the brand contribution level.
- *Underlying free cash flow* – is defined as net cash flow excluding movements in borrowings, dividend payments, exceptional and other items.
- *Underlying return on invested capital (ROIC)* – ROIC is defined as operating profit after applying the tax rate for the period, stated before exceptional and other items, as a percentage of invested capital. Invested capital is defined as non-current assets plus current assets less current liabilities, excluding all balances relating to interest bearing liabilities and all other assets or liabilities associated with the financing and capital structure of the group and excluding any deferred tax balances and effective hedges relating to interest-bearing liabilities. The measure excludes the reduction in the asset base following the impairments of intangible assets in Ireland in 2010 to reflect capital initially invested and subsequent returns. To aid comparability year on year the results and asset base of Britvic France have been excluded as 2010 would include only 4 months returns versus 12 months in 2011

Overview

Britvic sold 2.1bn litres of soft drinks in 2011 and grew revenues to almost £1.3bn, 14.6% ahead of the previous year. Underlying revenues excluding France increased by 0.8% to over £1.0bn and ARP was up by 1.9%. France had a strong full year with revenues growing in the high single digit.

Operating profit (EBITA) before exceptional and other items for the period was up 4.3% to £138.1m. Adjusted EPS declined by 8.2% versus last year's 53 week comparison with the weighted average number of shares increase of 6.9% as a result of the equity raised to fund the acquisition of Britvic France in May 2010.

GB Stills	52 weeks ended 2 Oct 2011 £m	52 weeks ended 26 Sep 2010 £m	% change Actual Exchange Rate
Volume (million litres)	493.5	514.4	(4.1)
ARP per litre	71.2p	70.5p	1.0
Revenue	351.2	362.7	(3.2)
Brand contribution	150.1	169.0	(11.2)
Brand contribution margin	42.7%	46.6%	(390)bps

GB stills full year revenue declined by 3.2% to £351.2m with volumes down by 4.1% and ARP up by 1.0%. During the course of the year we experienced volume and revenue loss as a result of:

i) The move from single to double concentrate on the Robinsons brand saw some transitional volume loss as a result of our execution in some retailers and from our decision ahead of the switch to reduce promotional activity on the scale one litre single concentrate pack.

ii) The poor summer weather and in particular the month of June where the total soft drinks market as measured by Nielsen contracted by 8.2%. This is a key period for the Robinsons brand given its strong association with the Wimbledon tennis event, but also for the other stills brands which typically benefit from outdoor social events associated with hot summer weather.

iii) The decline of the stills category as result of the weaker economy on consumers both in take-home and in the pub and club channel where the latest quarter market data to August shows soft drinks were down by 10.3% in volume. Britvic continues to outperform in the pub and club channel, but with carbonates taking share from stills.

The impact of the higher raw material inflation on stills, compared to carbonates, combined with negative channel mix saw brand contribution margin reduce by 390bps.

We have a powerful portfolio of brands in the stills segment such as Robinsons, the number one squash brand; J_20, the leading adult soft drink; and Fruit Shoot, the number one children's brand. This means we are well positioned with our portfolio to benefit when economic conditions improve.

GB Carbonates	52 weeks ended 2 Oct 2011 £m	52 weeks ended 26 Sep 2010 £m	% change Actual Exchange Rate
Volume (million litres)	1,130.5	1,097.4	3.0
ARP per litre	44.5p	42.7p	4.2
Revenue	502.6	468.4	7.3
Brand contribution	189.1	183.5	3.1
Brand contribution margin	37.6%	39.2%	(160)bps

We delivered full year volume growth of 3.0% against a very strong comparative of 10.2% in the previous year. This year's performance is especially pleasing given the strong ARP growth of 4.2%, reflecting our price discipline against the backdrop of a competitive market place. Revenue grew by 7.3% taking the GB carbonates segment to over £0.5bn revenue for the first time.

Brand contribution of £189.1m represented growth of 3.1% on the previous year. Brand contribution margin declined by 160bps as a result of the increased raw materials cost, although we have offset some of the impact through the success of our innovation such as Mountain Dew Energy and continued growth in our on-the-go strategy. Mountain Dew Energy is now the fastest growing brand in the glucose category, Pepsi Max continues to lead growth in the cola segment and our overall share of on-the-go market has grown. We have grown our take home value share of the carbonates segment by 20bps and held our value share in cola.

International	52 weeks ended 2 Oct 2011 £m	52 weeks ended 26 Sep 2010 £m	% change Actual Exchange Rate
Volume (million litres)	37.8	35.0	8.0
ARP per litre	77.0p	73.7p	4.5
Revenue	29.1	25.8	12.8
Brand contribution	10.9	9.0	21.1
Brand contribution margin	37.5%	34.9%	260bps

2011 was another year of double-digit revenue growth for Britvic International with volumes and ARP all performing strongly. Its performance in the year enjoyed continued growth of Fruit Shoot in Netherlands, positive growth in our scale travel business despite all the challenges that this sector faces and good growth in export. Additionally we launched Fruit Shoot in Belgium towards the end of our financial year. We made a strategic investment decision to withdraw Robinsons from the Nordics region which we entered in 2006, as we reallocated resources to the bigger opportunity in franchising. The impact of this decision in the full year was offset by the growth of existing franchise and distribution agreements for Fruit Shoot.

Fruit Shoot volume in Alabama, working with our partner Buffalo Rock, has grown by 32% in the latest year through rate of sales improvements. In Australia, our partner Bickford's has made Fruit Shoot the number two children's drink with a 17% market share[1]. More recently, PBV (Pepsi Bottling Ventures) has been distributing Fruit Shoot in the North and South Carolinas where they have now reached 2,200 outlets, up 30% since May 2011.

The new announcements of agreements with Gross & Jarson to distribute in Kentucky, long term distribution and importantly in-market production with PBV; and the distribution agreement for Florida and Georgia with PBC (Pepsi Beverage Company) will accelerate the growth of our international plans over the medium term.

[1] Nielsen grocery September 2011

Ireland	52 weeks ended 30 Sep 2011 £m	52 weeks ended 30 Sep 2010 £m	% change Actual Exchange Rate	% change Constant Exchange Rate
Volume (million litres)	210.8	229.1	(8.0)	(8.0)
ARP per litre	58.7p	58.4p	0.5	0.0
Revenue	162.8	179.0	(9.1)	(9.6)
Brand contribution	57.8	64.1	(9.8)	(9.8)
Brand contribution margin	35.5%	35.8%	(30)bps	(10bps)

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

Britvic Ireland continues to face very challenging macro economic conditions and combined with disappointing weather has led to the total soft drinks market continuing to decline. As measured by Nielsen, the take-home market performed better than pub and clubs but nevertheless is in decline. Soft drinks volume in the pub and club channel has declined in the latest market data by 8.7%.

Britvic Ireland revenues in the period were down by 9.6% on a constant exchange rate basis with volumes down by 8.0%. ARP was flat, despite successful delivery of the price increase and margin accretive innovation launched this year, due to negative channel mix. Mountain Dew and Juicy Drench were both launched this year and have delivered ahead of our expectations. MiWadi, Ireland's number one squash brand transitioned from single to double concentrate successfully and has exceeded our expectations. We have also successfully driven our share of the cola on-the-go market with single serve innovation launched on Pepsi this year. The restructuring and new go-to-market model has been embedded well and in part has been a vehicle of success for our innovation launches.

Despite these successes the market challenges have meant that Britvic Ireland's performance has declined year on year.

France	52 weeks ended 30 Sep 2011 £m	28th May 2010 to 30 Sep 2010 £m
Volume (million litres)	286.0	104.5
ARP per litre	85.6p	81.5p
Revenue	244.7	85.2
Brand contribution	62.0	24.1
Brand contribution margin	25.3%	28.3%

This year is the first full financial year incorporation of results from Britvic France versus last year's four months inclusion from when we acquired the business on 28 May 2010.

Britvic France had a strong year with full year revenue showing high single digit growth. This year's brand contribution margin of 25.3% is in line with expectation and reflects the higher input cost inflation that the business unit incurred compared to the GB and Irish businesses, primarily due to its greater exposure to ingredients such as sugar and juice. Furthermore last year's margin was unusually high due to the growth of syrups, which benefited from the very hot summer in 2010. Both Teisseire and Moulin de Valdonne have gained market share year on year.

Teisseire Fruit Shoot was successfully launched this year and is performing ahead of our expectations in both the distribution and the rate of sale we have achieved to date. The launch was supported by a comprehensive through the line marketing plan.

Fixed Costs	52 weeks ended 2 Oct 2011 £m	52 weeks ended 26 Sep 2010 £m	% change Actual Exchange Rate
Non-brand A&P	8.0	10.4	23.1
Fixed supply chain	111.1	94.9	(17.1)
Selling costs	121.7	116.2	(4.7)
Overheads and other	94.1	98.6	4.6
Total	334.9	320.1	(4.6)
Total A&P investment	*62.8*	*56.7*	*(10.8)*
*A&P as a % of net revenue**	*5.0%*	*5.3%*	*(30)bps*
*(*excludes 3rd Party revenue)*			

Fixed costs increased by 4.6% in the period wholly down to first time inclusion of France. Without France the underlying fixed costs were lower than last year.

We have continued to invest in below-the-line costs to support the medium term growth in the top line and margin. This year we have continued to invest in customer management resource and point-of-purchase spend to drive our execution excellence. Additionally, as previously communicated, we continued to invest to build group capability in areas such as franchising.

Management took strong action to cancel or defer discretionary expenditure where it was appropriate to mitigate an element of the raw material cost increase. Within overheads and other there is a reduction in the cost of performance incentives as a result of the lower performance outturn versus scheme targets.

The group A&P as a percentage of sales has fallen by 30bps, however in absolute spend we increased expenditure by 10.8%. The first time full year inclusion of Britvic France, which has a material proportion of private label revenues has resulted in the lower percentage. The GB A&P as a percentage of sales was unchanged versus last year.

Exceptional and Other Items

In the period Britvic has accounted for net £25.2m of pre-tax (£19.5m post tax) exceptional and other costs, with cash exceptional items comprising £18.2m. These include:

- A curtailment gain of £17.7m arising due to the closure to future accrual of the GB defined benefit pension scheme. Offsetting the gain is a one off transitional payment of 10% of final salary to pension members of £2.9m and consultancy costs of £1.6m. Therefore the net gain is £13.2m.
- Total restructuring costs of £25.0m, relating to:
    - Britvic Ireland restructuring costs, principally redundancy costs.
    - Redundancy and restructuring costs relating to the separation of functional support structures between group and the GB business unit.
    - Outsourcing of the group data centre involving dual running and temporary infrastructure costs.
    - Costs of outsourcing our GB full service vending operation. This includes exit and redundancy costs and a write down of the asset values held on the balance sheet.
- Costs associated with the relocation of the Britvic head office of £1.3m.

- Following the successful refinancing of the group's committed bank facility in March 2011, the write off of £1.5m of unamortised 2009 refinancing fees. This is included within exceptional and other finance costs.
- Within exceptional and other items we include the fair value movement of financial instruments where hedge accounting cannot be applied. This is principally made up of a number of share swaps to satisfy employee incentive share schemes and an interest-rate swap. The value of the non cash net movement is a loss of £10.6m (£2.9m at interim 2011).The fair value movement of the interest rate swap is included within exceptional and other finance costs.

The full year exceptional and other costs are higher than the interim due to the new exceptional items of the relocation of the Britvic head office, separation of functional support structures between group and the GB business unit and the increased non cash movement on financial instruments, specifically the share hedge.

Interest

The net finance charge before exceptional and other items for the 52 week period for the group was £29.9m compared with £25.0m in the same period in the prior year. The higher interest charge is reflective of the financing of the debt element of the group's acquisition of Britvic France for a full year and higher commitment fees reflecting the increased headroom generated by the private placement proceeds raised in December 2010 and the completion of a larger £400m bank facility in March 2011.

Taxation

The 52 week tax charge of £27.2m before exceptional and other items represents an effective tax rate of 25.9%, a decrease on last year 52 week actual of 0.7**%** primarily due to the lower current tax rate in the UK and reduced future tax rate for deferred tax purposes.

Earnings per Share

Basic EPS (after exceptional and other items) as defined by IFRS for the period is 24.3p compared with the actual (21.4)p for the 53 week period last year.

Adjusted earnings per share for the period, before exceptional and other items and adding back acquisition related amortisation, was 33.7p, down 8.2% versus 36.7p for 2010 on a 53 week constant currency basis

Dividends

The board is recommending a final dividend for 2011 of 12.6p per share. Together with the interim dividend of 5.1p per share paid on 8 July 2011, this gives a total dividend for the year of 17.7p per share, an increase of 6.0% on the dividend paid last year. Subject to approval at the AGM, the total cash outflow of the dividend for the financial year is estimated to be £41.9m and the final dividend will be paid on 10 February 2012 to shareholders on record as at 9 December 2011.

Cash Flow and Net Debt

Underlying free cash flow, defined above, was £59.3m in 2011 and £67.8m in 2010. 2010 was a 53 week trading year compared to 52 week for 2011.

The difference in year on year cash flow is due to an increased interest cost with the first full year inclusion of debt used to part finance the acquisition of Britvic France, fees associated to the US private placement and the new bank facility arranged during the year. Additionally capital expenditure has increased in the period.

At 2 October 2011, the group's non-adjusted net debt was £530.2m compared to £515.9m at 3 October 2010. The adjusted net debt (taking into account the foreign exchange movements on the derivatives hedging our U.S. Private Placement debt) at 2 October 2011 is £452.0m.

Capital Employed

Non-current assets remained broadly flat in the period, £680.3m compared to £680.1m in the prior period.

Depreciation increased in the period by £2.7m to £35.6m. Current assets also increased from £366.6m to £384.4m driven principally by an increase in trade and other receivables. Current liabilities have increased from £366.8m to £390.0m driven principally by an increase in trade and other payable. Note some prior year asset numbers have been restated following the finalisation of the fair value allocation of Britvic France.

Underlying ROIC has decreased to 21.9% from 22.4% and excludes the impact of Britvic France as the business was acquired part way through the year in 2010. The measure will be rebased on lapping a full year of returns in 2012.

Treasury Management

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

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

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

At 2nd October 2011, the group's non-adjusted net debt of £530.2m (excluding derivative hedges) consisted of £2.2m drawn under the group's committed bank facilities, £574.4m of private placement notes and £1.2m of finance leases. This was netted off with around £43.0m of surplus cash and £4.6m of issue costs of loans.

Pensions

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

Contributions are paid into the plan in accordance with the recommendations of an independent actuary and as outlined in the schedule of contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. Following the conclusion of the previous triennial valuation, the final annual payment of £10m contributions in respect of the funding shortfall, outlined in the recovery plan, was made by 31 December 2010. As a result of the latest formal valuation, a proposal was set out under which a monetary contribution or contributions will be made to enable the Trustee of the BPP to acquire an interest in a limited partnership. This partnership interest is intended to provide the Trustee with an income of at least £5m per annum in each year over a 15 year period together with a final payment of up to a maximum of £105m to the extent required under funding conditions to be agreed to the satisfaction of the Trustee and the company, at the end of the 15 year period.

A first tranche of this proposal was completed prior to the period end. Britvic Scottish Limited Partnership (Britvic SLP) and Britvic Property Partnership (Britvic PP) were established by the group and properties with a market value of £28.6m were then transferred to Britvic PP and leased back to Britvic Soft Drinks Limited. Britvic SLP holds an investment in Britvic PP.

The BPP is a partner in Britvic SLP and is entitled to a share of the profits of the partnership over the next 15 years. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at that time, up to a maximum value of £25m. At that point the group may be required to transfer this amount in cash to the BPP.

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

In addition to the expected partnership income of at least £5m per annum, the group will make payments to the BPP of £5m by 31 December 2011, £7.5m by 31 December 2012 and £15m per annum by 31 December of each year from 2013 to 2017. In the event that further tranches of the proposal do not proceed, the BPP will instead receive total contributions of £10m by 31 December 2011, £12.5m by 31 December 2012 and £20m per annum by 31 December of each year from 2013 to 2022 inclusive.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the income statement for 2011 was £5.8m (2010: £3.6m).

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

In the Republic of Ireland, employees continued to participate in a number of C&C Group pension schemes following the acquisition until transferring into two newly formed pension plans called the Britvic Ireland Defined Contribution Pension Plan and the Britvic Ireland Defined Benefit Pension Plan (BIPP) on 1 September 2008. Since 1 March 2006 new employees have been offered membership of the defined contribution plan in the first instance, with the ability to transfer into the defined benefit plan for future service benefits after a period of five years. The first formal actuarial valuation was carried out at 31 December 2009 and is still being finalised.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the income statement for 2011 was £0.6m (2010: £0.4m).

Corporate Responsibility

Corporate Responsibility (CR) remains an important part of the way that we do business at Britvic.

The past year has been focused on embedding our new strategic vision: ‘to be a progressive, sustainable, responsible company’. The table below shows a snapshot of our performance against the targets that we set ourselves last year. While these targets were specific to the GB business unit, we are now focused on embedding CR across the Britvic group.

A comprehensive overview of our CR achievements 2010-2011 will be published in our 2011 Corporate Responsibility Report which will be available in January 2012 from the company or on our website: www.britvic.com.

Progressive

We are committed to harnessing the power of our brands to help address relevant social and environmental issues.

Health remains high on the national agenda and in the UK, we pledged our support to the government’s Responsibility Deal which was launched in March, signing up to a number of collective pledges. As a result of this, we launched an employee health and wellbeing programme ‘wellness@work’ this year, reviewed our catering provision to encourage healthier choices, and ran a series of physical activity challenges for our employees.

We also continued to support the government’s Change4Life programme, in particular its Great Swapathon and Really Big Summer Adventure, and continued to promote healthy and active lifestyles through our own marketing programmes, including Robinson’s Street Tennis and Fruit Shoot Champion of the Playground. In line with our targets, we also launched two new low sugar products – Mountain Dew Sugar Free and Fruit Shoot Hydro for children.

We recognise that packaging waste is a social and environmental issue and while we were unable to deliver the pilot recycling scheme we had planned, we are actively exploring other options.

Sustainable

In order to ensure a sustainable future for our business we need to invest and innovate to minimise our impacts. This year we put in place a new sustainability committee to look at longer term targets and programmes. In 2011 we continued to make good progress and achieved reductions in our GB water use of 4% absolute and in CO_2 emissions of 2.5%, although we narrowly missed our liquid effluent waste ratio target. Two more of our GB factories achieved zero waste to landfill and we also contributed to WRAP’s targets around ‘reduce, reuse and recycle.’

Responsible

As a responsible employer we are committed to having a positive impact on both our employees and our communities. In the past year we have grown our employee volunteering participation by 5% and will continue to support this important activity. Our ‘enterprise training days’ for teachers are now running across Britvic Learning Zones at three of our factory sites – Beckton, Leeds and Norwich - and we were awarded a prestigious IEBE (Institute for Education Business Excellence) award for the scheme. Additionally, by promoting payroll giving as an effective tax free way to support charities and communities, we increased our donations in this way and were awarded the National Payroll Giving Silver Mark award.

Introduce at least two new low sugar products as part of a balanced portfolio	Green
Promote healthier behaviours by launching at least two marketing initiatives encouraging active lifestyles	Green
Work with the Department of Health to participate in a large scale Change4Life initiative	Green
Support the delivery of the PepsiCo health and wellbeing manifesto pledges relating to Britvic's PepsiCo portfolio	Green
Encourage on-the-go recycling by piloting a branded reverse vending machine project	Red
Contribute to an absolute target to reduce water use by 20% by 2020 compared to 2007, with water ratio reduction of 4% targeted versus 09/10	Green
Reduce liquid (effluent) waste ratio by 2.5% versus 09/10	Red
Aim to reduce CO2 emissions by 30% by 2020 compared to 1990 per tonne of product, with a 2.5% reduction targeted versus 09/10	Green
Contribute to WRAP's Courtauld II industry wide targets to reduce, reuse, recycle by end 2012 versus 2009	Green
Commit to two more factories sending zero to landfill	Green
Continue to roll out our new more efficient chiller equipment	Green
Work with the AIM-Progress group to ethically audit our suppliers and create appropriate action plans	Green
Launch an employee health and wellbeing programme, improving work/life balance throughout the business	Green
Encourage personal growth through continued support for employee volunteering by increasing the number of those who participate	Green
Support disadvantaged children by increasing our fundraising for Barnardo's	Green
Continue to support our charitable partners on relevant health, social and environmental issues	Green
Deliver at least 18 teacher, school and NEETs programmes across our three Britvic Learning Zones	Amber

Business Resources

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

- An extensive portfolio of stills and carbonates brands, including Robinsons, Pepsi, 7UP, Tango, J_2O and Fruit Shoot. The breadth and depth of Britvic's portfolio enables it to target consumer demand across a wide range of consumption occasions, in all the major soft drinks categories and across all relevant routes to market. Britvic Ireland owns a number of leading brands in the Republic of Ireland and Northern Ireland, including Club, Ballygowan and MiWadi as well as the rights to the Pepsi, 7UP and Mountain Dew brands. In France the portfolio includes the leading syrup brand Teisseire as well as Moulin de Valdonne, Pressade and Fruit Shoot.

- A successful long-standing relationship with PepsiCo that resulted in the exclusive bottling agreement (EBA) being renewed in Great Britain in 2003 for a further 15 years, with an extension to 2023 on admission to the London Stock Exchange. The EBA for Ireland lasts until 2015. This relationship gives Britvic the exclusive right to distribute the Pepsi and 7UP brands in Great Britain and Ireland, access to all new carbonated drinks developed by PepsiCo for distribution in Great Britain and Ireland and, to support the development of its carbonates offering, access to PepsiCo's consumer and customer insight, competitor intelligence, marketing best practice, brand and product development expertise and technological know-how. Britvic has added to its portfolio with Mountain Dew Energy in GB and Ireland and has also been appointed in recent years as the exclusive GB bottler of Gatorade, Lipton Ice Tea and SoBe.

- A strong customer base. For example, in the GB take-home market, Britvic's customers include the "Big 4" supermarkets (Tesco, J Sainsbury’s, Asda and Wm Morrisons) together with a number of other important grocery retailers. The group has significant supply arrangements with a number of key players in the GB pubs and clubs sector and leisure and catering channels. Through Britvic International, the group has built on the success of the Robinsons and Fruit Shoot brands by introducing these products into markets outside GB.

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

Risks and Uncertainties

Risk Management Process

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

(A) Risks Relating To The Group

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

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

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

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

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

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

3. Increasing commodity prices.

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

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

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

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

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

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

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

Mitigation – The group pensions function works closely with the pension Trustees to ensure an appropriate portfolio is in place to fund pension requirements and spread risk as best as possible. New employees of the company are enrolled into a defined contribution scheme that limits future liabilities. The GB defined benefit scheme for existing members was closed to future accrual in April 2011.

6. **Inadequate IT disaster recovery plans.**

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

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

7. **Failure to deliver the proposed synergies in France.**

Risk – Failure to deliver the cost and revenue synergies from the acquisition of Britvic France.

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

8. **Restrictions on business as a result of the increased Olympic legislation for the London 2012 games.**

Risk – Restricted ability to advertise Britvic products in designated Olympic zones.

Mitigation – The group has undertaken a comprehensive exercise to fully understand the restrictions in place and has developed plans to maximise the opportunities available, whilst complying with the legislative restrictions in place.

(B) Risks Relating To The Market

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

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

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

2. Potential impact of regulatory developments.

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

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

3. Potential impact of taxation changes

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

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

(C) Risks relating to the Ordinary Shares

There are risks arising out of an investment in ordinary shares because of:

1. Actions by the group's competitors.

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

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

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

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

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

CONSOLIDATED INCOME STATEMENT
For the 52 weeks ended 2 October 2011

		52 Weeks Ended 2 October 2011			53 Weeks Ended 3 October 2010		
		Before exceptional & other items	**Exceptional & other items***	**Total**	Before exceptional & other items	Exceptional & other items*	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m
Revenue		**1,290.4**	**-**	**1,290.4**	1,138.6	-	1,138.6
Cost of sales		**(627.3)**	**-**	**(627.3)**	(509.2)	(2.4)	(511.6)
Gross profit		**663.1**	**-**	**663.1**	629.4	(2.4)	627.0
Selling and distribution costs		**(371.4)**	**-**	**(371.4)**	(338.2)	-	(338.2)
Administration expenses		**(156.7)**	**(23.1)**	**(179.8)**	(156.6)	(134.7)	(291.3)
Operating profit / (loss)	6	**135.0**	**(23.1)**	**111.9**	134.6	(137.1)	(2.5)
Finance costs	9	**(29.9)**	**(2.1)**	**(32.0)**	(25.5)	(0.8)	(26.3)
Profit / (loss) before tax		**105.1**	**(25.2)**	**79.9**	109.1	(137.9)	(28.8)
Taxation	10	**(27.2)**	**5.7**	**(21.5)**	(29.1)	9.7	(19.4)
Profit / (loss) for the period attributable to the equity shareholders		**77.9**	**(19.5)**	**58.4**	80.0	(128.2)	(48.2)

Earnings per share			
Basic earnings per share	11	**24.3p**	(21.4p)
Diluted earnings per share	11	**23.7p**	(21.4p)
Adjusted basic earnings per share**	11	**33.7p**	36.5p
Adjusted diluted earnings per share**	11	**32.9p**	35.5p

*See note 5.

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

All activities relate to continuing operations

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 52 weeks ended 2 October 2011

	Note	**52 Weeks Ended 2 October 2011 £m**	53 Weeks Ended 3 October 2010 £m
Profit / (loss) for the period attributable to the equity shareholders		**58.4**	(48.2)
Actuarial gains / (losses) on defined benefit pension schemes	24	**45.1**	(49.0)
Deferred tax on actuarial (gains) / losses on defined benefit pension schemes		**(16.7)**	8.3
Current tax on additional pension contributions		**4.3**	2.8
Gains in the period in respect of cash flow hedges	27	**5.8**	4.5
Amounts reclassified to the income statement in respect of cash flow hedges	27	**(3.7)**	(3.0)
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve		**(0.5)**	(0.3)
Exchange differences on translation of foreign operations	27	**(1.6)**	(13.7)
Tax on exchange differences accounted for in the translation reserve		**1.5**	1.9
Other comprehensive income for the period net of tax		**34.2**	(48.5)
Total comprehensive income for the period attributable to the equity shareholders		**92.6**	(96.7)

CONSOLIDATED BALANCE SHEET
As at 2 October 2011

	Note	2011 £m	2010 Restated* £m
Assets			
Non-current assets			
Property, plant and equipment	13	**243.8**	247.7
Intangible assets	14	**337.9**	342.5
Other receivables	17	**5.6**	2.3
Other financial assets	27	**93.0**	81.4
Deferred tax assets	10e	**-**	6.2
		680.3	680.1
Current assets			
Inventories	18	**88.5**	83.6
Trade and other receivables	19	**250.0**	228.0
Other financial assets	27	**2.9**	1.0
Cash and cash equivalents	20	**43.0**	54.0
		384.4	366.6
Non-current assets held for sale	21	**0.7**	-
Total assets		**1,065.4**	1,046.7
Current liabilities			
Trade and other payables	25	**(370.1)**	(348.4)
Other financial liabilities	27	**(4.3)**	(1.4)
Current income tax payable		**(15.6)**	(17.0)
		(390.0)	(366.8)
Non-current liabilities			
Interest bearing loans and borrowings	23	**(573.2)**	(569.9)
Deferred tax liabilities	10e	**(23.0)**	(14.3)
Pension liability	24	**(45.1)**	(118.3)
Other financial liabilities	27	**(9.7)**	(3.9)
Other non-current liabilities	28	**(1.9)**	(4.2)
		(652.9)	(710.6)
Total liabilities		**(1,042.9)**	(1,077.4)
Net assets / (liabilities)		**22.5**	(30.7)
Capital and reserves			
Issued share capital	22	**48.3**	48.0
Share premium account		**15.0**	10.6
Own shares reserve		**(1.0)**	(1.9)
Share scheme reserve		**7.8**	9.7
Hedging reserve		**9.0**	7.4
Translation reserve		**22.4**	22.5
Merger reserve		**87.3**	87.3
Retained losses		**(166.3)**	(214.3)
Total equity		**22.5**	(30.7)

*Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010 (see note 15).

The financial statements were approved by the Board of Directors and authorised for issue on 29 November 2011. They were signed on its behalf by:

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 52 weeks ended 2 October 2011

	Note	**2011** £m	2010 £m
Cash flows from operating activities			
Profit / (loss) before tax		**79.9**	(28.8)
Finance costs	9	**32.0**	26.3
Other financial instruments		**10.2**	1.5
Impairment of property, plant and equipment and intangible assets		**0.5**	116.7
Depreciation	13	**35.6**	32.9
Amortisation	14	**12.9**	9.5
Share based payments		**3.8**	7.8
Net pension charge less contributions	24	**(27.9)**	(16.0)
(Increase) / decrease in inventory		**(4.4)**	1.3
(Increase) / decrease in trade and other receivables		**(24.1)**	10.4
Increase / (decrease) in trade and other payables		**22.8**	(16.6)
Loss on disposal of tangible and intangible assets		**4.6**	1.3
Income tax paid		**(20.9)**	(21.8)
Net cash flows from operating activities		**125.0**	124.5
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**0.6**	4.7
Purchases of property, plant and equipment		**(37.7)**	(40.2)
Purchases of intangible assets		**(11.9)**	(9.8)
Acquisition of subsidiary net of cash acquired	15	**(4.5)**	(151.9)
Net cash flows used in investing activities		**(53.5)**	(197.2)
Cash flows from financing activities			
Finance costs		**(3.9)**	(1.8)
Interest paid		**(27.2)**	(23.1)
Issue of US$ notes		**113.9**	149.8
Interest bearing loans repaid		**(123.4)**	(95.0)
Issue of shares		**2.3**	93.4
Purchase of own shares		**(3.3)**	(0.9)
Dividends paid to equity shareholders	12	**(40.3)**	(34.9)
Net cash flows (used) / from financing activities		**(81.9)**	87.5
Net (decrease) / increase in cash and cash equivalents		**(10.4)**	14.8
Cash and cash equivalents at beginning of period		**54.0**	39.7
Exchange rate differences		**(0.6)**	(0.5)
Cash and cash equivalents at the end of the period	20	**43.0**	54.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 52 weeks ended 2 October 2011

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Share scheme reserve £m	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Retained losses £m	**Total £m**
At 27 September 2009	**43.4**	**5.0**	**(4.6)**	**7.3**	**6.2**	**34.3**	**-**	**(94.1)**	**(2.5)**
Loss for the period	-	-	-	-	-	-	-	(48.2)	**(48.2)**
Other comprehensive income	-	-	-	-	1.2	(11.8)	-	(37.9)	**(48.5)**
	-	-	-	-	1.2	(11.8)	-	(86.1)	**(96.7)**
Issue of shares	4.6	5.6	(4.1)	-	-	-	89.3	-	**95.4**
Transaction costs relating to placement of ordinary shares	-	-	-	-	-	-	(2.0)	-	**(2.0)**
Own shares purchased for share schemes	-	-	(0.9)	-	-	-	-	-	**(0.9)**
Own shares utilised for share schemes	-	-	7.7	(5.3)	-	-	-	(2.4)	**-**
Movement in share based schemes	-	-	-	7.7	-	-	-	-	**7.7**
Current tax on share based payments	-	-	-	-	-	-	-	1.0	**1.0**
Deferred tax on share based payments	-	-	-	-	-	-	-	2.2	**2.2**
Payment of dividend	-	-	-	-	-	-	-	(34.9)	**(34.9)**
At 3 October 2010	**48.0**	**10.6**	**(1.9)**	**9.7**	**7.4**	**22.5**	**87.3**	**(214.3)**	**(30.7)**
Profit for the period	-	-	-	-	-	-	-	58.4	**58.4**
Other comprehensive income	-	-	-	-	1.6	(0.1)	-	32.7	**34.2**
	-	-	-	-	1.6	(0.1)	-	91.1	**92.6**
Issue of shares	0.3	4.4	(4.1)	-	-	-	-	-	**0.6**
Own shares purchased for share schemes	-	-	(3.3)	-	-	-	-	-	**(3.3)**
Own shares utilised for share schemes	-	-	8.3	(5.6)	-	-	-	(1.0)	**1.7**
Movement in share based schemes	-	-	-	3.7	-	-	-	-	**3.7**
Current tax on share based payments	-	-	-	-	-	-	-	0.7	**0.7**
Deferred tax on share based payments	-	-	-	-	-	-	-	(2.5)	**(2.5)**
Payment of dividend	-	-	-	-	-	-	-	(40.3)	**(40.3)**
At 2 October 2011	**48.3**	**15.0**	**(1.0)**	**7.8**	**9.0**	**22.4**	**87.3**	**(166.3)**	**22.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

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

The operating companies of the group are disclosed within note 32.

The financial statements were authorised for issue by the Board of Directors on 29 November 2011.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

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

Basis of consolidation

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

While the original acquisition of Britannia Soft Drinks Limited was accounted for under the merger method, in subsequent financial periods the acquisition method of accounting has been used. Under the acquisition method, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the income statement in the period of acquisition.

Revenue recognition

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

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

3. Accounting policies (continued)

Property, plant and equipment

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

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

Land is not depreciated.

Freehold properties are depreciated over 50 years.

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

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

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

Goodwill

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

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

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

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

Intangible assets

Trademarks, franchise rights and customer lists

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

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

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

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

3. Accounting policies (continued)

Intangible assets (continued)

Software Costs

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

Impairment of assets

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

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

Inventories and work in progress

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

Financial assets

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

Loans and receivables

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

3. Accounting policies (continued)

Derivative financial instruments and hedging

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

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

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

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the 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 income statement. Amounts previously recognised in other comprehensive income are transferred to the 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 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 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 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 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 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 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 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 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 or cancelled or expires.

3. Accounting policies (continued)

Share-based payments

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

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

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

Taxation

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

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

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

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.

3. Accounting policies (continued)

Pensions and post retirement benefits

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

Defined benefit plans

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

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

- The service cost of providing pension benefits to employees for the period which is recognised in the income statement.

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

- A credit representing the expected return on the plan assets during the year which is included within administrative expenses. This credit is based on the market value of the plan assets, and expected rates of return, at the beginning of the period.

- Actuarial gains and losses. These may result from: differences between the expected return and the actual return on plan assets; differences between the actuarial assumptions underlying the plan liabilities and actual experience during the year; or changes in the actuarial assumptions used in the valuation of the plan liabilities. Actuarial gains and losses, and taxation thereon, are recognised immediately in other comprehensive income.

Changes to benefits under a defined benefit plan are accounted for as follows:

- Past service cost is the increase in the present value of the defined benefit obligation for employee service in prior periods, resulting from changes to post-employment benefits. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested.

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

Defined contribution plans

Under defined contribution plans, contributions payable for the period are charged to the 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 income statement on a straight-line basis over the term of the leases to which they relate.

3. Accounting policies (continued)

Cash and cash equivalents

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

Trade and other receivables

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

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

Interest bearing loans and borrowings

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

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

Foreign currencies

Functional and presentation currency

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

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement other than those differences relating to financial instruments designated as part of a net investment hedge. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit and loss.

Foreign operations

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

Segmental reporting

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

3. Accounting policies (continued)

Issued share capital

Ordinary shares are classified as equity.

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

Nature and purpose of other reserves

Share premium account

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

Own shares reserve

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

Share scheme reserve

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

Hedging reserve

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

Translation reserve

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

Merger reserve

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

Own shares

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

Exceptional and other items

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

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

3. Accounting policies (continued)

Key judgements and sources of estimation uncertainty

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

Post retirement benefits

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

Impairment of goodwill and intangible assets with indefinite lives

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

Deferred tax

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

Cross currency interest rate swaps

The group measures cross currency interest rate swaps at fair value at each balance sheet date. The fair value represents the net present value of the difference between the projected cash flows at the swap contract rate and the relevant exchange/interest rate for the period from the balance sheet date to the contracted expiry date. The calculation therefore uses estimates of present value, future foreign exchange rates and interest rates. Information regarding cross currency interest rate swaps is provided in notes 23 and 27.

Other

The group also makes estimations and judgements in the valuation of share-based payments. However, the value of this item is such that any variation in the estimates used is unlikely to have a significant effect on the amounts recognised in the financial statements. Further details are given in note 29.

3. Accounting policies (continued)

New standards adopted in the current period

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

New standards and interpretations not applied

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

		Effective date – periods commencing on or after
International Financial Reporting Standards (IFRS)		
IFRS 7	Amendment to IFRS 7 - Disclosures – Transfers of financial assets	1 July 2011
IFRS 9	Financial Instruments – Classification and measurement	1 January 2013
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosures of interests in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
International Accounting Standards (IAS)		
IAS 1	Amendment to IAS 1 – Presentation of financial statements	1 July 2012
IAS 12	Amendment to IAS 12 – Income taxes	1 January 2012
IAS 19	IAS 19 (revised 2011) - Employee benefits	1 January 2013
IAS 24	Amendment to IAS 24 – Disclosure requirements for government related entities and definition of a related party	1 January 2011
IAS 27	IAS 27 (revised 2011) – Separate financial statements	1 January 2013
IAS 28	IAS 28 (revised 2011) – Investments in associates and joint ventures	1 January 2013
IFRS Interpretations Committee (IFRIC)		
IFRIC 14	Amendment – Prepayments of a minimum funding requirement	1 January 2011
IFRIC 20	Stripping costs in the production phase of a surface mine	1 January 2013
Other		
Annual improvements	Annual improvements 2010	1 January 2011

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

The most significant change for Britvic under IAS 19 revised is the replacement of interest cost and expected return on plan assets with a finance cost component which is determined by applying the same discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The difference between the actual return on plan assets and the discount rate will be presented in other comprehensive income. The effect at the date of adoption will depend on market interest rates, rates of return and the actual mix of scheme assets at that time. Following consultation with GB employees, the group principal pension scheme, the Britvic Pension Plan (BPP), was closed to future accrual for active members with effect from 10 April 2011 and the intention of the Trustees is to change the asset allocation over time to reduce the risk of volatility within the asset portfolio. Changes to the mix of scheme assets to reduce risk may also reduce the impact of IAS 19 revised.

4. Segmental reporting

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

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

These business units sell soft drinks into their respective markets.

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

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

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

4. Segmental reporting (continued)

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

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

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

*** Inter-segment revenues are eliminated on consolidation

4. Segmental reporting (continued)

Geographic information

Revenues from external customers

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

	2011 £m	2010 £m
United Kingdom	913.4	899.9
Other	377.0	238.7
Total revenue	**1,290.4**	**1,138.6**

Non-current assets

	2011 £m	2010 Restated* £m
United Kingdom	262.6	260.1
Republic of Ireland	128.7	131.5
France	196.0	200.9
Total	**587.3**	**592.5**

*Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

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

5. Exceptional and other items

		2011 £m	2010 £m
Net pension gain*	**(a)**	**13.2**	-
Asset impairments*	**(b)**	**-**	(116.1)
Costs in relation to the purchase of Britvic France*	**(c)**	**-**	(8.5)
Restructuring costs*	**(d)**	**(25.0)**	(5.7)
Head office relocation*	**(e)**	**(1.3)**	-
Onerous leases*	**(f)**	**-**	(3.1)
Write off of unamortised financing fees**	**(g)**	**(1.5)**	-
Other fair value movements***	**(h)**	**(10.6)**	(4.5)
Total exceptional and other items before tax		**(25.2)**	(137.9)

*Included within administration expenses in the consolidated income statement

**Included within finance costs in the consolidated income statement

*** For 2011, £nil (2010: £2.4m) included with cost of sales, £10.0m (2010: £1.3m) within administration expenses and £0.6m (2010: £0.8m) included within finance costs in the consolidated income statement.

a) This includes a pension curtailment gain of £17.7m arising due to the closure to future accrual of the defined benefit section of the Britvic Pension Plan. Offsetting the gain is a one off transitional payment of 10% of final salary to pension members of £2.9m and consultancy costs of £1.6m.

b) In 2010, asset impairments can be analysed as follows:

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

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

c) In 2010, costs relating to the purchase and integration of Britvic France were primarily Advisors' fees.

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

The 2011 costs principally relate to:

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

The 2010 costs related to:

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

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

f) In 2010, the onerous leases related to two sites within the Ireland business segment where, in addition to accruals made in previous years, incremental future lease commitments were accrued for based on our experience of the deterioration in the Irish property market during 2009/10.

g) Following the successful refinancing of the group's committed bank facility in March 2011 (see note 23), the unamortised 2009 refinancing fees of £1.5m have been written off to finance costs in the consolidated income statement.

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

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

6. Operating profit / (loss)

This is stated after charging:

	2011 £m	2010 £m
Cost of inventories recognised as an expense	**627.3**	509.2
Write-down of inventories to net realisable value	**2.3**	2.9
Research and development expenditure written off	**0.6**	1.7
Net foreign currency differences	**(0.1)**	4.0
Depreciation of property, plant and equipment	**35.6**	32.9
Amortisation of intangible assets	**12.9**	9.5
Operating lease payments – minimum lease payments	**16.6**	14.9

7. Auditors' remuneration

	2011 £m	2010 £m
Auditors' remuneration – audit of the group financial statements	**0.3**	0.4
Other fees to auditors		
- local statutory audits for subsidiaries	**0.1**	0.1
- Other services	**0.6**	0.2

In the current period, fees in the other services category comprise £0.1m for tax services, £0.1m for corporate finance services and £0.4m for other services. The fees in the other services category in the prior period comprise £0.15m of audit related fees and £0.05m of tax related fees.

8. Staff costs

	2011 £m	2010 £m
Wages and salaries*	**147.3**	123.9
Social security costs	**19.8**	14.1
Pension costs (note 24)	**(6.4)****	12.3
Expense of share based compensation (note 29)	**4.7**	9.4
	165.4	159.7

* £13.3m (2010: £2.6m) of this is included within 'restructuring costs' in exceptional and other items (note 5).

** Includes curtailment gain of £17.7m arising in relation to the Britvic Pension Plan which is in exceptional and other items (note 5).

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

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

	2011	2010
Distribution	**407**	395
Production	**1,516**	1,244
Sales and marketing	**1,114**	983
Administration	**495**	435
	3,532	3,057

9. Finance costs

	2011 **£m**	2010 £m
Bank loans, overdrafts and loan notes	**31.4**	25.5
Fair value movement on interest rate swap (see note 27)	**0.6**	0.8
Total finance costs	**32.0**	26.3

10. Taxation

a) Tax on loss on ordinary activities

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

10. Taxation (continued)

a) Tax on loss on ordinary activities (continued)

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

10. Taxation (continued)

b) Reconciliation of the total tax charge

The tax expense in the income statement is lower (2010: higher) than the standard rate of corporation tax in the UK of 27% (2010: 28%). The differences are reconciled below:

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

	Before exceptional & other items £m	Exceptional & other Items £m	Total £m
			2010
Profit / (loss) before tax	109.1	(137.9)	(28.8)
Profit / (loss) multiplied by the UK average rate of corporation tax of 28%	(30.5)	38.6	8.1
Permanent differences	(0.5)	(12.4)	(12.9)
Tax relief on share-based payments	0.1	-	0.1
Tax overprovided in previous years	1.5	0.8	2.3
Overseas tax rates	0.3	(17.3)	(17.0)
	(29.1)	9.7	(19.4)
Effective income tax rate	26.7%		(67.4%)

c) Unrecognised tax items

The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognised total £13.0m (2010: £11.6m). No deferred tax has been provided in respect of these differences, since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the future.

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

A deferred tax asset of £0.2m (2010: £nil) has not been recognised in respect of tax losses. The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised as it is not probable that future taxable profits will be available against which the group can utilise the benefits therefrom.

10. Taxation (continued)

d) Impact of rate change

The main rate of UK Corporation tax was reduced to 26% from 1 April 2011. The Finance Act 2011 further reduced the main rate of UK Corporation tax to 25% from 1 April 2012. The effect of the new rate is to reduce the deferred tax provision by a net £0.4m, comprising a credit of £1.2m to the Consolidated Income Statement and a charge of £0.8m to the Consolidated Statement of Comprehensive Income.

Additional changes to the main rate of UK Corporation Tax are proposed, to reduce the rate by 1% per annum to 23% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements. The effect of these proposed reductions would be to reduce the UK net deferred tax liability by £0.6m.

On 7 November 2011, the French government announced a proposal to apply a temporary two year 5% surcharge to the corporate tax liabilities of French companies whose turnover exceeds €250m. This change was only announced after the period end and consequently has not been included in these financial statements. The effect of this proposed increase would be to increase the Britvic France net deferred tax liability by £0.6m.

e) Deferred tax

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

	2011	2010
		Restated*
	£m	£m
Deferred tax liability		
Accelerated capital allowances	**(17.5)**	(19.7)
Acquisition fair value adjustments	**(20.2)**	(21.5)
Other temporary differences	**(0.1)**	(3.1)
Employee incentive plan	**-**	-
Deferred tax liability	**(37.8)**	(44.3)
Deferred tax asset		
Employee incentive plan	**3.7**	6.7
Post employment benefits	**7.4**	27.5
Other temporary differences	**3.7**	2.0
Deferred tax asset	**14.8**	36.2
Net deferred tax liability	**(23.0)**	(8.1)

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:

	2011	2010
		Restated*
	£m	£m
Net deferred tax assets	**-**	6.2
Net deferred tax liabilities	**(23.0)**	(14.3)
	(23.0)	(8.1)

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

	2011	2010
	£m	£m
Employee incentive plan	**(0.5)**	0.7
Accelerated capital allowances	**2.2**	1.0
Post employment benefits	**(3.4)**	(0.4)
Acquisition fair value adjustments	**0.9**	6.3
Other temporary differences	**5.5**	1.8
Deferred tax credit	**4.7**	9.4

£1.7m of the deferred tax credit in the current period relates to exceptional items (2010: £6.9m).

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

11. Earnings per share

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

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

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

	2011	2010
	£m	£m
Basic earnings per share		
Profit / (loss) for the period attributable to equity shareholders	**58.4**	(48.2)
Weighted average number of ordinary shares in issue for basic earnings per share	**240.4**	224.9
Basic earnings per share	**24.3p**	(21.4p)
Diluted earnings per share		
Profit / (loss) for the period attributable to equity shareholders	**58.4**	(48.2)
Weighted average number of ordinary shares in issue for diluted earnings per share	**246.4**	231.8
Diluted earnings per share	**23.7p**	(21.4p)*

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

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

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

	2011	2010
		Restated*
	£m	£m
Adjusted basic earnings per share		
Profit / (loss) for the period attributable to equity shareholders	**58.4**	(48.2)
Add: Net impact of exceptional and other items	**19.5**	128.2
Add: Intangible assets amortisation (acquisition related)	**3.1**	2.2
	81.0	82.2
Weighted average number of ordinary shares in issue for basic earnings per share	**240.4**	224.9
Adjusted basic earnings per share	**33.7p**	36.5p
Adjusted diluted earnings per share		
Profit for the period attributable to equity shareholders before exceptional items and other items and acquisition related intangible assets amortisation	**81.0**	82.2
Weighted average number of ordinary shares in issue for diluted earnings per share	**246.4**	231.8
Adjusted diluted earnings per share	**32.9p**	35.5p

* The add back of amortisation of intangible assets was previously stated on a total basis. In order to better reflect the ongoing underlying earnings, only acquisition related amortisation is now adjusted and comparatives have been restated accordingly.

12. Dividends paid and proposed

	2011	2010
	£m	£m
Declared and paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2010: 12.0p per share (2009: 10.9p per share)	**28.3**	23.6
Interim dividend for 2011: 5.1p per share (2010: 4.7p per share)	**12.0**	11.3
Dividends paid	**40.3**	34.9
Proposed for approval by the shareholders at the AGM		
Final dividend for 2011: 12.6p per share (2010: 12.0p per share)	**29.9**	28.7

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	Total £m
At 27 September 2009, net of accumulated depreciation and impairment	**48.0**	**35.0**	**86.6**	**56.5**	**226.1**
Exchange differences	(0.5)	(0.6)	(0.7)	(0.7)	(2.5)
Acquisitions	18.0	-	17.4*	0.6	36.0
Additions	1.6	1.0	18.0	17.4	38.0
Disposals at cost	-	-	(12.0)	(14.4)	(26.4)
Depreciation eliminated on disposals	-	-	7.2	13.2	20.4
Assets transferred which were previously held for sale	4.7	-	-	-	4.7
Depreciation charge for the year	(1.3)	(0.7)	(14.7)	(16.2)	(32.9)
Impairment	(8.8)	(5.8)	(1.1)	-	(15.7)
At 3 October 2010, net of accumulated depreciation and impairment	**61.7**	**28.9**	**100.7**	**56.4**	**247.7**
Exchange differences	(0.3)	(0.1)	(0.5)	(0.1)	**(1.0)**
Reclassifications	(0.3)	-	0.3	-	**-**
Acquisitions	0.5	-	0.1	-	**0.6**
Additions	1.4	0.5	23.7	12.6	**38.2**
Disposals at cost	(1.2)	(0.1)	(24.5)	(36.8)	**(62.6)**
Depreciation eliminated on disposals	0.7	-	23.8	33.2	**57.7**
Assets transferred to held for sale	(0.7)	-	-	-	**(0.7)**
Depreciation charge for the year	(1.9)	(0.5)	(18.0)	(15.2)	**(35.6)**
Impairment	-	-	(0.5)	-	**(0.5)**
At 2 October 2011, net of accumulated depreciation and impairment	**59.9**	**28.7**	**105.1**	**50.1**	**243.8**
At 2 October 2011					
Cost (gross carrying amount)	**78.6**	**40.6**	**256.1**	**161.4**	**536.7**
Accumulated depreciation and impairment	**(18.7)**	**(11.9)**	**(151.0)**	**(111.3)**	**(292.9)**
Net carrying amount	**59.9**	**28.7**	**105.1**	**50.1**	**243.8**
At 3 October 2010					
Cost (gross carrying amount)	79.2	40.3	257.0	185.7	562.2
Accumulated depreciation and impairment	(17.5)	(11.4)	(156.3)	(129.3)	(314.5)
Net carrying amount	61.7	28.9	100.7*	56.4	247.7

*Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

During the period, properties with a net book value of £26.6m, comprising freehold land and buildings of £21.4m and leasehold land and buildings of £5.2m, were transferred to Britvic Property Partnership (see note 24). These secure the future income stream to the pension plan.

Finance leases

The net book value of freehold land and buildings and plant and machinery includes £0.3m and £0.5m respectively (2010: £0.5m and £0.9m respectively) in respect of assets held under finance leases. The assets are pledged as security for the finance lease liabilities.

14. Intangible assets

	Trademarks	Franchise rights	Customer lists	Software costs	Goodwill	Total
	£m	£m	£m	£m	£m	£m
Cost as at 27 September 2009, net of accumulated amortisation	**73.3**	**25.6**	**15.1**	**27.0**	**152.1**	**293.1**
Exchange differences	(4.3)	(1.3)	(0.6)	0.2	(5.4)	(11.4)
Acquisitions	62.4	-	35.2	1.2	62.9*	161.7
Additions	-	-	-	9.6	-	9.6
Disposals at cost	-	-	-	(0.6)	-	(0.6)
Amortisation eliminated on disposals	-	-	-	0.6	-	0.6
Amortisation charge for the period	-	(0.8)	(1.4)	(7.3)	-	(9.5)
Impairment	(29.8)	-	(5.1)	-	(66.1)	(101.0)
Cost as at 3 October 2010, net of accumulated amortisation	**101.6**	**23.5**	**43.2**	**30.7**	**143.5**	**342.5**
Exchange differences	(1.7)	(0.2)	(0.5)	(0.2)	(1.1)	**(3.7)**
Acquisitions	-	-	-	-	0.4	**0.4**
Additions	-	-	-	11.9	-	**11.9**
Disposals at cost	-	-	-	(24.6)	-	**(24.6)**
Amortisation eliminated on disposals	-	-	-	24.3	-	**24.3**
Amortisation charge for the period	-	(0.7)	(2.4)	(9.8)	-	**(12.9)**
At 2 October 2011	**99.9**	**22.6**	**40.3**	**32.3**	**142.8**	**337.9**
At 2 October 2011						
Cost (gross carrying amount)	**129.8**	**25.5**	**51.0**	**51.8**	**208.9**	**467.0**
Accumulated amortisation and impairment	**(29.9)**	**(2.9)**	**(10.7)**	**(19.5)**	**(66.1)**	**(129.1)**
Net carrying amount	**99.9**	**22.6**	**40.3**	**32.3**	**142.8**	**337.9**
At 3 October 2010						
Cost (gross carrying amount)	131.5	25.7	51.5	64.7	209.6	483.0
Accumulated amortisation and impairment	(29.9)	(2.2)	(8.3)	(34.0)	(66.1)	(140.5)
Net carrying amount	101.6	23.5	43.2	30.7	143.5*	342.5

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

Trademarks

Britvic Ireland and Britvic France

Trademarks represent those trade names acquired which the group plans to maintain. All trademarks have been allocated an indefinite life by management. A list of the trademarks held in respect of the Britvic Ireland and Britvic France segments is shown in note 16.

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

14. Intangible assets (continued)

Franchise rights

Franchise rights represent the franchise agreements acquired as part of the Britvic Ireland business combination which provide the long term right to distribute certain soft drinks. These agreements have been allocated a 35 year useful economic life. As at 2 October 2011 these intangible assets have a remaining useful life of 31 years. The franchise agreement itself has a contract life less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the contract is highly probable.

Customer lists

Britvic France

Customer lists recognised on the acquisition of Britvic France relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 20 years. At 2 October 2011 these intangible assets have a remaining useful life of 19 years.

Britvic Ireland

Customer lists represent those customer relationships acquired which are valued in respect of the grocery and wholesale businesses. These customer lists have been allocated useful economic lives of between 10 and 20 years. At 2 October 2011 these intangible assets have a remaining useful life of between 6 and 16 years.

Software costs

Software is capitalised at cost. These intangible assets have been assessed as having finite lives and are amortised using the straight-line method over a period of 3 to 7 years. These assets are tested for impairment where an indicator of impairment arises. As at 2 October 2011 these intangible assets have a remaining useful life of up to 6 years.

Goodwill

Goodwill is not amortised. Instead it is subject to an impairment review at each reporting date in accordance with IAS 36 'Impairment of Assets'. Further detail is provided in note 16.

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

15. Business combinations

There were no material acquisitions during the period.

Acquisition of Britvic France

On 28 May 2010, the group acquired Britvic France for a cash consideration of €186.4m (translated at £160.5m at the time of acquisition).

The initial fair value / acquisition accounting for Britvic France was determined provisionally in the financial statements for the 53 weeks ended 3 October 2010. The fair value adjustments have now been finalised and are shown in the table below. The overall impact of the changes made result in an increase to goodwill of £1.0m. The comparatives for the 53 weeks ended 3 October 2010 have been adjusted in these financial statements to reflect these updated fair values accordingly.

The difference between the fair value of the consideration paid and the fair value of the identifiable net assets acquired is recognised as goodwill. Included in goodwill are certain intangible assets that cannot be separated and reliably measured due to their nature. These items include the favourable market presence which Britvic France enjoys, an assembled workforce and anticipated future operating synergies from the combination.

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

	Book value €m	Fair value adjustments €m	Fair value €m	Fair value £m
Intangible assets	81.4	33.3	114.7	98.8
Property, plant and equipment	27.2	14.7	41.9	36.0
Other financial assets	2.3	-	2.3	2.0
Inventories	35.7	2.1	37.8	32.6
Trade and other receivables	73.2	-	73.2	63.0
Cash and cash equivalents	10.0	-	10.0	8.6
Trade and other payables	(86.2)	-	(86.2)	(74.2)
Pension liability	(1.2)	-	(1.2)	(1.0)
Interest bearing loans and borrowings	(53.4)	-	(53.4)	(46.0)
Other non-current liabilities	(3.8)	-	(3.8)	(3.3)
Other financial liabilities	(0.9)	-	(0.9)	(0.8)
Deferred tax liability	-	(17.7)	(17.7)	(15.3)
Current income tax payable	(1.8)	(1.5)	(3.3)	(2.8)
Net assets acquired	82.5	30.9	113.4	97.6
Purchased goodwill			73.0	62.9
Cost of investment satisfied by cash consideration			186.4	160.5

16. Impairment testing of intangible assets

Goodwill

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

- Orchid;
- Tango;
- Robinsons;
- Britvic Soft Drinks business ('BSD');
- Water Business;
- Britvic Ireland; and
- Britvic France.

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

Carrying amount of goodwill

	Orchid	Tango	Robinsons	BSD	Water	Britvic Ireland	Britvic France Restated	**Total**
	£m	£m	£m	£m	£m	£m	£m	**£m**
At 2 October 2011	6.0	8.9	38.6	7.8	1.7	17.0	62.8	**142.8**
At 3 October 2010	6.0	8.9	38.6	7.8	1.7	16.8	63.7*	**143.5**

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

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

Apart from a £0.4m increase in goodwill in Ireland relating to the non-material acquisition of Quinn's of Cookstown, there are no movements from the prior year other than translation movements.

Trademarks with indefinite lives

Carrying amount of trademarks with indefinite lives in the Ireland segment

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

	Britvic	Cidona	Mi-Wadi	Ballygowan	Club
	£m	£m	£m	£m	£m
At 2 October 2011	6.4	5.7	8.8	2.4	14.6
At 3 October 2010	6.5	5.8	8.9	2.5	14.8

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

16. Impairment testing of intangible assets (continued)

Carrying amount of trademarks with indefinite lives in the France segment

Additional trademarks with indefinite lives were recognised as part of the fair value exercise on the 2010 acquisition of Britvic France. These trademarks have been allocated by senior management to four individual cash-generating units for impairment testing as follows:

	Teisseire	Moulin de Valdonne	Pressade	Fruité
	£m	£m	£m	£m
At 2 October 2011	49.1	4.0	4.6	4.3
At 3 October 2010	49.9	4.1	4.7	4.4

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

Method of impairment testing

The recoverable amount of the goodwill and intangible assets allocated to the cash-generating units detailed above has been determined based on a value in use calculation. To calculate this, 20 year cash flow projections are based on financial budgets prepared by senior management and approved by the Board of Directors. A 20 year cash flow period has been used reflecting the current economic uncertainty in the markets in which we operate.

The group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing. The pre-tax discount rate applied to pre-tax cash flow projections is 11 per cent (2010: 11 per cent) for goodwill relating to Britvic GB. A pre-tax discount rate of 11 per cent (2010: 10 per cent) was applied for the Britvic Ireland goodwill and trademarks recognised on the acquisition of Britvic Ireland. A pre-tax discount rate of 12 per cent was applied for the Britvic France goodwill and trademarks recognised on the acquisition of Britvic France.

Cash flows beyond a one year period are extrapolated based on senior management forecasts for the following four years and beyond that based on growth and inflationary assumptions as described below. No growth besides inflationary growth increases is assumed beyond five years given the current economic uncertainty. Senior management expectations are formed in line with performance to date and experience, as well as available external market data.

Key assumptions used in value in use calculation

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

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

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

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

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

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

16. Impairment testing of intangible assets (continued)

Conclusions

In 2010, impairment losses were recognised in respect of Red Devil goodwill (£5.0m), Orchid goodwill (£6.4m), Britvic Ireland goodwill (£54.7m), Britvic Ireland indefinite life trademarks (£29.7m) and Britvic Ireland finite life trademarks (£0.1m). No further impairments have been identified during 2011 and for all cash-generating units, with the exception of Orchid, there are no reasonably possible changes in key assumptions other than a further, currently unforecast material decline in the prospects for the economies in which the group operates, which would cause the value of the goodwill or any of the intangible assets with indefinite lives to materially fall short of their carrying value. For the Orchid cash generating unit, no growth has been assumed in the cash flow projections. Based on this assumption, the recoverable amount exceeds the carrying amount by approximately £0.7m. A decline in volumes of 2% per annum in the five year forecasts used would reduce this to £nil.

Intangible assets with finite lives

Franchise rights

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

Customer lists

As part of the fair value exercise regarding the acquisitions of Britvic Ireland in 2007 and Britvic France in 2010, customer list assets with finite lives were recognised. Management have reviewed trading levels with those customers since acquisition and in the prior year identified a number of material reductions which have been directly attributed to the difficult trading conditions experienced in Ireland due to the sustained economic downturn. As a result an impairment loss of £5.1m was recognised in 2010.

No indicators of impairment have been identified in the current year and accordingly no further impairments have been recognised in respect of customer lists.

Recognition of impairment losses

In 2010, impairment losses, in respect of intangible assets as detailed above, totalling £101.0m were recognised in the income statement within exceptional administration expenses. £11.4m related to the GB carbs business segment and £89.6m related to the Britvic Ireland business segment.

17. Other receivables (non-current)

	2011	2010
	£m	£m
Operating lease premiums	**2.3**	2.3
Prepayments	**3.1**	-
Other	**0.2**	-
Total other receivables (non-current)	**5.6**	2.3

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

18. Inventories

	2011	2010
		Restated*
	£m	£m
Raw materials	**28.6**	22.9
Finished goods	**49.2**	50.8
Consumable stores	**6.1**	6.0
Returnable packaging	**4.6**	3.9
Total inventories at lower of cost and net realisable value	**88.5**	83.6

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

19. Trade and other receivables (current)

	2011 £m	2010 £m
Trade receivables	**209.1**	184.4
Other receivables	**10.8**	8.8
Prepayments	**30.1**	34.8
	250.0	228.0

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the group operates. As at 2 October 2011, trade receivables at nominal value of £1.2m (2010: £1.2m) were impaired and fully provided against. Movements in the provision for impairment of receivables were as follows:

	Total £m
At 27 September 2009	1.3
Acquisition	0.5
Charge for period	0.8
Utilised	(0.6)
Unused amounts reversed	(0.8)
At 3 October 2010	1.2
Charge for period	1.0
Utilised	(0.5)
Unused amounts reversed	(0.5)
At 2 October 2011	**1.2**

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

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

As at 2 October 2011, the ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total £m	Neither past due nor impaired £m	<30 days £m	30 – 60 days £m	60 – 90 days £m	90 – 120 days £m	> 120 days £m
2011	**209.1**	**194.1**	**12.0**	**0.8**	**0.5**	**0.5**	**1.2**
2010	184.4	172.2	7.5	2.1	1.7	0.9	-

The credit quality of trade receivables that are neither past due nor impaired is considered good. Refer to note 26 for details of the group's credit risk policy. The group does however monitor the credit quality of trade receivables by reference to credit ratings available externally.

20. Cash and cash equivalents

	2011	2010
	£m	£m
Cash at bank and in hand	**43.0**	54.0

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

At 2 October 2011, the group had available £400.0m (2010: £213.0m) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met.

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

21. Non-current assets held for sale

	2011	2010
	£m	£m
Net transfer from property, plant and equipment	**0.7**	-

The current period transfer relates to a property held for sale in Britvic France. The sale of the property completed on 10 November 2011. There was no gain or loss on transfer from property, plant and equipment to non-current assets held for sale.

22. Issued share capital

The issued share capital as at 2 October 2011 comprised 241,400,052 ordinary shares of £0.20 each (2010: 239,906,178 ordinary shares), totalling £48,280,010 (2010: £47,981,236).

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

	2011	2010
	£m	£m
Authorised		
327,500,000 ordinary shares of £0.20 each	**65.5**	65.5
Called up, issued and fully paid ordinary shares		
241,400,052 (2010: 239,906,178) ordinary shares of £0.20 each	**48.3**	48.0

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

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

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

Of the issued and fully paid ordinary shares, 258,683 shares (2010: 466,343 shares) are treasury shares. This equates to £51,737 (2010: £93,269) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 29.

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

23. Interest bearing loans and borrowings

	2011	2010
	£m	£m
Non-current		
Finance leases	**(1.2)**	(1.5)
Unsecured bank loans	**(2.2)**	(126.3)
Private placement notes	**(574.4)**	(445.7)
Less unamortised issue costs	**4.6**	3.6
Total non-current	**(573.2)**	(569.9)

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

	2011	2010
	£m	£m
Finance leases	**(1.2)**	(1.5)
2007 Notes	**(278.6)**	(275.0)
2009 Notes	**(174.3)**	(167.9)
2010 Notes	**(116.5)**	-
Accrued interest	**(5.0)**	(3.8)
Unsecured bank loans	**(2.2)**	(125.3)
Capitalised issue costs	**4.6**	3.6
	(573.2)	(569.9)

Analysis of changes in interest-bearing loans and borrowings

	2011	2010
	£m	£m
At the beginning of the period (non-current liabilities)	**(569.9)**	(450.7)
Acquisition of Britvic France	**-**	(46.0)
Net loans repaid	**123.4**	95.0
Issue of 2010 / 2009 Notes	**(113.9)**	(149.8)
Issue costs	**3.9**	1.2
Amortisation and write off of issue costs	**(2.9)**	(1.7)
Net translation loss / fair value adjustment	**(12.6)**	(17.1)
Accrued interest	**(1.2)**	(0.8)
At the end of the period (non-current liabilities)	**(573.2)**	(569.9)
Derivatives hedging balance sheet debt*	**78.2**	64.7
Debt translated at contracted rate	**(495.0)**	(505.2)

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

23. Interest bearing loans and borrowings (continued)

Bank loans

In March 2011, the group reached agreement with its banks to refinance £333m of existing bank facilities which were due to mature in May 2012. The previous 3 year facility has been replaced with a new six-bank £400m revolving multi-currency 5 year facility which will mature in March 2016.

The unsecured bank loans classified as non-current are repayable in December 2012 and 2018 (2010: May 2012).

Loans outstanding at 2 October 2011 attract interest at an average rate of 5.09% for euro denominated loans (2010: 3.04%). There were no sterling denominated loans outstanding at 2 October 2011 (2010: Nil).

Private placement notes

2007 Notes

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

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

Britvic plc makes quarterly and semi-annual interest payments in the currency of issue. The Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the company. In order to manage the risk of foreign currency and interest rate fluctuations, the group has entered into currency interest rate swaps whereby fixed / floating US dollar interest is swapped for fixed sterling interest. The swap contracts have the same duration and other critical terms as the borrowings which they hedge and are designated as part of effective hedge relationships (see note 27).

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

2009 Notes

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

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

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

23. Interest bearing loans and borrowings (continued)

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

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

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

2010 Notes

On 17 December 2010, Britvic plc issued US$163m and £7.5m of Senior Notes in the United States Private Placement market ('the 2010 Notes'). The 2010 Notes are additional borrowings to the 2007 and 2009 Notes. The proceeds from the 2010 Notes were principally used to repay amounts drawn on the group's existing borrowings. Issue costs incurred in the period relate to the issue of the 2010 Notes and the refinancing of the group's bank facilities.

Britvic plc makes semi-annual interest payments in US dollars with the first payment being made on 17 June 2011. The 2010 Notes are unsecured and rank pari passu in right of repayment with other senior unsecured indebtedness of the group.

In order to manage foreign exchange risk, interest rate risk and to ensure an appropriate mix of sterling and euro funding, the group has entered into a number of cross currency interest rate swaps. The 2010 Notes were swapped into a mix of fixed and floating rate sterling and euro liabilities through a series of US dollar to sterling and sterling to euro swap instruments. These cross currency interest rate swap contracts have the same duration and other critical terms as the relevant borrowings they hedge and are designated as part of effective hedge relationships (see note 27).

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

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

As detailed in the table above, the 2010 USPP cross currency swaps converted an amount of US dollar borrowings into a £35.6m floating rate sterling liability. To mitigate exposure in a proportion of this liability, £20m of 3-year interest rate swaps were transacted with an effective date of December 2011.

24. Pensions

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

Contributions are paid into the Plan in accordance with the recommendations of an independent actuary and as outlined in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. Following the conclusion of the previous triennial valuation, the final annual payment of £10m contributions in respect of the funding shortfall, outlined in the recovery plan, was made by 31 December 2010. As a result of the latest formal valuation, a proposal was set out under which a monetary contribution or contributions will be made to enable the Trustee of the BPP to acquire an interest in a limited partnership. This partnership interest is intended to provide the Trustee with an income of at least £5m per annum in each year over a 15 year period together with a final payment of up to a maximum of £105m to the extent required under funding conditions to be agreed to the satisfaction of the Trustee and the company, at the end of the 15 year period.

A first tranche of this proposal was completed prior to the period end. Britvic Scottish Limited Partnership (Britvic SLP) and Britvic Property Partnership (Britvic PP) were established by the group and properties with a market value of £28.6m were then transferred to Britvic PP and leased back to Britvic Soft Drinks Limited. Britvic SLP holds an investment in Britvic PP.

The BPP is a partner in Britvic SLP and is entitled to a share of the profits of the partnership over the next 15 years. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at that time, up to a maximum value of £25m. At that point the group may be required to transfer this amount in cash to the BPP.

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

In addition to the expected partnership income of at least £5m per annum, the group will make payments to the BPP of £5m by 31 December 2011, £7.5m by 31 December 2012 and £15m per annum by 31 December of each year from 2013 to 2017. In the event that further tranches of the proposal do not proceed, the BPP will instead receive total contributions of £10m by 31 December 2011, £12.5m by 31 December 2012 and £20m per annum by 31 December of each year from 2013 to 2022 inclusive.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the income statement for 2011 was £5.8m (2010: £3.6m).

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

In the Republic of Ireland, employees continued to participate in a number of C&C Group pension schemes following the acquisition until transferring into two newly formed pension plans called the Britvic Ireland Defined Contribution Pension Plan and the Britvic Ireland Defined Benefit Pension Plan (BIPP) on 1 September 2008. Since 1 March 2006 new employees have been offered membership of the defined contribution plan in the first instance, with the ability to transfer into the defined benefit plan for future service benefits after a period of 5 years. The first formal actuarial valuation was carried out at 31 December 2009 and is still being finalised.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the Income Statement for 2011 was £0.6m (2010: £0.4m).

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

The assets and liabilities of the pension schemes were valued on an IAS 19 basis at 2 October 2011 by Towers Watson (BPP) and Mercer (BIPP and BNIPP).

Included within the pension liability on the consolidated balance sheet is an accrual of £1.4m (2010: £1.1m) for retirement indemnities in respect of Britvic France. This liability is considered to be immaterial and no further disclosure is included within this note.

24. Pensions (continued)

Principal Assumptions

Financial Assumptions

	2011 % ROI	**2011 % NI**	**2011 % GB**	2010 % ROI	2010 % NI	2010 % GB
Discount rate	5.35	5.20	5.60	4.90	5.00	5.05
Rate of compensation increase	3.00	4.00	n/a	3.00	4.50	4.50
Expected long term return on plan assets	5.90	6.71	5.83	6.00	6.65	5.82
Pension increases	3.00	3.00	2.30-3.40	3.00	2.30-3.40	2.30-3.40
Inflation assumption	2.00	3.00	3.50	2.00	3.50	3.50

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

Demographic assumptions

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

	2011 Years ROI	**2011 Years NI**	**2011 Years GB**	2010 Years ROI	2010 Years NI	2010 Years GB
Current pensioners (at age 65) – males	22.7	20.9	22.0	22.7	20.9	21.9
Current pensioners (at age 65) – females	24.4	23.7	24.5	24.4	23.7	24.2
Future pensioners currently aged 45 (at age 65) – males	25.6	22.7	24.2	25.6	22.6	24.1
Future pensioners currently aged 45 (at age 65) – females	26.7	25.2	26.9	26.7	25.1	26.6

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

Sensitivities

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

Assumption	**Change in assumption**	**Impact on ROI plan liabilities**	**Impact on NI plan liabilities**	**Impact on GB plan liabilities**
Discount rate	Increase/Decrease by 0.1%	Decrease/Increase by £1.7m	Decrease/Increase by £0.5m	Decrease/Increase by £9.5m
Inflation rate	Increase/Decrease by 0.1%	Increase/Decrease by £0.9m	Increase/Decrease by £0.2m	Increase/Decrease by £6.8m
Mortality rate	Increase in life expectancy by one year	Increase by £1.4m	Increase by £0.6m	Increase by £12.9m

24. Pensions (continued)

Net benefit income / (expense)

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

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

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

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

Taken to the statement of comprehensive income

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

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

24. Pensions (continued)

Net liability

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

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

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

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

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

24. Pensions (continued)

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

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

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

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

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

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

24. Pensions (continued)

Analysis of expected return on assets by categories of scheme assets

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

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

History of experience gains and losses

	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
Fair value of schemes assets	**527.3**	523.8	461.9	424.5	479.3
Present value of defined benefit obligations	**(571.0)**	(641.0)	(547.0)	(448.4)	(484.9)
Deficit in the schemes	**(43.7)**	(117.2)	(85.1)	(23.9)	(5.6)
Experience adjustments arising on plan liabilities	**1.5**	36.7	2.0	3.3	(17.2)
Experience adjustments arising on plan assets	**(26.7)**	27.2	(2.7)	(98.9)	13.6

The cumulative amount of actuarial gains and losses recognised since 4 October 2004 in the group statement of comprehensive income is an overall loss of £58.4m (2010: loss of £103.5m). The Directors are unable to determine how much of the pension scheme deficit recognised on transition to IFRS and taken direct to equity of £1.3m is attributable to actuarial gains and losses since the inception of those pension schemes. Consequently, the Directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the group statement of comprehensive income before 4 October 2004.

Normal contributions of £2.0m and additional contributions of £11.5m are expected to be paid into the pension schemes during the 2012 financial year.

25. Trade and other payables (current)

	2011	2010
		Restated*
	£m	£m
Trade payables	**235.9**	231.9
Other payables	**8.7**	11.3
Accruals and deferred income	**89.0**	74.8
Other taxes and social security	**36.5**	30.4
	370.1	348.4

*Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

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

26. Financial risk management objectives and policies

Overview

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

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

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

Interest rate risk

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

The group's policy is to manage its interest cost by maintaining a mix of fixed and variable rate debt. The group's policy is to have an average over the next three years of between 25% and 80% of its borrowings at fixed rates of interest. To manage this, the group enters into interest rate swaps, cross currency swaps and forward rate agreements which are designated to hedge underlying debt obligations. At 2 October 2011, after taking into account the effect of these instruments, approximately 82% of the group's borrowings are at a fixed rate of interest (2010: 63%).

Interest rate risk table

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

	Increase / (decrease) in basis points	Effect on profit /loss before tax £m	Effect on equity £m
2011			
Sterling	**200**	**0.4**	**28.9**
	(200)	**(0.1)**	**(32.8)**
Euro	**200**	**3.5**	**6.8**
	(200)	**(2.3)**	**(8.2)**
2010			
Sterling	200	(0.9)	26.4
	(200)	0.9	(30.4)
Euro	200	2.3	8.5
	(200)	(3.1)	(10.5)

Foreign currency risk

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

The group also has transactional exposures arising from purchases of prime materials, capital expenditure and interest costs in currencies other than the functional currency of the individual group entities. Non functional currency purchases and interest costs are made in the currencies of US dollars and euros. As at 2 October 2011, the group has hedged 67% (2010: 68%) of forecast net exposures 12 months in advance using forward foreign exchange contracts.

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

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

26. Financial risk management objectives and policies (continued)

Foreign currency risk (continued)

	Increase / (decrease) in currency rate %	Effect on profit before tax £m	Effect on equity £m
2011			
Sterling / euro	**10**	**(0.4)**	**5.0**
	(10)	**0.4**	**(5.0)**
Sterling / US dollar	**10**	**-**	**1.2**
	(10)	**-**	**(1.2)**
Euro / US dollar	**10**	**-**	**1.7**
	(10)	**-**	**(1.7)**
2010			
Sterling / euro	10	(0.1)	3.5
	(10)	0.1	(3.5)
Sterling / US dollar	10	(0.1)	0.7
	(10)	0.1	(0.7)
Euro / US dollar	10	-	1.4
	(10)	-	(1.4)

Credit risk

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

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

Commodity price risk

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

Share schemes equity price risk

The group operates several employee incentive share schemes. It has an exposure to the share price for the schemes in which shares are purchased in the market to satisfy the requirements of the plan. To hedge this risk the group has entered into a number of total return share swaps against schemes maturing in 2011, 2012 and 2013.

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

	Increase / (decrease) in share price %	Effect on profit before tax £m
2011	**10**	**1.9**
	(10)	**(1.9)**
2010	10	2.2
	(10)	(2.2)

26. Financial risk management objectives and policies (continued)

Liquidity risk

The group monitors its risk of a shortage of funds using rolling cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations. The objective of the group's liquidity policy is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts and long term private placement issuance. The bank loans entered into by the group are unsecured. At 2 October 2011, none of the group's debt will mature in less than one year (2010: none).

The table below summarises the maturity profile of the group's financial liabilities at 2 October 2011 based on contractual undiscounted payments:

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

2010	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Unsecured bank loans	3.8	128.1	-	131.9
Private placement notes	23.6	195.3	375.4	594.3
Derivatives hedging private placement notes - payments	16.7	139.6	431.9	588.2
Derivatives hedging private placement notes - receipts	(23.3)	(179.4)	(483.7)	(686.4)
	17.0	155.5	323.6	496.1
Interest rate swap - payments	0.7	5.9	0.7	7.3
Interest rate swap - receipts	(0.4)	(3.1)	(0.4)	(3.9)
	0.3	2.8	0.3	3.4
Trade and other payables	318.0*	-	-	318.0
Finance leases	-	0.7	0.8	1.5
Other financial liabilities	1.4	-	-	1.4
	340.5	287.1	324.7	952.3

* Restated following the finalisation of the fair value allocation of Britvic France, acquired on 28 May 2010.

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

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

26. Financial risk management objectives and policies (continued)

Fair value hierarchy

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

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

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

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

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

2010	Assets £m	Liabilities £m
Level 1	-	-
Level 2		
- Derivatives used for hedging	82.0	(4.3)
- Financial instruments at fair value through profit or loss	0.1	(0.9)
Level 3	-	-
Total	82.1	(5.2)

Capital management

The group defines ‘capital’ as being net debt plus equity.

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

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

The group monitors capital on the basis of the adjusted net debt / EBITDA ratio. Adjusted net debt is calculated as being the net of cash and cash equivalents, interest bearing loans and borrowings and the element of the fair value of interest rate currency swaps hedging the balance sheet value of the US private placement Notes. Adjusted net debt is shown in note 30. The adjusted net debt / EBITDA ratio enables the group to plan its capital requirements in the medium term. The group uses this measure to provide useful information to financial institutions and investors. The group believes that an adjusted net debt / EBITDA ratio in the range of 2.0 – 3.0 provides an efficient capital structure and an appropriate level of financial flexibility. At 2 October 2011 the adjusted net debt / EBITDA ratio was 2.4 (2010: 2.4).

27. Derivatives and hedge relationships

Fair values of financial assets and financial liabilities

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

	Book value 2011 £m	**Fair value 2011 £m**	Book value 2010 £m	Fair value 2010 £m
Financial assets				
Cash	**43.0**	**43.0**	54.0	54.0
Cross currency interest rate swaps*	**93.0**	**93.0**	81.3	81.3
Share swaps*	**-**	**-**	0.1	0.1
Favourable contracts recognised on the acquisition of Britvic France**	**-**	**-**	0.3	0.3
Forward currency contracts**	**1.8**	**1.8**	0.7	0.7
Foreign exchange swaps**	**1.1**	**1.1**	-	-
	138.9	**138.9**	136.4	136.4
Financial liabilities				
Interest-bearing loans and borrowings (bank loans and private placement notes):				
Fixed rate borrowings	**(563.4)**	**(616.7)**	(433.5)	(481.2)
Floating rate borrowings	**(8.6)**	**(8.6)**	(134.9)	(134.9)
Finance leases	**(1.2)**	**(1.2)**	(1.5)	(1.5)
Forward currency contracts***	**(0.3)**	**(0.3)**	(1.3)	(1.3)
Unfavourable contracts recognised on the acquisition of Britvic France***	**-**	**-**	(0.1)	(0.1)
Cross currency interest rate swaps****	**(2.4)**	**(2.4)**	(3.0)	(3.0)
Interest rate swaps****	**(1.4)**	**(1.4)**	(0.9)	(0.9)
Forward rate agreements***	**(0.1)**	**(0.1)**	-	-
Share swaps***	**(3.9)**	**(3.9)**	-	-
Share swaps****	**(5.9)**	**(5.9)**	-	-
	(587.2)	**(640.5)**	(575.2)	(622.9)

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

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

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

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

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

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

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

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

Derivatives not designated as part of hedge relationships

Interest rate swaps

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

From the 2010 USPP issuance an amount of $55m was swapped into £35.6m of floating rate sterling liability. To mitigate exposure for a proportion of this liability, £20m of 3-year interest rate swaps were transacted with an effective date of December 2011.

27. Derivatives and hedge relationships (continued)

Derivatives not designated as part of hedge relationships (continued)

Forward rate agreement

To mitigate exposure to floating interest rates at the next interest rate fixing on the remaining €72m of 2009 floating rate euro liability, a series of forward rate agreements with a notional totalling €70m were transacted with an effective date of December 2011.

Share swaps

The group operates several employee incentive share schemes. It has an exposure to the share price for the schemes in which shares are purchased in the market to satisfy the requirements of the plan. To hedge this risk the group has entered into a number of total return share swaps against schemes maturing in 2011, 2012 and 2013.

Foreign exchange swaps

As part of operational cash management €108m of euro / sterling FX swaps were in existence at 2 October 2011.

Hedging activities

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

	2011 £m	2010 £m
Consolidated balance sheet		
Non-current assets: Other financial assets		
Fair value of the 2007 cross currency interest rate swaps[1]	**61.6**	58.0
Fair value of the 2009 USD GBP cross currency interest rate swaps[3]	**29.6**	23.3
Fair value of the 2009 GBP euro cross currency interest rate swaps[2]	**0.6**	-
Fair value of the 2010 USD GBP cross currency floating interest rate swaps[3]	**1.2**	-
Current assets: Other financial assets		
Fair value of forward currency contracts[1]	**1.8**	0.7
Current liabilities: Other financial liabilities		
Fair value of forward currency contracts[1]	**(0.3)**	(1.3)
Non-current liabilities: Other financial liabilities		
Fair value of the 2009 GBP euro cross currency interest rate swaps[2]	**-**	(0.4)
Fair value of the 2010 GBP euro cross currency interest rate swaps[2]	**(1.1)**	(1.2)
Fair value of the 2010 USD GBP cross currency floating interest rate swaps[3]	**-**	(0.7)
Fair value of the 2010 USD GBP cross currency fixed interest rate swaps[1]	**(1.3)**	(0.7)

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

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

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

27. Derivatives and hedge relationships (continued)

As at the 2 October 2011 these hedging relationships are categorised as follows:

Cash flow hedges

Forward currency contracts

At 2 October 2011, the group held 72 (2010: 60) US dollar and 51 (2010: 30) euro forward exchange contracts (the 'forward currency contracts') designated as hedges of expected future purchases from suppliers in US dollars and euros which the group believe to be highly probable transactions. The forward currency contracts are being used to hedge the foreign currency risk of these highly probable transactions.

The forward currency contracts hedge the expected future purchases in the period to 30 September 2012 and have been assessed as part of effective cash flow hedge relationships. At the period end there is a net unrealised gain of £1.5m (2010: net unrealised loss of £0.6m), with a related deferred tax liability of £0.4m (2009: related deferred tax asset of £0.1m), which has been included in equity in respect of these contacts.

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

Forward contracts to hedge expected future purchases	**Maturity range**	**Average exchange rate**
2011		
£ / US$19.4m	**Oct 11 to Jul 12**	**£ / US$1.62**
£ / € 57.5m	**Oct 11 to Aug 12**	**£ / €1.16**
€ / US$26.8m	**Oct 11 to Sept 12**	**€ / US$1.43**
2010		
£ / US$10.3m	Oct 10 to Sept 11	£ / US$1.54
£ / €40.2m	Oct 10 to Jul 11	£ / €1.15
€ / US$21.3m	Oct 10 to Sept 11	€ / US$1.31

Cross currency interest rate swaps

2007 Notes / 2007 cross currency interest rate swaps

The group continues to have a number of cross currency interest rate swaps relating to the 2007 Notes. These cross currency interest rate swaps (the '2007 cross currency interest rate swaps') have the effect of fixing the borrowings into sterling and the rate of interest payable on the 2007 Notes. The 2007 cross currency interest rate swap instruments have the same duration and other critical terms as the 2007 Notes and continue to be designated as part of a cash flow hedge relationship with the 2007 Notes. This has been assessed to be a highly effective relationship as at 2 October 2011. The fair value of the 2007 cross currency interest rate swap instruments at 2 October 2011, included within 'Non-current assets: Other financial assets' on the balance sheet, was £61.6m (2010: £58.0m). The movement in the fair value has been taken to Consolidated Statement of Comprehensive Income. A total of £3.6m (2010: £1.9m) has been recycled to the Consolidated Income Statement to match the foreign exchange movement on the 2007 Notes. Within equity there is a net unrealised gain of £11.4m (2010: net unrealised gain of £11.4m) with a related deferred tax liability of £2.9m (2010: deferred tax liability of £3.1m) in respect of the 2007 cross currency interest rate swap instruments.

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

The group continues to have a number of cross currency interest rate swaps relating to the 2010 Notes. These instruments swap the principal and interest from US dollar into sterling (the '2010 USD GBP cross currency fixed interest rate swaps'). The 2010 USD GBP cross currency interest rate swaps which swap interest from fixed US dollar to fixed sterling are designated as part of a cash flow hedge relationship with the future cash flows associated with the 2010 Notes. This has been assessed to be a highly effective relationship as at 2 October 2011. The fair value of these instruments at 2 October 2011, included within 'Non-current liabilities: Other financial liabilities' on the balance sheet, was £1.3m (3 October 2010: £0.7m) with a related deferred tax asset of £0.2m (3 October 2010: deferred tax asset of £0.2m). The movement in fair value has been taken to equity. A total of £0.7m (3 October 2010: £nil) has been recycled to the Consolidated Income Statement to match the foreign exchange movement on the 2010 Notes. Within equity there is a net unrealised loss of £0.7m (3 October 2010: net unrealised loss of £0.7m) with a related deferred tax asset of £0.2m (3 October 2010: deferred tax asset of £0.2m) in respect of the 2010 cross currency interest rate swap instruments.

27. Derivatives and hedge relationships (continued)

Fair value hedges

2009 Notes / 2009 USD GBP cross currency interest rate swaps

The group continues to have a number of cross currency interest rate swaps in respect of the 2009 Notes. These instruments swap the principal and interest from fixed US dollar into floating sterling (the '2009 USD GBP cross currency interest rate swaps'). The 2009 USD GBP cross currency interest rate swaps are designated as part of a fair value hedge relationship with the 2009 Notes. The fair value movements on the 2009 USD GBP cross currency interest rate instruments are recorded in the Consolidated Income Statement, as is the fair value movement in the 2009 Notes. The 2009 USD GBP cross currency interest rate swap contracts have the same duration and other critical terms as the 2009 Notes they hedge. The 2009 USD GBP cross currency interest rate swaps have been assessed as part of a highly effective hedge relationship as at 2 October 2011. The fair value of the swap instruments at 2 October 2011, included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet, was £29.6m (3 October 2010: £23.3m).

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

The group has entered into swap instruments which swap the principal and fixed rate interest of the 2010 Notes to floating sterling ('2010 USD GBP cross currency floating interest rate swaps'). These instruments are designated as part of a fair value hedge relationship with the 2010 Notes. The fair value movements on the 2010 USD GBP cross currency floating interest rate swaps are recorded in the Consolidated Income Statement, as is the fair value movement of the hedged item. The swap contracts have the same duration and other critical terms as the 2010 Notes they hedge. The 2010 USD GBP cross currency floating interest rate swaps have been assessed as part of a highly effective hedge relationship as at 2 October 2011. The fair value of the swap instruments at 2 October 2011, included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet, was £1.2m (3 October 2010: Non-current liabilities: Other financial liabilities £0.7m).

Net investment hedges

2009 GBP euro cross currency interest rate swaps

These instruments swap floating sterling liabilities into floating euro liabilities. They have been designated as part of an effective hedge of the net investment in Britvic Ireland. The 2009 GBP euro cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the group's exposure to foreign exchange risk on this euro investment. Movements in the fair value of the 2009 GBP euro cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investment in Britvic Ireland. The fair value of the 2009 GBP euro cross currency interest rate swaps at 2 October 2011, is an asset of £0.6m (3 October 2010: liability of £0.4m) included within 'Non-current assets: Other financial assets' on the Consolidated Balance Sheet (2010: included within 'Non-current liabilities: Other financial liabilities').

2010 GBP euro cross currency interest rate swaps

These instruments swap fixed sterling liabilities into fixed euro liabilities and have been designated as part of an effective hedge of the net investment in Britvic France. The 2010 GBP euro cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the group's exposure to foreign exchange risk on this euro investment. Movements in the fair value of the 2010 GBP euro cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investment in Britvic France. The fair value of the 2010 GBP euro cross currency interest rate swaps at 2 October 2011, is a liability of £1.1m (3 October 2010: liability of £1.2m) included within 'Non-current liabilities: Other financial liabilities' on the Consolidated Balance Sheet.

27. Derivatives and hedge relationships (continued)

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

	2011	2010
	£m	£m
Consolidated statement of comprehensive income		
Amounts recycled to the income statement in respect of cash flow hedges		
Forward currency contracts*	**(0.7)**	(1.1)
2007 cross currency interest rate swaps**	**(3.6)**	(1.9)
2010 cross currency interest rate swaps**	**0.6**	-
	(3.7)	(3.0)
Gains/(losses) in the period in respect of cash flow hedges		
Forward currency contracts	**2.8**	(0.9)
2007 cross currency interest rate swaps	**3.6**	6.1
2010 cross currency interest rate swaps	**(0.6)**	(0.7)
	5.8	4.5
Exchange differences on translation of foreign operations		
Movement on 2009 GBP euro cross currency interest rate swaps	**1.0**	(0.4)
Movement on 2010 GBP euro cross currency interest rate swaps	**0.1**	(1.2)
Exchange movements on translation of the euro net investment	**(2.7)**	(12.1)
	(1.6)	(13.7)

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

28. Other non-current liabilities

	2011	2010
	£m	£m
Firm Commitment	**1.9**	4.2

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

29. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 2 October 2011, including national insurance of £0.5m (2010: £0.9m) and dividend equivalents of £0.4m (2010: £0.7m), is £4.7m (2010: £9.4m). All of that expense arises from transactions which are expected to be equity-settled share-based payment transactions.

The Britvic Share Incentive Plan ("SIP")

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

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

	No of shares	
	2011	2010
Annual free shares award	**484,343**	406,083
Matching shares award – 1 free share for every ordinary share purchased	**346,267**	287,132

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

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

The performance condition requires average growth in EPS of 7% pa over a three year period in excess of the average growth in RPI over the same period for the options to vest in full. If EPS growth averages 3% per annum in excess of RPI growth, 25% (2010: 25%) of the options will vest. Straight-line apportionment will be applied between these two levels to determine the number of options that vest and no options will vest if average EPS growth is below the lower threshold.

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

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

	Number of share options	Weighted average exercise price (pence)
Outstanding as at 27 September 2009	6,564,530	251.8
Granted during the period	1,785,576	387.0
Exercised during the period	(639,946)	245.0
Forfeited during the period	(162,077)	285.1
Outstanding as at 3 October 2010	7,548,083	283.7
Granted during the period	1,566,418	464.6
Exercised during the period	(209,531)	265.8
Forfeited during the period	(140,584)	392.4
Outstanding at 2 October 2011	**8,764,386**	**314.8**
Exercisable at 2 October 2011	**2,923,260**	**281.1**

The weighted average share price at the date of exercise for share options exercised during the period was 459.3p (2010: 412.7p).

The share options outstanding as at 2 October 2011 had a weighted average remaining contractual life of 7.1 years (2010: 7.6 years) and the range of exercise prices was 221.0p – 464.6p (2010: 221.0p – 387.0p).

The weighted average fair value of options granted during the period was 82.8p (2010: 81.6p).

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.

29. Share-based payments (continued)

The following table lists the inputs to the model used in respect of the award granted during the 52 weeks ended 2 October 2011. The comparative shows the inputs to the model used in respect of the award granted during the 53 weeks ended 3 October 2010.

	2011	2010
Dividend yield (%)	**4.8**	4.2
Expected volatility (%)	**27.5**	32.3
Risk-free interest rate (%)	**1.9**	2.5
Expected life of option (years)	**5.0**	5.0
Share price at date of grant (pence)	**475.0**	380.0
Exercise price (pence)	**464.6**	387.0

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

The Britvic Performance Share Plan ("PSP")

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

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

The TSR condition measures the company's TSR relative to a comparator group (consisting of 22 companies) over a three year performance period. The awards will not vest unless the company's position in the comparator group is at least median. At median 25% (2010: 25%) will vest, rising on a straight-line basis to 100% vesting at upper quartile.

For the award granted during the 52 weeks ended 2 October 2011, the ROIC performance condition requires the company's ROIC to be at least 22.7% (2010: for the award granted during the 53 weeks ended 3 October 2010, 23.2%) over the three year performance period for the award to vest in full. If ROIC is 21.9% (2010: 21.9%) over the performance period, 25% (2010: 25%) of the award will vest. Straight-line apportionment will be applied between these two levels to determine the percentage of awards that vest and no awards will vest if ROIC is below the lower threshold.

Awards granted to members of the senior management team vest subject to a performance condition which requires average growth in EPS of 7% pa over a three year period in excess of the growth in RPI over the same period for the awards to vest in full. If EPS growth averages 3% pa in excess of RPI growth, 25% (2010: 25%) of the awards will vest. Straight-line apportionment will be applied between these two levels to determine the number of awards that vest and no awards will vest if average EPS growth is below the lower threshold.

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

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

	Number of Shares subject to TSR condition	**Number of Shares subject to EPS condition**	**Number of Shares subject to ROIC condition**
Outstanding as at 27 September 2009	1,716,624	2,336,861	620,591
Vested during the period*	(625,594)	(489,791)	-
Lapsed during the period	(38,041)	(191,019)	(28,919)
Outstanding as at 3 October 2010	1,052,989	1,656,051	591,672
Granted during the period	-	10,575	-
Vested during the period*	(460,963)	(463,228)	-
Lapsed during the period	(7,245)	(107,970)	(6,893)
Outstanding at 2 October 2011	**584,781**	**1,095,428**	**584,779**

* The share price on the date of vesting was 462.0p (2010: 370.6p).

29. Share-based payments (continued)

	Number of nil cost options subject to TSR condition	Number of nil cost options subject to EPS condition	Number of nil cost options subject to ROIC condition
Outstanding as at 27 September 2009	-	-	-
Granted during the period	396,578	816,207	396,578
Forfeited during the period	-	(69,349)	-
Outstanding at 3 October 2010	396,578	746,858	396,578
Granted during the period	353,423	749,543	353,423
Forfeited during the period	(50,723)	(154,376)	(50,723)
Outstanding at 2 October 2011	**699,278**	**1,342,025**	**699,278**

There were no nil cost options exercisable at 2 October 2011 (2010: Nil).

The nil cost options outstanding as at 2 October 2011 had a weighted average remaining contracted life of 8.5 years (TSR condition) (2010: 9.0 years), 8.4 years (EPS condition) (2010: 8.7 years) and 8.5 years (ROIC condition) (2010: 9.0 years).

The weighted average fair value of nil cost options granted during the period was 258.6p (TSR condition) (2010: 208.5p), 413.0p (EPS condition) (2010: 336.3p) and 413.0p (ROIC condition) (2010: 336.3p).

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

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

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

The following table lists the inputs to the models used in respect of the award granted during the 53 weeks ended 3 October 2010.

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

30. Notes to the consolidated cash flow statement

Analysis of net debt

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

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

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

** This includes issue costs paid on new loans / facilities received during the period of £3.9m (2010: £1.2m). This has been included in the 'Finance costs' in the Consolidated Statement of Cash Flows.

*** This includes debt assumed on the acquisition of Britvic France of £46.0m.

31. Commitments and contingencies

Operating lease commitments

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

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

	2010		
	Land and buildings*	Other	Total
	£m	£m	£m
Within one year	4.4	8.9	13.3
After one year but not more than five years	14.8	18.5	33.3
More than five years	45.3	2.2	47.5
	64.5	29.6	94.1

* Restated to include two properties within Britvic Ireland that were not previously included in the prior year disclosure.

Finance lease commitments

Future minimum lease payments under finance leases are as follows:

	2011	2010
	£m	£m
Within one year	**-**	-
After one year but not more than five years	**1.2**	0.7
More than five years	**-**	0.8
	1.2	1.5

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

Capital commitments

At 2 October 2011, the group has commitments of £16.9m (2010: £12.6m) relating to the acquisition of new plant and machinery.

Contingent liabilities

The group had no material contingent liabilities at 2 October 2011 (2010: none).

32. Related party disclosures

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

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

The group has an interest in two partnerships, Britvic Scottish Limited Partnership and Britvic Property Partnership, both of which are consolidated by the group. The group has taken advantage of the exemption conferred by Regulation 7 of the Partnership (Accounts) Regulations 2008 and has therefore not appended the accounts of these qualifying partnerships to these accounts. Separate accounts for these partnerships are not required to be, and have not been, filed at Companies House.

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.

	2011	2010
	£m	£m
Short-term employee benefits	**2.8**	5.1
Post-employment benefits	**0.5**	0.6
Share-based payment	**1.1**	2.0
	4.4	7.7

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

33. Going concern

The Directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements. As at 2 October 2011, the Consolidated Balance Sheet is showing a net assets position of £22.5m (3 October 2010: net liabilities of £30.7m).

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

The liquidity of the group remains strong in particular in light of the refinancing of the group's committed facility as well as the December 2010 issue of US$163m and £7.5m Senior Notes in the US private placement market. Details are provided in note 23.