

Registered Number: 517211

## BRITVIC SOFT DRINKS LIMITED

Financial Statements for the 53 weeks ended 3 October 2010

together with Directors' Report and Auditors' 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 Auditors' Report, for the 53 weeks ended 3 October 2010

#### 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 £867,335,000 (2009 £783,789,000)

The profit for the period before taxation amounted to £76,188,000 (2009 £91,188,000)

After charging taxation of £20,198,000 (2009 £18,937,000) the profit for the period was £55,990,000 (2009 £72,251,000)

#### 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 revenue per litre sold

##### Revenue growth

Sales achieved by the Company relative to the 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 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

#### Carbonates

	2010	2009	Percentage change
Volume (millions litres)	1,097.4	995.7	10.2
ARP per litre	42.4p	41.8p	1.4
Revenue £m	468.4	416.7	12.4
Brand contribution £m	183.5	151.2	21.4
Brand contribution margin %	39.2%	36.3%	290bps

The Company delivered a volume outperformance of the market of over 8% in 2010 in GB Carbonates. Alongside this, overall ARP growth of 2.2% was achieved. This combination of volume and pricing growth drove revenue growth of 12.4%.

Brand contribution of £183.5m represents growth of 21.4% on the previous period, with the brand contribution margin accelerating by 290bps, in part due to the success of the On-The-Go strategic plan and innovations launched earlier this year. This was all despite the ongoing pressures from the Pubs and Clubs channel and a football-led promotional summer. The revenue and market share success in the year did not come at the expense of value or profitability.

The margin growth of 290bps was in part due to the substantial investment made below-the-line in direct selling costs and overheads. This has included continued investment in the customer management team, supporting business functions as well as increasing investment at the point of purchase.

## BRITVIC SOFT DRINKS LIMITED

### Directors' Report (continued)

#### Still's

	2010	2009	Percentage change
Volume (millions litres)	514.4	496.8	3.5
ARP per litre	70.5p	70.5p	-
Revenue £m	362.7	350.2	3.6
Brand contribution £m	169.0	156.5	8.0
Brand contribution margin %	46.6%	44.7%	190bps

In GB Still's the volume growth of 3.5% meant an outperformance of the stills take-home market which grew by 2.5%. A flat ARP sees revenue growth of 3.6% to £362.7m. Performance highlights included:

- Fruit Shoot maintaining its position as the number one kids soft drink,
- Juicy Drench continuing to establish itself in its first full year,
- Robinsons reinforcing its position as the number one Squash brand, and,
- The launch of Robinsons Select and Fruit Shoot My-5, adding new consumers to the brands

The GB stills portfolio outperformed the market by 1.0%, with particular growth from Fruit Shoot and Robinsons. ARP was flat partly due to channel mix, though the strength of Robinsons, a lower than average ARP brand, had the biggest impact on overall ARP. With a rise in the brand contribution margin by 190bps, the Company saw overall brand contribution up 8.0%, with value protected. Part of this margin success was due to the significant below-the-line investment that the Company continued to make in go-to-market capability this year.

#### 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, and
- Inadequate IT disaster recovery plans

##### Risks relating to the market

- A change in consumer preferences, perception and/or spending, and
- Potential impact of any regulatory developments

#### Financial risk management objectives and policies

The main risks arising from the Company's financial instruments 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.

## BRITVIC SOFT DRINKS LIMITED

### Directors' Report (continued)

#### *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

#### **Future developments**

The Directors expect the Company to continue to trade profitably

#### **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

#### **Results and dividends**

Results, dividends and recommended transfers to reserves are as follows

	£000
Profit for the period after tax	55,990
Dividends	-
Transfer to Profit and Loss Reserves	55,990

#### **Directors**

The following served as Directors of the Company during the period

P S Moody  
J M Gibney  
A Richards  
M N J Rose  
A R Beaney  
D J Frost  
S N Stewart  
M J Harris

#### **Fixed assets**

Information relating to changes in fixed assets is given in notes 10, 11 and 12 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 3 October 2010, trade creditors outstanding represented approximately 46 days purchases (2009 48 days) from suppliers comprising trade creditors

#### **Charitable and political contributions**

The Company contributed £143,352 to charities (2009 £241,395) and £nil for political purposes (2009 £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

## BRITVIC SOFT DRINKS LIMITED

### Directors' Report (continued)

#### 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

#### Disclosure of information to the Auditors

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 Auditors in connection with preparing their report, of which the Auditors are 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 Auditors are aware of that information

#### Auditors

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 Auditors 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



**C E Roberts Thomas**  
**Secretary**  
Britvic House  
Chelmsford

19 January 2011

## **BRITVIC SOFT DRINKS LIMITED**

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

The following statement, which should be read in conjunction with the Auditors' Report set out on page 7, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and the Auditors in relation to the Financial Statements

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

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of 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 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, and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to 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 AUDITORS' REPORT to the members of Britvic Soft Drinks Limited

We have audited the Financial Statements of Britvic Soft Drinks Limited for the 53 week period ended 3 October 2010 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 25. 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 Sections 495 and 496 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 Auditors' 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 Auditors

As explained more fully in the Statement of Directors' Responsibilities 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 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.

### 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 3 October 2010 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.

*Ernst & Young LLP*

**Nigel Meredith (Senior Statutory Auditor)**

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

25 January 2011

# BRITVIC SOFT DRINKS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE 53 WEEKS ENDED 3 OCTOBER 2010

	Note	2010 £000	2009 £000
Turnover	2	867,335	783,789
Cost of sales		(379,979)	(347,171)
<b>Gross profit</b>		<b>487,356</b>	<b>436,618</b>
Selling and distribution costs		(243,097)	(235,253)
Administrative expenses			
Before exceptional items		(150,080)	(130,071)
Exceptional items	4	(4,339)	(5,331)
Administrative expenses		(154,419)	(135,402)
<b>Operating profit</b>	3	<b>89,840</b>	<b>65,963</b>
Interest receivable and similar income	6	5,260	47,970
Interest payable and similar charges	6	(16,712)	(23,445)
Other net finance (charges) / income	6	(2,200)	700
<b>Profit on ordinary activities before taxation</b>		<b>76,188</b>	<b>91,188</b>
Tax on profit on ordinary activities	7	(20,198)	(18,937)
<b>Profit on ordinary activities after taxation</b>	19	<b>55,990</b>	<b>72,251</b>
All activities relate to continuing operations			

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE 53 WEEKS ENDED 3 OCTOBER 2010

	2010 £000	2009 £000
<b>Profit on ordinary activities after taxation</b>	<b>55,990</b>	<b>72,251</b>
Actuarial loss on defined benefit pension scheme	(33,389)	(68,416)
Tax related to actuarial loss on defined benefit pension scheme	9,349	19,156
Impact of corporation tax rate change on deferred tax on defined benefit pension scheme	(1,155)	-
Loss on translation of euro denominated bank loan	(577)	-
Gain on translation of euro denominated investment	1,965	-
<b>Total recognised profits relating to the period</b>	<b>32,183</b>	<b>22,991</b>



**BRITVIC SOFT DRINKS LIMITED**  
**HISTORICAL COST PROFITS AND LOSSES**  
**FOR THE 53 WEEKS ENDED 3 OCTOBER 2010**

	Note	2010 £000	2009 £000
<b>Profit on ordinary activities before taxation</b>		76,188	91,188
Difference between historical cost depreciation charge and actual depreciation charge	19	(333)	(333)
<b>Historical cost profit on ordinary activities before taxation</b>		<u>75,855</u>	<u>90,855</u>
<b>Historical cost profit retained after taxation</b>		<u>55,657</u>	<u>71,918</u>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
**FOR THE 53 WEEKS ENDED 3 OCTOBER 2010**

	2010 £000	2009 £000
<b>Total recognised profits relating to the period</b>	32,183	22,991
Capital contribution from parent	9,358	7,745
Dividends	-	(253,872)
<b>Net addition/(reduction) to shareholders' funds</b>	<u>41,541</u>	<u>(223,136)</u>
Opening shareholders' funds	265,778	488,914
Net addition/(reduction) to shareholders' funds (as above)	<u>41,541</u>	<u>(223,136)</u>
<b>Closing shareholders' funds</b>	<u>307,319</u>	<u>265,778</u>

## BRITVIC SOFT DRINKS LIMITED

BALANCE SHEET  
AT 3 OCTOBER 2010

	Note	2010 £000	2009 £000
<b>Fixed assets</b>			
Intangible assets	10	221,622	248,449
Tangible assets	11	194,845	200,296
Investments	12	262,543	95,261
		<hr/>	<hr/>
		679,010	544,006
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	13	39,895	34,018
Debtors	14	174,091	169,944
Cash at bank and in hand		21,725	68,301
		<hr/>	<hr/>
		235,711	272,263
<b>Creditors</b>			
Amounts falling due within one year	15	(489,856)	(465,901)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(254,145)	(193,638)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		424,865	350,368
<b>Creditors</b>			
Amounts falling due after more than one year	16	(47,685)	(33,847)
<b>Provision for liabilities and charges</b>	9	(7,592)	(8,191)
<b>Net pension liability</b>	21	(62,269)	(42,552)
		<hr/>	<hr/>
		307,319	265,778
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	18	45,200	45,200
Share premium account	19	450	450
Revaluation reserve	19	3,900	3,567
Other reserves	19	15,220	15,220
Profit and Loss Account	19	242,549	201,341
		<hr/>	<hr/>
<b>Equity</b>		307,319	265,778
		<hr/>	<hr/>

The Directors approved the Financial Statements on 19 January 2011



J M Gibney

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 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 Company has net current liabilities at the period end as a result of the amounts owed to Group companies. Whilst these creditors are payable on demand, the Group companies concerned have confirmed there is no plan to require these balances to be repaid in the next twelve months and their ongoing 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 and amounts owed to Group companies not requiring repayment, 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 53 weeks to 3 October 2010 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 53 WEEKS ENDED 3 OCTOBER 2010

### 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 13.8 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 53 WEEKS ENDED 3 OCTOBER 2010

### 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 revalued 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

(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 substantially 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 53 WEEKS ENDED 3 OCTOBER 2010

### 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 practise following the issue of UITF 44.

### 2 TURNOVER

Turnover is 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:

	2010 £000	2009 £000
United Kingdom - external	846,748	766,858
- fellow subsidiaries	20,587	16,931
	<hr/> 867,335	<hr/> 783,789

The turnover is predominately sourced from the United Kingdom.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 3 OPERATING PROFIT

This is stated after charging

	2010 £000	2009 £000
Depreciation and impairment of tangible fixed assets – owned	34,078	33,094
Amortisation of goodwill and other intangible assets	26,827	26,827
Operating lease rentals		
- plant and machinery	11,543	10,369
- land and buildings	2,086	2,411
Auditors' remuneration		
- audit services *	370	263
Other fees to Auditors		
- audit of the Group pension scheme	25	18
- taxation	11	34
- other	61	29
	<hr/> 467	<hr/> 344
Research and development expenditure	1,746	1,537

\* Britvic Soft Drinks Limited bears the cost of the Auditors' remuneration for the Britvic Group, including the cost of the Auditors' remuneration for the other Group subsidiaries. The Auditors' remuneration in respect of Britvic Soft Drinks Limited is £15,000 (2009 £15,000)

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 4 EXCEPTIONAL ITEMS

	2010 £000	2009 £000
Restructuring costs	436	3,321
Returnable bottle impairment	-	(135)
IT equipment impairment	455	-
Onerous lease	-	1,333
Costs in relation to the acquisition and integration of Britvic France	3,448	-
Cost of incentive schemes directly associated with the flotation of Britvic plc	-	812
	<hr/> 4,339	<hr/> 5,331

Restructuring costs and IT equipment impairment costs relate to the outsourcing of some IT operations. In the prior period, restructuring costs principally related to redundancy costs.

Returnable bottle impairment in the prior period relates to a write-down of inventories of returnable glass bottle stocks which had become redundant due to the move to non-returnable bottles.

The onerous lease costs in the prior period related to one of the Company's office buildings where future lease commitments had been accrued for, following rationalisation of the use of this building.

Costs relating to the acquisition and integration of Britvic France include those items which cannot be capitalised under FRS 6 'Acquisitions and Mergers' and have therefore been included within exceptional items.

In the prior year incentive scheme costs directly associated with the flotation included all-employee share schemes and management incentives. These costs related to a transitional award granted to members of both the senior leadership team and senior management team shortly after flotation, the purpose of which was to compensate these individuals for the loss of existing long-term incentive bonuses which were discontinued upon flotation.

### 5 STAFF

#### a) Costs

Particulars of employees (including executive Directors) are shown below

	2010 £000	2009 £000
Wages and salaries	86,622	86,200
Share incentive plan	9,170	7,606
Social security costs	8,246	7,680
Other pension costs	7,603	6,304
	<hr/> 111,641	<hr/> 107,790



# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 5 STAFF (CONTINUED)

#### 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

	2010 Number	2009 Number
Administration	311	289
Distribution	244	234
Production	873	890
Sales and marketing	671	659
	<hr/>	<hr/>
	2,099	2,072
	<hr/>	<hr/>

#### c) Pensions

Pension information is disclosed in note 21

#### d) Directors' remuneration

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

	Highest Paid Director		Total	
	2010 £000	2009 £000	2010 £000	2009 £000
Fees as Directors	490	473	2,198	1,994
Other emoluments	22	22	140	140
Bonuses	638	502	2,318	1,874
	<hr/>	<hr/>	<hr/>	<hr/>
	1,150	997	4,656	4,008
	<hr/>	<hr/>	<hr/>	<hr/>
Company contributions – defined contribution scheme	-	-	135	132
Accrued pension – defined benefit scheme	198	184	678	655
	<hr/>	<hr/>	<hr/>	<hr/>

Seven directors exercised share options during the year (2009 nil)

The Highest Paid Director exercised share options during the year and also received shares under the Company's long term incentive scheme, Britvic Performance Share Plan (note 22)

There are 6 Directors to whom benefits are accruing under defined benefit pension schemes (2009 6) There are 2 Directors to whom benefits are accruing under defined contribution pension schemes (2009 2)

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

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

	2010 £000	2009 £000
<b>Interest receivable and similar income</b>		
Interest receivable from Group undertakings	5,084	6,043
Bank interest receivable	140	41
Other interest receivable	36	8
Dividends receivable	-	41,878
	<hr/> 5,260	<hr/> 47,970
<b>Interest payable and similar charges</b>		
Loan interest payable	1,365	2,340
Other interest payable	113	-
Interest payable to Group undertakings	15,234	21,105
	<hr/> 16,712	<hr/> 23,445
<b>Other net finance (charges)/income</b>		
Expected return on pension scheme assets (note 21)	24,100	26,200
Interest on pension liabilities (note 21)	(26,300)	(25,500)
	<hr/> (2,200)	<hr/> 700

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 7 TAX ON PROFIT ON ORDINARY ACTIVITIES

<b>Tax charge</b>	<b>2010 £000</b>	<b>2009 £000</b>
UK corporation tax		
Current period	25,330	14,443
Prior periods	(4,231)	599
<b>Total current tax</b>	<b>21,099</b>	<b>15,042</b>
Deferred tax		
Origination and reversal of timing differences	(847)	3,134
Prior periods	(54)	761
<b>Total deferred tax</b>	<b>(901)</b>	<b>3,895</b>
<b>Tax on profit on ordinary activities</b>	<b>20,198</b>	<b>18,937</b>

The tax credit relating to exceptional items of £4,339,000 (2009 £5,331,000) (see note 4) amounts to £1,088,000 (2009 £1,831,693)

The average UK standard rate of corporation tax for the period is 28% (2009 28%)

<b>Tax reconciliation</b>	<b>2010 %</b>	<b>2009 %</b>
UK corporation tax standard rate	28.0	28.0
Permanent differences	3.7	2.4
Transfer pricing adjustment	2.8	-
Capital allowances in excess of depreciation	(1.0)	-
Pension timing differences	-	(3.4)
Tax relief on share based payments	(0.4)	0.1
Other timing differences	0.3	(0.1)
Non taxable income	-	(12.9)
Adjustment to tax charge in respect of prior periods	(5.6)	0.7
Group relief received for nil payment	(9.9)	(6.5)
Amortisation	9.8	8.2
<b>Effective current tax rate</b>	<b>27.7</b>	<b>16.5</b>

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

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

The deferred tax included in the balance sheet is as follows

	2010 £000	2009 £000
Included in provisions for liabilities (note 9)	7,592	8,191
Included in defined benefit pension liability (note 21)	(23,031)	(16,548)
	(15,439)	(8,357)
Accelerated capital allowances	11,404	10,937
Share-based payments	(2,897)	(2,245)
Other short term timing differences	(915)	(501)
Pension costs	(23,031)	(16,548)
	(15,439)	(8,357)
	£000	
At 28 September 2009 including deferred tax on pension	(8,357)	
Deferred tax credit in profit and loss account	(901)	
Amount credited to the Statement of Total Recognised Gains and Losses	(6,181)	
At 3 October 2010 including deferred tax on pension	(15,439)	

### 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 Finance (No 2) Act 2010 reduced the main rate of UK Corporation Tax from 28% to 27% from 1 April 2011. The effect of the new rate is to reduce the deferred tax asset by a net £600,000, comprising a credit of £600,000 to the Income Statement and a charge of £1,155,000 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 by 1% per annum to 24% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date. The effect of these proposed reductions would be to reduce the UK net deferred tax asset by £1,700,000. Further UK tax changes, subject to enactment, are a reduction from 1 April 2012 in the rate of capital allowances applicable to plant and machinery and to integral features from 20% to 18% and from 10% to 8% respectively.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 8 DIVIDENDS

	2010 £000	2009 £000
Final dividend – paid 11 September 2009	-	253,872

The prior year figure comprises cash settled dividends of £15,900,000 and £85,228,000 and a dividend of £152,744,000 which was offset against a corresponding amount due from the Company's immediate parent undertaking. The dividends were all settled on 11 September 2009.

### 9 PROVISIONS FOR LIABILITIES AND CHARGES

	2010 £000	2009 £000
<b>Deferred taxation</b>		
Opening balance	8,191	7,380
Profit and Loss Account, excluding amounts relating to FRS 17 pension deficit	(599)	811
Closing balance	7,592	8,191
Analysed as tax on timing differences related to Accelerated capital allowances	11,405	10,937
Other	(3,813)	(2,746)
	7,592	8,191

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 unprovided is estimated at £4,375,000 (2009 £4,537,000).

### 10 INTANGIBLE FIXED ASSETS

	Goodwill £000	Brand Licences £000	2010 Total £000	2009 Total £000
Cost at beginning and end of period	80,572	369,000	449,572	449,572
Amortisation at beginning of period	(79,251)	(121,872)	(201,123)	(174,296)
Amortisation provided during the period	(87)	(26,740)	(26,827)	(26,827)
Amortisation at end of period	(79,338)	(148,612)	(227,950)	(201,123)
Net book amount at end of period	1,234	220,388	221,622	248,449

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 11 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Plant and Machinery £000	Fixtures Fittings Tools and Equipment £000	Total £000
Cost or valuation					
At 27 September 2009	47,274	26,699	207,501	219,996	501,470
Additions during the period	1,333	558	14,143	23,099	39,133
Transfers to Group companies	-	-	-	(4,485)	(4,485)
Disposals	-	(25)	(11,961)	(15,020)	(27,006)
At 3 October 2010	48,607	27,232	209,683	223,590	509,112
Depreciation and amortisation					
At 27 September 2009	6,980	4,772	138,824	150,598	301,174
Charge for period	761	579	11,710	19,918	32,968
Disposals	-	(25)	(7,181)	(13,779)	(20,985)
Impairments	-	-	655	455*	1,110
At 3 October 2010	7,741	5,326	144,008	157,192	314,267
Net book amounts					
At 3 October 2010	40,866	21,906	65,675	66,398	194,845
At 27 September 2009	40,294	21,927	68,677	69,398	200,296

\*included within exceptional items (see Note 4)

#### d) Summary at 3 October 2010

	Cost or Valuation £000	Depreciation £000	Total £000
Freehold	48,607	(7,741)	40,866
Leasehold over 100 years	15,942	(3,159)	12,783
Leasehold 50 to 100 years	6,264	(904)	5,360
Leasehold less than 50 years	5,026	(1,263)	3,763
Total properties	75,839	(13,067)	62,772
Plant and machinery	209,683	(144,008)	65,675
Fixtures, fittings, tools & equipment	223,590	(157,192)	66,398
	509,112	(314,267)	194,845

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 11 TANGIBLE FIXED ASSETS (CONTINUED)

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

	Cost £000	Depreciation £000	Total £000
At 3 October 2010	78,451	(25,952)	52,499
At 27 September 2009	76,585	(24,304)	52,281

#### f) 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.

### 12 FIXED ASSET INVESTMENTS

	2010 £000	2009 £000
At beginning of period	95,261	95,336
Redemption of preference shares held in Orchid Drinks Limited	-	(75)
Acquisition of Britvic France	165,317	-
Translation of euro investment	1,965	-
At end of period	262,543	95,261

#### Acquisition of Britvic France

On 28 May 2010, the Company acquired 100% of the issued share capital of the companies detailed below for a cash consideration of €186,402,000 (translated at £160,539,000). The acquisition is in line with the strategic direction of the Britvic plc Group (the group of companies to which Britvic Soft Drinks Limited belongs), specifically to increase its presence in Europe.

The investment of £165,317,000 includes capitalised acquisition costs of £4,778,000.

Company name	Status	Principal activity
Star Command SAS	Trading	Holding company
Fruite Entreprises SA	Trading	Holding company
Fruite SAS	Trading	Manufacture and sale of soft drinks
Bricfruit SAS	Trading	Manufacture and sale of soft drinks
Unisource SAS	Trading	Manufacture and sale of soft drinks
Teisseire SAS	Trading	Manufacture and sale of soft drinks
Teisseire Benelux SA	Trading	Marketing and distribution of soft drinks

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 12 FIXED ASSET INVESTMENTS (CONTINUED)

From the date of acquisition to 3 October 2010, the acquired businesses contributed £85,200,000 to revenue and £24,100,000 to brand contribution. Britvic France had an operating cash inflow of £4,400,000 from acquisition to the period end.

Due to non coterminous year end dates and on the basis that pre-acquisition financial information in relation to Britvic France includes discontinued operations not acquired, it is impracticable to state what the contribution to revenue and net profit would have been if the business combination had been completed on the first day of the financial period.

Due to the timing of the acquisition of Britvic France, the initial fair value / acquisition accounting has been determined provisionally. In accordance with FRS 6, adjustments to the fair value of assets acquired and liabilities assumed can be made up to the end of the first full accounting period following the acquisition date. 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 individually 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. None of the goodwill recognised is expected to be deductible for income tax purposes.

The sterling carrying value shown 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 €000	Provisional fair value adjustments €000	Fair value €000	Fair value €000
Intangible assets	81,433	33,272	114,705	98,790
Property, plant and equipment	27,165	15,657	42,822	36,880
Other financial assets	2,345	-	2,345	2,020
Inventories	35,712	1,575	37,287	32,114
Trade and other receivables	73,223	-	73,223	63,063
Cash and cash equivalents	10,004	-	10,004	8,616
Trade and other payables	(86,215)	(502)	(86,717)	(74,685)
Pension liability	(1,186)	-	(1,186)	(1,021)
Interest bearing loans and borrowings	(53,423)	-	(53,423)	(46,011)
Other non-current liabilities	(3,800)	-	(3,800)	(3,273)
Other financial liabilities	(914)	-	(914)	(787)
Deferred tax liability	(34)	(17,551)	(17,585)	(15,149)
Current income tax payable	(1,761)	(475)	(2,236)	(1,926)
<b>Net assets acquired</b>	<b>82,549</b>	<b>31,976</b>	<b>114,525</b>	<b>98,631</b>
Purchased goodwill			71,877	61,908
<b>Cost of investment satisfied by cash consideration</b>			<b>186,402</b>	<b>160,539</b>

#### **Net cash outflow arising on acquisition of shares in Britvic France**

Cash consideration	160,539
Cash and cash equivalents acquired	(8,616)
<b>Cash flow on acquisition of shares in Britvic France net of cash acquired</b>	<b>151,923</b>



# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 12 FIXED ASSET INVESTMENTS (CONTINUED)

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
Star Command SAS	Holding company	France	100
<b>Indirectly held</b>			
Fruite Entreprises SA	Holding company	France	100
Fruite 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
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
Britvic Licensed Wholesale Limited	Wholesale of soft drinks to the licensed trade	Republic of Ireland	86.8
Britvic Logistics Limited	Provision of distribution services	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 53 WEEKS ENDED 3 OCTOBER 2010

### 13 STOCKS

The following are included in the net book value of stocks

	2010 £000	2009 £000
Raw materials	7,186	10,180
Finished goods	23,392	18,559
Consumable stores	9,315	5,277
Returnable packaging	2	2
	<hr/>	<hr/>
	39,895	34,018
	<hr/>	<hr/>

The replacement cost of stocks approximates to the value at which they are stated in the accounts

### 14 DEBTORS

	2010 £000	2009 £000
Amounts falling due within one year		
Trade debtors	113,441	108,531
Amounts owed by other Group undertakings	33,058	42,103
Other debtors	427	2,401
Prepayments and accrued income	27,165	16,909
	<hr/>	<hr/>
	174,091	169,944
	<hr/>	<hr/>

### 15 CREDITORS Amounts falling due within one year

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

	2010 £000	2009 £000
Trade creditors	166,959	168,787
Amounts owed to other Group undertakings	244,730	225,995
Other creditors		
- UK corporation tax payable	13,668	10,062
- Other taxation	17,249	14,813
- Other creditors	6,039	13,903
Accruals and deferred income	41,211	32,341
	<hr/>	<hr/>
	489,856	465,901
	<hr/>	<hr/>

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 16 CREDITORS Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year

	2010 £000	2009 £000
Unsecured bank loans	47,949	33,518
Less issue costs	(305)	-
Accrued interest	41	329
	<hr/> 47,685	<hr/> 33,847

As at 3 October 2010, there is one unsecured euro denominated bank loan, repayable in May 2012, attracting an interest rate of 3.37%. In 2009, unsecured bank loans were repayable in May 2012 and attracted interest at an average rate of 1.61% for sterling denominated loans and 1.57% for euro denominated loans. Interest on bank loans is re-priced at regular intervals.

### 17 BORROWINGS

a) Analysis by year of repayment

	2010 £000	2009 £000
Due in more than one year but less than five years	47,685	33,847
Due after more than one year	<hr/> 47,685	<hr/> 33,847
Total borrowings	<hr/> 47,685	<hr/> 33,847

All borrowings relate to bank loans and overdrafts and are unsecured

### 18 CALLED UP SHARE CAPITAL

	Authorised		Allotted, Called Up and Fully Paid	
	2010 £000	2009 £000	2010 £000	2009 £000
Ordinary shares of £1 each	45,200	45,200	45,200	45,200

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 19 RESERVES

	Share premium account £000	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 28 September 2008	450	3,234	15,220	424,810
Revaluation element in depreciation charge	-	333	-	(333)
Actuarial losses net of tax	-	-	-	(49,260)
Profit for the period	-	-	-	72,251
Dividends	-	-	-	(253,872)
Capital contribution from parent	-	-	-	7,745
At 27 September 2009	450	3,567	15,220	201,341
Revaluation element in depreciation charge	-	333	-	(333)
Actuarial losses net of tax	-	-	-	(25,195)
Profit for the period	-	-	-	55,990
Loss on translation of euro denominated loan	-	-	-	(577)
Gain on translation of euro denominated investment	-	-	-	1,965
Capital contribution from parent	-	-	-	9,358
At 3 October 2010	450	3,900	15,220	242,549

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 20 FINANCIAL COMMITMENTS

	2010 £000	2009 £000		
a) Amounts contracted for but not provided in the Financial Statements				
In respect of contracts placed	3,809	3,198		
Authorised by the Directors but not contracted for	12,491	15,433		
b) Commitments for annual rentals under non-cancellable operating leases are as follows				
	Land and Buildings		Plant and Machinery	
	2010 £000	2009 £000	2010 £000	2009 £000
Leases expiring -				
Within 1 year	-	101	770	1,561
Between 2 and 5 years	1,256	1,198	5,720	6,685
After 5 years	903	961	1,512	-
	2,159	2,260	8,002	8,246
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				

### 21 RETIREMENT BENEFITS

The Group operates a pension scheme, the Britvic Pension Plan ("the Plan"), which 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 since this date new employees have been eligible to join the defined contribution section of the scheme. The Plan's funds are administered by trustees and are independent of the Group's finances. Contributions are paid to the Plan in accordance with the recommendations of an independent actuary.

In September 2010, the Group announced that it was entering into consultation with GB employees about a proposal to close the defined benefit section of the BPP plan to future accrual for active members with effect from 10 April 2011.

#### Defined Contribution Section

	2010 £000	2009 £000
Pension costs charged against operating profit during the period	3,583	2,936

#### Defined Benefit Section

The net 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 3 October 2010 has been measured using the projected unit method and has been based on the actuarial valuation as at 31 March 2007, updated to the accounting date in accordance with FRS 17. A further valuation carried out at 31 March 2010 is currently being finalised.

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 21 RETIREMENT BENEFITS (CONTINUED)

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

	2010 %	2009 %
Price inflation	3.50	3.40
Discount rate	5.05	5.65
Pension increases (LPI)	2.30-3.40	2.25-3.30
Salary growth	4.50	4.40

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

	Expected return %	2010 £000	Expected return %	2009 £000	Expected return %	2008 £000
Equities and property	7.0	260,200	8.1	236,800	7.8	202,400
Bonds and gilts	4.3	194,700	5.6	174,100	5.3	181,000
Cash	4.1	4,400	4.6	800	4.4	800
<b>Total</b>		<b>459,300</b>		<b>411,700</b>		<b>384,200</b>
Present value of actuarial liability		(544,600)		(470,800)		(385,900)
<b>Pension liability before deferred tax</b>		<b>(85,300)</b>		<b>(59,100)</b>		<b>(1,700)</b>
Deferred tax		23,031		16,548		476
<b>Net pension liability</b>		<b>(62,269)</b>		<b>(42,552)</b>		<b>(1,224)</b>

The post retirement deficit under FRS17 moved over the period as follows

	2010 £000	2009 £000
Deficit at start of period	(59,100)	(1,700)
Current service cost	(4,183)	(3,484)
Employer contributions	13,572	13,800
Net return on assets	(2,200)	700
Actuarial loss	(33,389)	(68,416)
<b>Net pension liability</b>	<b>(85,300)</b>	<b>(59,100)</b>

The following amounts are included within operating profit under FRS17

	2010 £000	2009 £000
Current service cost	4,183	3,484

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 21 RETIREMENT BENEFITS (CONTINUED)

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

	2010 £000	2009 £000
Expected return on pension scheme assets	24,100	26,200
Interest on pension liabilities	(26,300)	(25,500)
Net (charge)/credit to finance income	(2,200)	700

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

	2010 £000	2009 £000
Actual return less expected return on Plan assets	25,111	284
Experience gains arising on Plan's liabilities	36,600	-
Loss due to changes in assumptions	(95,100)	(68,700)
Actuarial loss recognised in the STRGL	(33,389)	(68,416)

The history of experience gains and losses is

	2010	2009	2008	2007	2006
Actual return less expected return on the Plan's assets (£000)	25,111	284	(79,265)	12,706	10,156
Percentage of Plan's assets	5%	0%	(21%)	3%	3%
Experience gains/(losses) arising on the Plan's liabilities (£000)	36,600	-	-	(17,200)	(2,000)
Percentage of the FRS 17 value of the Plan's liabilities	7%	n/a	n/a	(4%)	0%
Total amount recognised in the STRGL (£000)	(33,389)	(68,416)	(24,415)	60,066	(10,644)
Percentage of the FRS 17 value of the Plan's liabilities	(6%)	(15%)	(6%)	14%	(2%)

The defined benefit section of the Plan is closed to new entrants and, under the method used to calculate pension costs in accordance with FRS 17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases

As a result of the full actuarial valuation at 31 March 2007, annual contributions of £10m have been made on 31 December each year since 2006 in order to eliminate the funding deficit in the Plan. Under this valuation, one further contribution of £10m will be paid in December 2010. These arrangements will be reviewed with the Trustee after the 31 March 2010 valuation is completed

# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 22 SHARE BASED PAYMENTS

The expense recognised for share-based payments in respect of employee services received during the 53 weeks ended 3 October 2010, including national insurance of £0.9m (2009 £0.5m) and dividend equivalents of £0.7m (2009 £0.3m), is £9.4m (2009 £7.7m). 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	
	2010	2009
Annual free shares award	406,083	675,573
Matching shares award – 1 free share for every ordinary share purchased	287,132	464,205

#### 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% (2009 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 28 September 2008	4,157,542	273.7
Granted during the period	2,978,518	221.0
Exercised during the period	(37,201)	245.0
Forfeited during the period	(534,329)	250.7
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
<b>Outstanding at 3 October 2010</b>	<b>7,548,083</b>	<b>283.7</b>
<b>Exercisable at 3 October 2010</b>	<b>2,054,747</b>	<b>245.0</b>

The weighted average share price at the date of exercise for share options exercised during the period was 412.7p (2009 317.1p).

The share options outstanding as at 3 October 2010 had a weighted average remaining contractual life of 7.6 years (2009 8.0 years) and the range of exercise prices was 221.0p – 387.0p (2009 221.0p – 347.0p).

The weighted average fair value of options granted during the period was 81.6p (2009 52.3p).

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



# BRITVIC SOFT DRINKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 53 WEEKS ENDED 3 OCTOBER 2010

### 22 SHARE BASED PAYMENTS (CONTINUED)

The following table lists the inputs to the model used for the period ended 3 October 2010

	2010	2009
Dividend yield (%)	4.2	4.3
Expected volatility (%)	32.2	33.1
Risk-free interest rate (%)	2.5	2.9
Expected life of option (years)	5.0	5.0
Share price at date of grant (pence)	380.0	224.0
Exercise price (pence)	387.0	221.0

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 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 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 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. Prior to 2008, all of the awards granted to this group were subject to the TSR condition.

Awards granted to members of the senior leadership team are subject to a performance condition which measures the Company's TSR relative to the TSR of 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% (2009 25%) will vest, rising on a straight-line basis to 100% vesting at upper quartile.

Awards granted to members of the senior leadership team are subject to a performance condition which requires the Company's ROIC to be at least 23.2% (2009 18.8%) over the three year performance period for the award to vest in full. If ROIC is 21.9% (2009 16.8%) over the performance period, 25% (2009 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 will be 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% (2009 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 addition, a transitional award was made to members of both the senior leadership team and the senior management team shortly after flotation, at levels varying according to seniority. These awards will vest in tranches over a period of up to three years, subject to the satisfaction of a performance condition. The performance condition requires the Company's ROIC to be at least 17% over the performance period for the award to vest in full. If ROIC is 15% over the performance period, 50% 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.

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 53 WEEKS ENDED 3 OCTOBER 2010

### 22 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 28 September 2008	1,801,997	1,624,451	860,105
Granted during the period	680,874	1,389,503	680,873
Vested during the period *	(391,887)	(445,730)	(860,105)
Lapsed or cancelled during the period	(374,360)	(231,363)	(60,282)
Outstanding at 27 September 2009	1,716,624	2,336,861	620,591
Vested during the period *	(625,594)	(489,791)	-
Lapsed or cancelled during the period	(38,041)	(191,019)	(28,919)
Outstanding at 3 October 2010	<b>1,052,989</b>	<b>1,656,051</b>	<b>591,672</b>

\*The share price on the date of vesting was 370 6p (2009 228 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 27 September 2009	-	-	-
Granted during the period	396,578	816,207	396,578
Forfeited during the period	-	(69,349)	-
Outstanding at 3 October 2010	<b>396,578</b>	<b>746,858</b>	<b>396,578</b>

There were no nil cost options exercisable at 3 October 2010

The nil cost options outstanding as at 3 October 2010 had a weighted average remaining contracted life of 9 0 years (TSR condition), 8 7 years (EPS condition) and 9 0 years (ROIC condition)

The weighted average fair value of nil cost options granted during the period was 208 5p (TSR condition) (2009 121 6p), 336 3p (EPS condition) (2009 197 7p) and 336 3p (ROIC condition) (2009 197 7p)

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 53 WEEKS ENDED 3 OCTOBER 2010

### 22 SHARE BASED PAYMENTS (CONTINUED)

The following table lists the inputs to the models used for 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

The following table lists the inputs to the models used for the period ended 27 September 2009

	Shares subject to TSR condition	Shares subject to EPS condition	Shares 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 (%)	4.3	4.3	4.3
Expected volatility (%)	33.1	N/A	N/A
Share price at date of grant (pence)	224.0	224.0	224.0

### 23. 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.

### 24 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.

### 25 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 Britvic House, Broomfield Road, Chelmsford, Essex CM1 1TU.