

Registered Number: 517211

# BRITVIC SOFT DRINKS LIMITED

Financial Statements for the 52 weeks ended 30 September 2012  
together with Directors' Report and Auditor's Report



# BRITVIC SOFT DRINKS LIMITED

## Directors' Report

The Directors present their Annual Report on the affairs of the Company, together with the Financial Statements and Auditor's Report, for the 52 weeks ended 30 September 2012

### Principal activities and business review

The principal activities of the Company continue to be the manufacture and sale of soft drinks

Turnover for the period was £864,157,000 (2011 £877,752,00)

The profit for the period before taxation amounted to £233,863,000 (2011 £90,270,000)

After charging taxation of £21,649,000 (2011 £22,984,000) the profit for the period was £212,214,000 (2011 £67,286,000)

The dividend paid in the year was £58,134,000 (2011 £nil) The directors do not recommend payment of a final dividend (2011 £nil)

### Key performance indicators

The principal indicators that management uses to assess the performance of the Company are as follows

#### Volume growth

The number of litres sold by the Company relative to the prior period

#### Average realised price (ARP)

Average turnover per litre sold

#### Revenue growth

Sales achieved by the Company relative to the prior period

#### Brand contribution margin

Turnover less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product, divided by turnover. 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 the Company's financial performance because it provides a measure of contribution at brand level.

The key performance indicators are shown in the tables below. In order to better assess performance, these are split between carbonates and stills.

#### Carbonates

	2012	2011	Percentage change
Volume (millions litres)	1,154.1	1,130.5	2.1
ARP per litre	44.9p	44.5p	0.9
Turnover £m	517.9	502.6	3.1
Brand contribution £m	188.7	189.1	(0.2)
Brand contribution margin %	36.4%	37.6%	(120)bps

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

#### Stills

	2012	2011	Percentage Change
Volume (millions litres)	449.2	493.5	(9.0)
ARP per litre	71.6p	71.2p	0.6
Turnover £m	321.7	351.2	(8.4)
Brand contribution £m	141.2	150.1	(5.9)
Brand contribution margin %	43.9%	42.7%	120bps

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

## BRITVIC SOFT DRINKS LIMITED

### Directors' Report (continued)

#### Key performance indicators (continued)

##### *Stills (continued)*

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

##### *Intercompany*

Included within turnover, on the profit and loss account on page 8, are sales made to fellow subsidiaries within the Britvic plc group of £24,590,000 (2011: £23,945,000).

#### Risks and uncertainties

The Company's results of operations could be materially adversely affected by

##### *Risks relating to the Company*

- An over-reliance on any specific customer or brand,
- A termination or variation of the bottling and distribution arrangements with PepsiCo or an adverse development in the PepsiCo relationship,
- Increasing commodity prices,
- Any inability to protect the intellectual property rights associated with its current and future brands,
- Any increase in the Company's funding needs or obligations in respect of its pension scheme,
- Inadequate IT disaster recovery plans, and
- Contaminated or faulty products.

##### *Risks relating to the market*

- A change in the macro-economic environment,
- A change in consumer preferences and spending on soft drinks,
- Potential impact of any regulatory developments,
- Potential impact of taxation changes, and
- Increasing energy costs.

#### Financial risk management objectives and policies

The main risks the Company is exposed to are foreign currency risk, commodity price risk, interest rate risk, credit risk and liquidity risk. The Board of Directors review and agree policies for managing these risks as summarised below.

##### *Foreign currency risk*

The Company has transactional exposures arising from purchases of prime materials and commercial assets in currencies other than the functional currency of the Company. Such purchases are made principally in the currencies of US dollars and euros. The Company hedges an appropriate percentage of forecast exposures 12 months in advance using forward foreign exchange contracts.

##### *Commodity price risk*

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

##### *Interest rate risk*

The Company can borrow in desired currencies at both fixed and floating rates of interest and then use interest rate swaps to generate the desired interest rate profile and to manage the Company's exposure to interest rate fluctuations.

##### *Credit risk*

There are no significant concentrations of credit risk within the Company.

##### *Liquidity risk*

The Company's objective is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts. The bank loans entered into by the Company are unsecured.

## BRITVIC SOFT DRINKS LIMITED

### Directors' Report (continued)

#### Future developments

The Directors expect the Company to continue to trade profitably

On 14 November 2012 A G Barr plc (AG Barr) and Britvic plc (Britvic) announced that they had reached agreement on the terms of a recommended all-share merger of AG Barr and Britvic to be implemented by way of a Scheme of Arrangement of Britvic under Part 26 of the Companies Act 2006. Resolutions to approve the Scheme and the implementation of the Scheme and the Merger was approved by the shareholders of Britvic at a Court and General Meeting of Britvic held on 8 January 2013, conditional upon clearance by the Office of Fair Trading and the completion of the Court process. At the time of signing these Financial Statements the current expected timetable, as announced by AG Barr and Britvic on 16 January 2013, is that the effective date of the merger will be on 26 February 2013, although this may be subject to change.

#### Research and development

Research and development work undertaken by the Company continues to focus on product quality, operational efficiencies and new initiatives. Responsibility rests with the operating functions of the Company with particular emphasis placed on new packaging and product development to ensure that the Company can meet the demands of a competitive and changing market.

#### Directors

The following served as Directors of the Company during the period

P S Moody	
J M Gibney	
A Richards	(resigned 25 November 2011)
M N J Rose	
A R Beaney	
D J Frost	
S N Stewart	
M J Harris	(resigned 18 January 2013)
S Litherland	(appointed 27 October 2011)

#### Fixed assets

Information relating to changes in fixed assets is given in note 11 to the accounts. In the opinion of the Directors there is no material difference between the book and the current value of interests in land and buildings.

#### Supplier payment policy

The Company agrees payment terms with all of its main suppliers and abides by these terms subject to satisfactory performance by the supplier. Amounts owed to other suppliers are settled on or before the end of the month following receipt of a valid invoice. At 30 September 2012, the number of days of purchases outstanding for the Company was approximately 49 (2011: 46).

#### Charitable and political contributions

The Company contributed £1,591,619 to charities (2011: £560,116) and £nil for political purposes (2011: £nil).

#### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that all employees be given equal opportunities in respect of training, career development and promotion.

#### Employee consultation

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

The Company has widely established arrangements involving briefing Company consultancy committees and the publication of Company newspapers as part of the general process of employee consultation.

All our eligible employees are able to participate in the Britvic Share Incentive Plan. It is Company policy that there shall be no discrimination in respect of sex, colour, religion, race, nationality or ethnic origin and that equal opportunity shall be given to all employees.

## BRITVIC SOFT DRINKS LIMITED

### Directors' Report (continued)

#### Disclosure of information to the Auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the Auditor in connection with preparing their report, of which the Auditor is unaware. Having made enquiries of fellow Directors and the Company's Auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

#### Auditor

In accordance with section 485 of the Companies Act 2006, the Directors will place a resolution before the Annual General Meeting to reappoint Ernst & Young LLP as Auditor for the ensuing year.

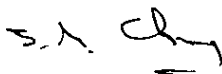
#### Liability insurance for Company officers

As permitted by section 234 of the Companies Act 2006, the Company has maintained insurance cover for the Directors against liabilities in relation to the Company. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

#### Registered Company number

517211

By Order of the Board



**J M Gibney**

**Director**

Breakspear Way,  
Breakspear Park  
Hemel Hempstead

27 January 2013

# **BRITVIC SOFT DRINKS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES in relation to Financial Statements**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these Financial Statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements,
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# BRITVIC SOFT DRINKS LIMITED

## INDEPENDENT AUDITOR'S REPORT to the members of Britvic Soft Drinks Limited

We have audited the Financial Statements of Britvic Soft Drinks Limited for the 52 week period ended 30 September 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Historical Cost Profits and Losses, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the Financial Statements

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

### Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

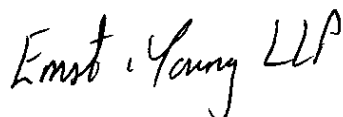
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the Financial Statements are prepared is consistent with the Financial Statements.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the Financial Statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**Nigel Meredith (Senior statutory auditor)**

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

27 January 2013

# BRITVIC SOFT DRINKS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2012

	Note	2012 £000	2011 £000
<b>Turnover</b>	2	864,157	877,752
Cost of sales		(409,060)	(402,741)
<b>Gross profit</b>		455,097	475,011
Selling and distribution costs		(234,243)	(246,496)
Administrative income / (expenses)			
Before exceptional items		(148,416)	(132,123)
Exceptional items	4	162,013	(79)
Administrative income / (expenses)		13,597	(132,202)
<b>Operating profit</b>	3	234,451	96,313
Interest receivable and similar income	6	11,136	8,859
Interest payable and similar charges	6	(12,724)	(15,402)
Other net finance income	6	1,000	500
<b>Profit on ordinary activities before taxation</b>		233,863	90,270
Tax on profit on ordinary activities	7	(21,649)	(22,984)
<b>Profit for the period attributable to the members of the parent company</b>	17	212,214	67,286
All activities relate to continuing operations			

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2012

	Note	2012 £000	2011 £000
<b>Profit on ordinary activities after taxation</b>		212,214	67,286
Actuarial gain on defined benefit pension scheme	19	18,000	39,200
Tax related to actuarial gain on defined benefit pension scheme		(4,500)	(10,584)
Impact of corporation tax rate change on deferred tax on defined benefit pension scheme		(1,167)	(716)
<b>Total recognised gains and losses relating to the period</b>		224,547	95,186



**BRITVIC SOFT DRINKS LIMITED**  
**HISTORICAL COST PROFITS AND LOSSES**  
**FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2012**

	Note	2012 £000	2011 £000
Profit on ordinary activities before taxation		233,863	90,270
Difference between historical cost depreciation charge and actual depreciation charge	17	(80)	(333)
<b>Historical cost profit on ordinary activities before taxation</b>		<b>233,783</b>	<b>89,937</b>
<b>Historical cost profit retained after taxation</b>		<b>212,134</b>	<b>66,953</b>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
**FOR THE 52 WEEKS ENDED 30 SEPTEMBER 2012**

	Note	2012 £000	2011 £000
Total recognised gains and losses relating to the period		224,547	95,186
Capital contribution from parent		3,557	4,663
Dividend paid	9	(58,134)	-
<b>Net addition to shareholders' funds</b>		<b>169,970</b>	<b>99,849</b>
Opening shareholders' funds		407,168	307,319
Net addition to shareholders' funds (as above)		169,970	99,849
<b>Closing shareholders' funds</b>		<b>577,138</b>	<b>407,168</b>

## BRITVIC SOFT DRINKS LIMITED

BALANCE SHEET  
AT 30 SEPTEMBER 2012

	Note	2012 £000	2011 £000
<b>Fixed assets</b>			
Intangible fixed assets	10	167,968	194,795
Tangible fixed assets	11	166,272	167,137
Investments	12	95,261	95,261
		<hr/>	<hr/>
		429,501	457,193
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	13	36,103	42,284
Debtors			
Amounts falling due after one year	14	1,250	3,034
Amounts falling due within one year	14	471,087	376,750
		<hr/>	<hr/>
		472,337	379,784
		<hr/>	<hr/>
Cash at bank and in hand		40,475	-
		<hr/>	<hr/>
		548,915	422,068
<b>Creditors</b>			
Amounts falling due within one year	15	(482,975)	(475,433)
		<hr/>	<hr/>
<b>Net current assets/(liabilities)</b>		65,940	(53,365)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		495,441	403,828
<b>Provision for liabilities and charges</b>	8	-	(185)
		<hr/>	<hr/>
<b>Net assets excluding pension asset</b>		495,441	403,643
Net pension asset	19	81,697	3,525
		<hr/>	<hr/>
<b>Net assets</b>		577,138	407,168
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	45,200	45,200
Share premium account	17	450	450
Revaluation reserve	17	772	729
Other reserves	17	15,220	15,220
Profit and Loss Account	17	515,496	345,569
		<hr/>	<hr/>
<b>Equity</b>		577,138	407,168
		<hr/>	<hr/>

The Directors approved the Financial Statements on 27 January 2013



J M Gibney

**BRITVIC SOFT DRINKS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**52 WEEKS ENDED 30 SEPTEMBER 2012**

**1 ACCOUNTING POLICIES**

A summary of the principal accounting policies is set out below

**a) Basis of accounting**

The Financial Statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets. They have been drawn up to comply with applicable United Kingdom accounting standards.

The Company has not produced consolidated Group accounts, as it is exempt under section 400 of the Companies Act 2006. Accordingly these Financial Statements present the financial information for the Company and not its group. The Company's results are included in the consolidated Financial Statements of Britvic plc ('the Group').

The Company has net current assets of £65,940,000 (2011 net current liabilities £53,365,000) at the period end with a net amount due from Group companies of £61,710,000 (2011 due to Group companies £2,864,000). Whilst amounts due to/from Group companies are payable on demand, the Group companies concerned have confirmed there is no plan to require balances to be repaid in the next twelve months and their on-going financial support. The Company continues to trade profitably and the Directors have prepared projected trading and cash flow information for the period ending 12 months from the date of signing of these Financial Statements. On the basis of the future trading projection, the Directors consider that the Company will continue to generate trading profits and positive cash flow and therefore feel it is appropriate to prepare the Financial Statements on a going concern basis.

**b) Cash Flow Statement**

In accordance with FRS 1 'Cash Flow Statements' these Financial Statements do not include a Cash Flow Statement as the Company is a wholly owned subsidiary undertaking of a United Kingdom parent whose Financial Statements for the 52 weeks to 30 September 2012 include a consolidated Cash Flow Statement.

**c) Foreign currencies**

Transactions in foreign currencies are recorded at the exchange rates ruling on the dates of the transactions, adjusted for the effects of any hedging arrangements. Assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates of exchange ruling at the Balance Sheet date.

The Company uses forward currency contracts to hedge its risks associated with foreign currency fluctuations. The criteria for forward currency contracts are:

- The instrument must be related to a contractual foreign currency commitment,
- It must involve the same currency as the hedged item, and
- It must reduce the risk of foreign currency exchange movements on the Company's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed future transaction, are not recognised until the transaction occurs.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 1 ACCOUNTING POLICIES (CONTINUED)

#### d) Intangible fixed assets

Goodwill relates to purchased goodwill and adjustments necessary in ascribing fair values to the separable net assets relating to the soft drinks business acquired. The capitalised goodwill is being amortised on a straight line basis over its useful economic life, estimated at 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Brand licenses relate to licences transferred to Britvic Soft Drinks Limited for the domestic sale of Robinsons, Orchid and Red Devil products. Licences have been transferred at fair value and are amortised on a straight line basis over their useful economic lives, estimated at 13.7 or 13.8 years. Licences are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

No value is attributed to trademarks, concessions, patents and similar rights and assets, including management contracts.

Costs incurred on trademarks, concessions, patents and similar rights, whether purchased or created by the Company, are expensed in the Profit and Loss Account in the period in which they are incurred.

#### e) Investments

Fixed asset investments, for which no hedging arrangements have been entered into, are stated at cost less any provision for impairment. Fixed asset investments denominated in foreign currencies, for which hedging arrangements have been entered into, are retranslated at the balance sheet date.

#### f) Leases

The cost of operating leases is charged to the Profit and Loss Account on a straight line basis over the term of the lease.

#### g) Pensions

For defined benefit schemes, scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit 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 scheme liabilities. Full actuarial valuations are obtained at least every three years and are updated at each Balance Sheet date. The resulting surplus or deficit, net of taxation thereon, is presented separately on the face of the Balance Sheet.

The service cost of providing pension benefits to employees for the period is charged to the Profit and Loss Account. The cost of making improvements to pension benefits is recognised in the Profit and Loss Account on a straight line basis over the period during which the increase in benefits vests. To the extent that the improvements vest immediately, the cost is recognised immediately. These costs are recognised as an operating expense.

A charge representing the unwinding of the discount on the scheme liabilities during the period is included within other net finance charges.

A credit representing the expected return on the scheme assets during the period is included within other net finance charges or income. This credit is based on the market value of the scheme assets, and expected rates of return, at the beginning of the period.

Actuarial gains and losses may result from differences between the expected return and the actual return on scheme assets, differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the period, or changes in the actuarial assumptions used in the valuation of the scheme liabilities. Actuarial gains and losses, and taxation thereon, are recognised in the Statement of Total Recognised Gains and Losses.

For defined contribution plans, contributions payable for the period are charged to the Profit and Loss Account as an operating expense.

#### h) Research and development

Expenditure on research and development is charged to the Profit and Loss Account as incurred.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 1 ACCOUNTING POLICIES (CONTINUED)

#### i) Stocks

Stocks are stated at the lower of cost, including an appropriate element of production overhead cost, and net realisable value

#### j) Tangible fixed assets and depreciation

- (i) Freehold and leasehold properties are stated at cost or valuation, less depreciation. The transitional rules of FRS15 'Tangible Fixed Assets' have been adopted for properties and, accordingly, the carrying value of properties at 30 September 1999 (most of which had been re-valued that year) has been retained as cost or valuation
- (ii) Surpluses arising from the professional valuations of properties are taken direct to the Revaluation Reserve. Valuation surpluses realised on sale are transferred from the Revaluation Reserve to the Profit and Loss Account Reserve. Any deficit arising from the professional valuation of properties which results in an impairment is taken direct to the Revaluation Reserve and eliminated against the Revaluation Reserve in respect of that property with any excess being charged to the Profit and Loss Account
- (iii) Freehold land is not depreciated
- (iv) Freehold properties are written off over 50 years
- (v) Leasehold properties are written off over 50 years or over the unexpired term of the lease when less than 50 years
- (vi) Cost of plant, machinery, fixtures, fittings, tools and equipment (owned or leased) is spread, by equal instalments, over the estimated useful lives of the relevant assets, namely

Plant and machinery*	3 - 20 years
Equipment in retail outlets**	5 - 10 years
Other fixtures and fittings**	3 - 7 years
Vehicles*	5 - 7 years

\* Included within 'Plant and machinery' in note 11

\*\* Included within 'Fixtures, fittings, tools and equipment' in note 11

- (vii) Interest payable in respect of certain major projects is capitalised to the extent that it relates to the period prior to the project becoming operational

#### k) Deferred taxation

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

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

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

#### l) Turnover

Turnover represents sales (excluding VAT and similar taxes) of goods and services, net of discounts, provided in the normal course of business. Turnover 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.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 1 ACCOUNTING POLICIES (CONTINUED)

#### m) 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 Profit and Loss Account charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

The Group has taken advantage of the transitional provisions of FRS 20 'Share-based Payment' in respect of equity-settled awards and has applied FRS 20 only to equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2005.

In respect of FRS 20 'Share-based payment' the Company records an increase in its Profit and Loss Reserve to reflect a capital contribution from its parent company in respect of share based payment awards granted by the parent company to the Company's employees. This reflects current best practice following the issue of UITF 44.

### 2 TURNOVER

Turnover is predominantly attributable to one continuing activity relating to the manufacture and sale of soft drinks.

Turnover is stated after deducting trade discounts and is analysed by geographical destination as follows:

	2012 £000	2011 £000
United Kingdom - external	839,567	853,807
- fellow subsidiaries	24,590	23,945
	<hr/> 864,157	<hr/> 877,752

Turnover is predominately sourced from the United Kingdom.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 3 OPERATING PROFIT

This is stated after charging

	2012 £000	2011 £000
Depreciation and impairment of tangible fixed assets	33,176	35,242
Amortisation of goodwill and other intangible assets	26,827	26,827
Operating lease rentals		
- plant and machinery	9,016	11,634
- land and buildings	5,847	1,853
Auditor's remuneration of financial services *	213	311
Research and development expenditure	574	555

\* Britvic Soft Drinks Limited bears the cost of the Auditor's remuneration for the GB subsidiaries of the Britvic plc Group, including the cost of the Auditor's remuneration for the other Group subsidiaries. The Auditor's remuneration in respect of Britvic Soft Drinks Limited is £15,000 (2011: £15,000). The Group accounts of Britvic plc include disclosures in respect of non-audit services, in accordance with SI 2011/2198 we refer to the Britvic plc consolidated accounts in respect of these disclosures.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 4 EXCEPTIONAL ITEMS

	2012 £000	2011 £000
Restructuring costs	3,434	13,032
Advisory fees	3,078	-
Net pension gain	-	(13,174)
Head office relocation	1,475	1,255
Net gain on sale of property, plant and equipment		(1,034)
Net gain on sale of brands	(170,000)	-
	<hr/>	<hr/>
Exceptional items (income) / expense	(162,013)	79

#### Restructuring costs

Restructuring costs includes the costs of major restructuring programmes undertaken during the financial year

The 2012 costs principally relate to

- Redundancy and restructuring costs relating to the separation of functional support structures between Group and the Company, and
- Costs relating to the outsourcing of the customer operations technical service

The 2011 costs principally related to

- Redundancy and restructuring costs relating to the separation of functional support structures between Group and the Company,
- Costs relating to the outsourcing of the Group data centre involving dual running and temporary infrastructure cost, and
- The outsourcing of the full service vending operation. This included exit and redundancy costs and a write down of the associated assets

#### Advisory fees

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

#### Net pension gain

In 2011, this included a pension curtailment gain of £17,700,000 arising due to the closure to future accrual of the defined benefit section of the Britvic Pension Plan. Offsetting the gain was a one off transitional payment of 10% of final salary to pension members of £2,900,000 and consultancy costs of £1,600,000

#### Head office relocation

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

#### Net gain on sale of property, plant and equipment

During 2011, properties with a net book value of £26,558,000, comprising freehold land and buildings of £21,324,000 and leasehold land and buildings of £5,234,000, were transferred to Britvic Brands LLP for a consideration of £28,600,000. Therefore, the gain on sale of the assets was £2,042,000. Also included within the net gain on disposal of property, plant and equipment is a loss of £1,008,000 which relates to other assets disposed of during the period

#### Net gain on sale of brands

In 2012, brands with a net book value of £nil were transferred to Britvic Brands LLP for a cash consideration of £170,000,000, resulting in a gain on sale of assets of £170,000,000



# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 5 STAFF

#### a) Costs

Particulars of employees (including executive Directors) are shown below

	2012 £000	2011 £000
Wages and salaries	85,492	90,375
Share based payments	3,557	4,570
Social security costs	8,795	8,622
Other pension costs	10,264	8,222
	<u>108,108</u>	<u>111,789</u>

#### b) Average number of employees

The average monthly number of persons employed by the Company during the period, including part time employees was as follows

	2012 Number	2011 Number
Administration	337	320
Distribution	267	275
Production	871	925
Sales and marketing	704	754
	<u>2,179</u>	<u>2,274</u>

#### c) Pensions

Pension information is disclosed in note 19

#### d) Directors' remuneration

Directors' remuneration was paid in respect of Directors of the Company as follows

	Highest Paid Director		Total	
	2012 £000	2011 £000	2012 £000	2011 £000
Fees as Directors	507	495	2,299	2,223
Other emoluments	18	22	305	116
Bonuses	-	-	-	-
	<u>525</u>	<u>517</u>	<u>2,604</u>	<u>2,339</u>
Company contributions – defined contribution scheme	-	-	-	183
Accrued pension – defined benefit scheme	145	55		

One of the directors exercised share options during the year (2011 1)

The Highest Paid Director received shares under the Company's long term incentive scheme, Britvic Performance Share Plan (note 20)

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 6 INTEREST RECEIVABLE/(PAYABLE) AND SIMILAR INCOME/(CHARGES)

	2012 £000	2011 £000
<b>Interest receivable and similar income</b>		
Interest receivable from Group undertakings	11,093	8,829
Other interest receivable	43	30
	<hr/>	<hr/>
	11,136	8,859
	<hr/>	<hr/>
<b>Interest payable and similar charges</b>		
Loan interest payable	(1,052)	(2,287)
Other interest payable	-	(65)
Interest payable to Group undertakings	(11,672)	(13,050)
	<hr/>	<hr/>
	(12,724)	(15,402)
	<hr/>	<hr/>
<b>Other net finance income</b>		
Expected return on pension scheme assets (note 19)	27,500	27,500
Interest on pension liabilities (note 19)	(26,500)	(27,000)
	<hr/>	<hr/>
	1,000	500
	<hr/>	<hr/>

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

<b>Tax charge</b>	<b>2012 £000</b>	<b>2011 £000</b>
UK corporation tax		
Current period	-	19,529
Prior periods	6,417	(2,044)
<b>Total current tax</b>	<b>6,417</b>	<b>17,485</b>
Deferred tax		
Origination and reversal of timing differences	15,559	5,667
Prior periods	(327)	(168)
<b>Total deferred tax</b>	<b>15,232</b>	<b>5,499</b>
<b>Tax on profit on ordinary activities</b>	<b>21,649</b>	<b>22,984</b>

The tax credit relating to the exceptional items income of £162,013,000 (2011 charge of £79,000) (see note 4) amounts to £1,478,000 (2011 credit of £8,000)

The average UK standard rate of corporation tax for the period is 25% (2011 27%)

<b>Tax reconciliation</b>	<b>2012 %</b>	<b>2011 %</b>
UK corporation tax standard rate	25.0	27.0
Permanent differences	0.3	1.4
Profit on transfer of brands	(18.2)	-
Transfer pricing adjustment	0.6	1.7
Capital allowances less than depreciation	1.7	2.3
Pension timing differences	(9.5)	(9.9)
Tax relief on share based payments	(0.7)	(1.4)
Other timing differences	0.2	1.1
Permanent differences in respect of fixed assets	0.2	0.3
Adjustment to tax charge in respect of prior periods	2.7	(2.3)
Group relief received for nil payment	(2.4)	(8.7)
Amortisation	2.8	7.9
<b>Effective current tax rate</b>	<b>2.7</b>	<b>19.4</b>

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 7 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The deferred tax asset/(liability) included in the balance sheet is as follows

	2012 £000	2011 £000
Deferred tax asset/(liability) (note 8)	2,144	(185)
Included in defined benefit pension asset (note 19)	(24,403)	(1,175)
	<hr/> (22,259) <hr/>	<hr/> (1,360) <hr/>
Accelerated capital allowances	(4,595)	(8,872)
Share-based payments	1,259	2,201
Other short term timing differences	5,480	6,486
Pension costs	(24,403)	(1,175)
	<hr/> (22,259) <hr/>	<hr/> (1,360) <hr/>
	<hr/> £000 <hr/>	
At 2 October 2011 including deferred tax on pension asset	(1,360)	
Deferred tax charge in profit and loss account	(15,232)	
Amount charged to the Statement of Total Recognised Gains and Losses	(5,667)	
	<hr/> (22,259) <hr/>	
At 30 September 2012 including deferred tax on pension asset	(22,259)	

#### Factors which may affect future tax charges

Future disposal of properties at their revalued amounts could have an effect on the effective future tax rate as the consequences of disposals would depend on the particular assets disposed of, even though no overall liability exists on the portfolio as a whole

#### Impact of rate change

The main rate of UK Corporation tax was reduced to 23% from 1 April 2013. The effect of the new rate is to reduce the deferred tax liability by a net £1,900,000, comprising a credit of £3,100,000 to the Income Statement and a charge of £1,200,000 to the Statement of Total Recognised Gains and Losses.

Additional changes to the main rate of UK Corporation Tax are proposed, to reduce the rate to 21% by 1 April 2014. This change had not been substantively enacted at the balance sheet date and consequently is not included in these Financial Statements. The effect of these proposed reductions would be to reduce the UK net deferred tax liability by £1,900,000.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 8 DEFERRED TAX ASSET/(LIABILITY)

	2012 £000	2011 £000
<b>Deferred taxation</b>		
Opening balance	(185)	(7,592)
Profit and Loss Account, excluding amounts relating to FRS 17 pension deficit	2,329	7,407
	<hr/>	<hr/>
Closing balance (note 14)	2,144	(185)
	<hr/>	<hr/>
Analysed as tax on timing differences related to		
Accelerated capital allowances	(4,595)	(8,872)
Other	6,739	8,687
	<hr/>	<hr/>
	2,144	(185)
	<hr/>	<hr/>

No provision has been made for deferred tax on the sale of properties where gains have been deferred against expenditure on replacement assets. The total liability un-provided is estimated at £1,214,000 (2011: £1,320,000).

### 9 DIVIDENDS PAID

	2012 £000	2011 £000
Dividend	58,134	-
	<hr/>	<hr/>

The dividend of £58,134,000 was settled in cash on 25 September 2012.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 10 INTANGIBLE FIXED ASSETS

	Goodwill £000	Brand Licences £000	2012 Total £000	2011 Total £000
Cost at beginning and end of period	80,572	369,000	449,572	449,572
Amortisation at beginning of period	(79,425)	(175,352)	(254,777)	(227,950)
Amortisation provided during the period	(87)	(26,740)	(26,827)	(26,827)
Amortisation at end of period	(79,512)	(202,092)	(281,604)	(254,777)
Net book amount at end of period	1,060	166,908	167,968	194,795

## BRITVIC SOFT DRINKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
52 WEEKS ENDED 30 SEPTEMBER 2012

## 11 TANGIBLE FIXED ASSETS

a)	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Plant and Machinery £000	Fixtures Fittings Tools and Equipment £000	Total £000
<b>Cost or valuation</b>					
At 2 October 2011	23,415	20,753	200,963	184,755	429,886
Additions during the period	914	334	13,237	20,458	34,943
Disposals	(490)	-	(12,094)	(7,140)	(19,724)
<b>At 30 September 2012</b>	<b>23,839</b>	<b>21,087</b>	<b>202,106</b>	<b>198,073</b>	<b>445,105</b>
<b>Depreciation and amortisation</b>					
At 2 October 2011	4,134	4,475	133,502	120,638	262,749
Charge for period	920	578	14,388	16,644	32,530
Disposals	(88)	-	(11,086)	(5,918)	(17,092)
Impairments	-	-	-	646	646
<b>At 30 September 2012</b>	<b>4,966</b>	<b>5,053</b>	<b>136,804</b>	<b>132,010</b>	<b>278,833</b>
<b>Net book amounts</b>					
<b>At 30 September 2012</b>	<b>18,873</b>	<b>16,034</b>	<b>65,302</b>	<b>66,063</b>	<b>166,272</b>
At 2 October 2011	19,281	16,278	67,461	64,117	167,137

## b) Summary at 30 September 2012

	Cost or Valuation £000	Depreciation £000	Total £000
Freehold	23,839	(4,966)	18,873
Leasehold over 100 years	14,365	(3,761)	10,604
Leasehold 50 to 100 years	6,722	(1,292)	5,430
<b>Total land and buildings</b>	<b>44,926</b>	<b>(10,019)</b>	<b>34,907</b>
Plant and machinery	202,106	(136,804)	65,302
Fixtures, fittings, tools & equipment	198,073	(132,010)	66,063
	<b>445,105</b>	<b>(278,833)</b>	<b>166,272</b>

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 11 TANGIBLE FIXED ASSETS (CONTINUED)

#### c) Historic cost of land and buildings

	Cost £000	Depreciation £000	Total £000
At 30 September 2012	47,716	(13,580)	34,135
At 2 October 2011	46,797	(11,967)	34,830

- d) In accordance with the transitional rules of FRS 15 'Tangible Fixed Assets', the carrying value of properties at 30 September 1999 has been retained as cost

Properties are included above at cost or valuation less depreciation. The most recent valuation of the Group's freehold and long-leasehold properties was undertaken in 1999 by external Chartered Surveyors Chesterton plc in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors. The basis of valuation was existing use value for all properties. No valuation was performed in the period.



# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 12 FIXED ASSET INVESTMENTS

	2012 £000	2011 £000
At beginning of period	95,261	262,543
Disposal of shareholding in Britvic France to Britvic Overseas Limited	-	(167,282)
At end of period	95,261	95,261

On 11 October 2010, Britvic Soft Drinks Limited disposed of its investments in Fruite Enterprises SA and Star Command SAS to Britvic Overseas Limited, another company in the Britvic Group, for €186,402,000 (£167,282,000). There was no gain or loss made on disposal.

The Company's principal subsidiary companies are

Name	Principal activity	Country of incorporation	% equity interest
<b>Directly held</b>			
Robinsons Soft Drinks Limited	Issue of brand licences	United Kingdom	100
Orchid Drinks Limited	Issue of brand licences	United Kingdom	100
<b>Indirectly held</b>			
Red Devil Energy Drinks Limited	Issue of brand licences	United Kingdom	100
Britvic Overseas Limited	Investment Holding company	United Kingdom	100
Britvic Irish Holdings Limited	Investment Holding company	Republic of Ireland	86.8
Robinsons (Finance) Limited	Financing company	Republic of Ireland	86.8
Robinsons (Finance) No 2 Limited	Financing company	United Kingdom	86.8
Britvic Ireland Limited	Manufacture and marketing of soft drinks	Republic of Ireland	86.8
Britvic Northern Ireland Limited	Marketing and distribution of soft drinks	Republic of Ireland	86.8
Aquaport Limited	Supply of water-coolers and bottled water	Republic of Ireland	86.8

Particulars of dormant subsidiaries have been excluded

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 13 STOCKS

The following are included in the net book value of stocks

	2012 £000	2011 £000
Raw materials	10,726	11,729
Finished goods	19,103	20,444
Consumable stores	6,274	10,110
Returnable packaging	-	1
	<hr/>	<hr/>
	36,103	42,284
	<hr/>	<hr/>

### 14 DEBTORS

	2012 £000	2011 £000
Amounts falling due after one year		
Prepayments	1,250	3,034
	<hr/>	<hr/>
Amounts falling due within one year		
Trade debtors	135,308	137,441
Amounts owed by other Group undertakings	297,692	216,124
Other debtors	10,955	1,276
Prepayments and accrued income	24,988	21,909
Deferred tax asset (note 8)	2,144	-
	<hr/>	<hr/>
Total debtors amounts falling due within one year	471,087	376,750
	<hr/>	<hr/>
Total debtors	472,337	379,784
	<hr/>	<hr/>

Amounts owed by other Group undertakings are repayable on demand and attract interest at LIBOR plus a margin

### 15 CREDITORS Amounts falling due within one year

The following amounts are included in creditors falling due within one year

	2012 £000	2011 £000
Bank overdraft	-	3,207
Trade creditors	181,632	176,886
Amounts owed to other Group undertakings	235,982	213,260
Other creditors		
- UK corporation tax payable	5,905	9,609
- Other taxation	15,244	27,530
- Other creditors	1,702	5,441
Accruals and deferred income	42,510	39,500
	<hr/>	<hr/>
	482,975	475,433
	<hr/>	<hr/>

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 16 CALLED UP SHARE CAPITAL

	Authorised		Allotted, Called Up and Fully Paid	
	2012 £000	2011 £000	2012 £000	2011 £000
Ordinary shares of £1 each	45,200	45,200	45,200	45,200

### 17 RESERVES

	Share premium account £000	Revaluation Reserve £000	Other Reserves £000	Profit and loss account £000
At 2 October 2011	450	729	15,220	345,569
Revaluation element in depreciation charge	-	80	-	(80)
Actuarial gains net of tax	-	-	-	12,333
Profit for the period	-	-	-	212,214
Recognised revaluation gain on sale of land and buildings	-	(37)	-	37
Capital contribution from parent	-	-	-	3,557
Dividends paid	-	-	-	(58,134)
At 30 September 2012	450	772	15,220	515,496

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 18 FINANCIAL COMMITMENTS

	2012 £000	2011 £000
a) Amounts contracted for but not provided in the Financial Statements		
In respect of contracts placed	2,650	8,473
b) Commitments for annual rentals under non-cancellable operating leases are as follows		
	Land and Buildings	Other
	2012 £000	2011 £000
Leases expiring -		
Within 1 year	-	548
Between 2 and 5 years	193	504
After 5 years	4,967	4,478
	5,160	5,530
	24,451	8,522
c) In addition to the above, the Company had commitments to purchase raw materials and foreign currency under forward contracts in the normal course of trading		

### 19 RETIREMENT BENEFITS

The Britvic Pension Plan (BPP, Plan) has both a defined benefit and a defined contribution section. The defined benefit section of the scheme 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. The Plan's funds are administered by trustees and are independent of the Group's finances.

Contributions are paid into the Plan as determined by the Trustee, agreed by the Company and certified by an independent actuary in accordance with the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2010. As a result of this valuation, a proposal was set out under which a monetary contribution or contributions were 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.

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

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

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 19 RETIREMENT BENEFITS (CONTINUED)

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 £105m. At that point the group may be required to transfer this amount in cash to the BPP.

Britvic SLP, Britvic Brands and Britvic Property are consolidated by the Britvic group. The investment held by the BPP in Britvic SLP constitutes a plan asset for accounting purposes and is disclosed with a value of £98.6m.

The group retains operational flexibility over the transferred properties and brands, including the ability (subject to certain conditions being met) to substitute the properties and brands held by Britvic Property and Britvic Brands respectively.

During the year, £10.0m of additional contributions were paid to the BPP.

In addition to expected partnership income of £5.0m per annum, the Company made payments to the BPP of £7.5m on 27 December 2012 and is expected to make further payments of £15.0m per annum by 31 December of each year from 2013 to 2017.

#### Defined Contribution Section

	2012	2011
	£000	£000
Pension costs charged against operating profit during the period	10,264	5,762

#### Defined Benefit Section

The net asset or liability of the defined benefit section of the Plan is determined in accordance with FRS 17 'Retirement Benefits' by an independent actuary. The value of the Plan's liabilities as at 30 September 2012 has been measured using the projected unit method and has been based on the actuarial valuation as at 31 March 2010, updated to the accounting date in accordance with FRS 17.

The following table sets out the key FRS 17 assumptions used for the Plan.

	2012	2011
	%	%
Price inflation	2.90	3.50
Discount rate	4.85	5.60
Pension increases (LPI)	1.80-2.75	2.30-3.40
Salary growth	n/a	n/a
Expected return on assets	5.67	5.94

The expected return on assets figure is that applying for the year ending the date shown. To develop the expected (long-term) rate of return on assets assumption, the following were 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 for 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 of return on assets assumption for the whole portfolio.

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

	2012	2011
	Years	Years
Current pensioners (at age 65) - males	22.1	22.0
Current pensioners (at age 65) - females	24.7	24.5
Future pensioners currently aged 45 (at age 65) - males	24.3	24.2
Future pensioners currently aged 45 (at age 65) - females	27.0	26.9

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 19 RETIREMENT BENEFITS (CONTINUED)

The fair value of the Plan's assets, the present value of the Plan's liabilities, the expected return and the net pension liability were as follows

	2012 £000	2011 £000
Pension Funding Partnership assets	98,600	23,400
Equities and property	271,500	243,500
Bonds and gilts	236,600	214,000
Cash	3,300	5,000
Total	610,000	485,900
Present value of actuarial liability	(503,900)	(481,200)
Pension asset before deferred tax	106,100	4,700
Deferred tax	(24,403)	(1,175)
Net pension asset	81,697	3,525

The movements in the present value of the benefit obligation are as follows

	2012 £000	2011 £000
At 2 October 2011	(481,200)	(544,600)
Curtailment gain	-	17,700
Current service cost	-	(2,600)
Member contributions	-	(800)
Interest cost on benefit obligation	(26,500)	(27,000)
Benefits paid	16,700	15,300
Actuarial (losses)/gains	(12,900)	60,800
Present value of scheme liabilities at 30 September 2012	(503,900)	(481,200)

The movements in the fair value of the plan assets are as follows

	2012 £000	2011 £000
At 2 October 2011	485,900	459,300
Expected return on plan assets	27,500	27,500
Actuarial gains/(losses)	30,900	(21,600)
Employer contributions	10,000	11,800
Employer contributions for purchase of interest in Britvic SLP	72,400	23,400
Member contributions	-	800
Benefits paid	(16,700)	(15,300)
Fair value of scheme assets at 30 September 2012	610,000	485,900

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 19 RETIREMENT BENEFITS (CONTINUED)

There are no unrecognised past service costs and no amounts not recognised as an asset due to the limit in paragraph 41 of FRS 17

Expected employer contributions for the year ending 30 September 2013 are £7.5m

The following amounts are included within operating profit before exceptional items under FRS17

	2012 £000	2011 £000
Current service cost	-	2,628

The following amounts are included as net finance (charges) / income under FRS17

	2012 £000	2011 £000
Expected return on pension scheme assets	27,500	27,500
Interest on pension liabilities	(26,500)	(27,000)
Net credit to finance income	1,000	500

The following amounts are recognised within the Statement of Total Recognised Gains and Losses ("STRGL") under FRS17

	2012 £000	2011 £000
Actuarial gain recognised in the STRGL	18,000	39,200

The history of experience gains and losses is shown below

	2012	2011	2010	2009	2008
Actual return less expected return on the Plan's assets (£000)	30,900	(21,600)	25,111	284	(79,265)
Percentage of Plan's assets	5%	(4%)	5%	0%	(21%)
Experience gains/(losses) arising on the Plan's liabilities (£000)	-	-	36,600	-	-
Percentage of the FRS 17 value of the Plan's liabilities	n/a	n/a	7%	n/a	n/a
Assumptions gains/(losses) arising on the Plan's liabilities (£000)	(12,900)	60,800	(95,100)	(68,700)	56,500
Percentage of the FRS 17 value of the Plan's liabilities	(3%)	13%	(17%)	(17%)	15%
FRS 17 value of Plan liabilities (£000)	(503,900)	(481,200)	(544,600)	(411,700)	(385,900)
Fair value of Plan assets (£000)	610,000	485,900	459,300	470,800	384,200
Surplus/(deficit) in the Plan (£000)	106,100	4,700	(85,300)	(59,100)	(1,700)

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 20 SHARE BASED PAYMENTS

In note 20, 'Company' refers to the entity Britvic plc

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 30 September 2012, including national insurance of £413,000 (2011 £513,000) and dividend equivalents of £1,151,000 (2011 £414,000), is £3,557,000 (2011 £4,663,000). This expense arises from transactions which are expected to be equity-settled share-based payment transactions

#### The Britvic Share Incentive Plan ("SIP")

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

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

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

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

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

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

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

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

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



# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 20 SHARE BASED PAYMENTS (CONTINUED)

The weighted average share price at the date of exercise for share options exercised during the period was 362 2p(2011 459 3p)

The share options outstanding as at 30 September 2012 had a weighted average remaining contractual life of 6.7 years (2011 7.1 years) and the range of exercise prices was 221 0p – 464 6p (2011 221 0p – 464 6p)

The weighted average fair value of options granted during the period was 58 2p (2011 82 8p)

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

The following table lists the inputs to the model used in respect of the awards granted during the 52 weeks ended 30 September 2012 and 52 weeks ended 2 October 2011

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

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

### The Britvic Performance Share Plan ("PSP")

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

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

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

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

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

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

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 20 SHARE BASED PAYMENTS (CONTINUED)

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

	Number of shares subject to TSR condition	Number of shares subject to EPS condition	Number of shares subject to ROIC condition
Outstanding 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 or cancelled during the period	(7,245)	(107,970)	(6,893)
Outstanding at 2 October 2011	584,781	1,095,428	584,779
Granted during the period	-	14,997	-
Vested during the period *	(532,156)	(916,249)	(532,157)
Outstanding at 30 September 2012	52,625	194,176	52,622

\*The share price on the date of vesting was 329 8p (2011 462 0p)

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

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

The nil cost options outstanding as at 30 September 2012 had a weighted average remaining contracted life of 8 2 years (TSR condition) (2011 8 5 years), 8 0 years (EPS condition) (2011 8 4 years) and 8 2 years (ROIC condition) (2011 8 5 years)

The weighted average fair value of nil cost options granted during the period was 194 2p (TSR condition) (2011 258 6p), 323 0p (EPS condition) (2011 413 0p) and 322 7p (ROIC condition) (2011 413 0p)

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

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 52 WEEKS ENDED 30 SEPTEMBER 2012

### 20 SHARE BASED PAYMENTS (CONTINUED)

The following table lists the inputs to the models used for the 52 weeks ended 30 September 2012

	Nil cost options subject to TSR condition	Nil cost options subject to EPS condition	Nil cost options subject to ROIC condition
Valuation model used	Monte Carlo Simulation	Share price at date of grant adjusted for dividends not received during vesting period	Share price at date of grant adjusted for dividends not received during vesting period
Dividend yield (%)	3.6	3.6	3.6
Expected volatility (%)	27.9	n/a	n/a
Share price at date of grant (pence)	329.8	329.8	329.8

The following table lists the inputs to the models used for the 52 weeks ended 2 October 2011

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

**BRITVIC SOFT DRINKS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**52 WEEKS ENDED 30 September 2012**

**21 CONTINGENT LIABILITIES**

The Company has assigned its interest in certain leasehold properties to other tenants. It remains liable for rentals due to the landlord for any defaults on the part of these tenants. It is not practicable to estimate the amount or timing of rentals that may default.

**22 RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption under FRS 8 'Related Party Disclosures' available to subsidiary undertakings not to disclose transactions with other Group companies.

**23 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking of Britvic Soft Drinks Limited is Britannia Soft Drinks Limited, incorporated in the United Kingdom and registered in England and Wales.

The smallest Group of which the Company is a member and for which Group Financial Statements are prepared, is Britvic plc incorporated in the United Kingdom and registered in England and Wales.

Britvic plc is the ultimate parent undertaking of Britvic Soft Drinks Limited. The consolidated Financial Statements of Britvic plc are available to the public and may be obtained from Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ.