NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Britvic plc (the "Company") is a company incorporated in the United Kingdom under the Companies Act 1985. It is a public limited company domiciled in England & Wales and its ordinary shares are traded on the London Stock Exchange. Britvic plc and its subsidiaries (together the "Group") operate in the soft drinks manufacturing and distribution industry, principally in the United Kingdom and Republic of Ireland.

The operating companies of the Group are disclosed within note 33.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

For all periods up to and including the 52 weeks ended 2 October 2005, Britannia Soft Drinks Limited prepared its financial statements in accordance with UK generally accepted accounting practice (UK GAAP). As a consequence of the acquisition of Britannia Soft Drinks Limited by Britvic plc and of that company's listing on the London Stock Exchange, from 3 October 2005 the Group is required to prepare consolidated financial statements in accordance with IFRS as applied in accordance with the provisions of the Companies Act 1985. As such the Group took the following exemptions available under IFRS 1 'First-time Adoption of International Financial Reporting Standards':

a) Not to restate the comparative information disclosed in the 2005 financial statements (being the financial statements for the 52 weeks ended 2 October 2005) in accordance with IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement'.

b) Not to restate business combinations occurring before 4 October 2004.

c) To recognise all actuarial gains and losses on pensions and other post-retirement benefits directly in shareholders' equity at 4 October 2004.

d) Not to apply IFRS 2 'Share-based Payment' to grants of equity instruments on or before 7 November 2002 that had vested prior to 1 January 2005.

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

The Group has changed the format of the balance sheet presentation .The principal accounting policies adopted by the group are set out below.

Basis of consolidation

The consolidated financial information incorporates the financial information of Britvic plc and the entities controlled by the Company (its subsidiaries).

The Group financial statements consolidate the accounts of Britvic plc and all its subsidiary undertakings drawn up to 28 September 2008 in accordance with IAS 27 'Consolidated and Separate Financial Statements'.

While the original acquisition of Britannia Soft Drinks Limited was accounted for under the merger method, in subsequent financial periods the acquisition method of accounting has been used, under which the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the income statement in the period of acquisition.

Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year except as follows:

IFRS 7 'Financial Instruments: Disclosure'

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been updated to take account of the additional disclosures required by the standard.

Revenue recognition

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight-line basis, over the useful economic life of that asset as follows:

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

Land is not depreciated.

Freehold properties are depreciated over 50 years.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the income statement.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

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

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

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

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting Policies (continued)

Intangible assets

Trademarks, franchise rights and customer lists

Intangible assets acquired separately from a business are capitalised at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

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

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Software Costs

Software expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. Acquired computer software licences and software developed in-house are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 7 years.

Impairment of assets

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

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

Inventories and work in progress

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Financial assets

The Group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial period-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

The Group has financial assets that are classified as loans and receivables. The Group measures these as follows:

Loans and receivables

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

Derivative financial instruments and hedging

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

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

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

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs.

If a forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to the income statement.

Net investment hedges

Financial instruments are classified as net investment hedges when they hedge the Group's net investment in foreign operations. The Group's foreign currency borrowings qualify as hedging instruments that hedge foreign currency net investment balances. Gains or losses on translation of borrowings are recognised in equity. Upon disposal of the associated investment in foreign operations cumulative gain or loss is recycled through the income statement.

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Share-based payments

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

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

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

The Group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards and has applied IFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2005.

Taxation

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Pensions

The Group operates a number of pension schemes. The Britvic Pension Plan ('BPP') has both a defined benefit fund and a defined contribution fund. The defined benefit section of the BPP was closed on 1 August 2002, and since this date new employees have been eligible to join the defined contribution section of the BPP.

As a result of the acquisition of Britvic Ireland on 29 August 2007, in Northern Ireland the Group inherited a further pension scheme in which its employees (at the date of the transfer) participated, the C&C Pension Fund. The name of this scheme has subsequently been changed to the Britvic Northern Ireland Pension Plan (BNIPP). The BNIPP was closed to new members on 28 February 2006 and since this date new employees have been eligible to join a Stakeholder plan with Legal & General. Since 1 September 2008, employees in the Republic of Ireland have been able to participate in two newly formed pension plans called the Britvic Ireland DC Pension Plan and the Britvic Ireland DB Pension Plan (BIPP).

Under defined benefit pension plans, plan assets are measured at fair value and plan liabilities are measured on an actuarial basis, using the projected unit credit method and discounted at an interest rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the plan liabilities.

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

Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in the income statement during the period in which the settlement or curtailment occurs.

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

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

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

For defined contribution plans, contributions payable for the year are charged to the income statement as an operating expense.

Employee benefits

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

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Lease incentives received are credited to the income statement on a straight-line basis over the term of the leases to which they relate.

Cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised at their original amount less an allowance for any doubtful accounts.

An allowance for doubtful accounts is made when collection of the full amount is no longer considered probable. Balances are written off when the probability of recovery is assessed as being remote.

Interest bearing loans and borrowings

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

Finance costs arising from the outstanding loan balance and finance charges are charged to the income statement using an effective interest rate method.

Foreign currencies

Functional and presentation currency

The consolidated financial information is presented in pounds sterling, which is the Group's presentational currency.

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement other than those differences relating to financial instruments treated as a net investment hedge.

Foreign operations

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

Segmental reporting

A business segment is a distinguishable component of the Group engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. Segment reporting reflects the internal management structure and the way the business is managed.

Issued share capital

Ordinary shares are classified as equity.

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

Exceptional items

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

Key sources of estimation uncertainty

In applying the above accounting policies, management has made appropriate estimates and judgements in a number of areas. The key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Post retirement benefits

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

Impairment of goodwill and intangible assets with indefinite lives

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

Deferred tax

Deferred tax assets and liabilities require management's judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised which is dependent on the generation of sufficient future taxable profits. The Group recognises deferred tax assets where it is more likely than not that the benefit will be realised.

Cross currency interest rate swaps

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Accounting policies (continued)

New standards and interpretations not applied

The Group has not applied the following IFRSs and IFRIC Interpretations, which will be applicable to the Group, that have been issued but are not yet effective:

		Effective date – periods commencing
International Financial Reporting Standards (IFRS)		
IFRS 8	Operating Segments	1 January 2009
IFRS 2	Amendment to IFRS 2 – Vesting Conditions & Cancellation	1 January 2009
Annual Improvements	Improvements to IFRSs	1 January 2009
IFRS 3	Business Combinations (revised January 2008)	1 July 2009
International Accounting Standards (IAS)		
IAS 1	Amendment – Presentation of Financial Statements (revised September 2007)	1 January 2009
IAS 23	Borrowing Costs (revised March 2007)	1 January 2009
IAS 27	Consolidated and Separate Financial Statements (revised January 2008)	1 July 2009
IAS 39	Amendment – Eligible Hedged Items	1 July 2009
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008

IFRS 8 requires disclosure based on information presented to the board. Management has not yet determined the potential impact of this interpretation.

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target). All other features are not vesting conditions, and whereas failure to achieve such a condition was previously regarded as a forfeiture (giving rise to a reversal of amounts previously charged to profit) it must be reflected in the grant date fair value of the award and treated as a cancellation, which results in either an acceleration of the expected charge, or a continuation over the remaining vesting period, depending on whether the condition is under the control of the entity or counterparty. The amendment is mandatory for periods beginning on or after 1 January 2009 and the Group is currently assessing its impact on the financial statements, although it is not expected to be material.

The Group does not anticipate early adopting the revised IFRS 3 and so will apply it prospectively to all business combinations on or after 28 September 2009. Whilst it is not possible to estimate the outcome of adoption, the key features of the revised IFRS 3 include a requirement for acquisition-related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

Whilst the revised IAS 1 will have no impact on the measurement of the Group's results or net assets it is likely to result in certain changes in the presentation of the Group's financial statements from the 53 weeks ended 3 October 2010 onwards.

IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. The Group will apply IFRIC 14 from 29 September 2008 but management has not yet determined the potential effect of this interpretation.

The remaining new standards, interpretations and amendments to published standards that have an effective date of after these financial statements detailed above have not been early adopted by the Group and the Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's reported income or net assets in the period of adoption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Segmental Reporting

The Directors consider that the Group's primary reporting segment is geographical, as this is the basis on which the Group is organised and managed. The geographical segments are: United Kingdom excluding Northern Ireland ('GB') and Republic of Ireland & Northern Ireland ('ROI & NI'). Britvic International is included within the GB segment.

Analysis by geography:

			2008			2007
	GB	**ROI & NI**	**TOTAL**	GB	ROI & NI	TOTAL
	£m	**£m**	**£m**	£m	£m	£m
					Restated*	Restated*
Gross revenue	**729.5**	**200.7**	**930.2**	702.5	13.8	716.3
Inter-segment revenue**	**(3.7)**	**-**	**(3.7)**	-	-	-
Segment revenue	**725.8**	**200.7**	**926.5**	702.5	13.8	716.3
Segment result						
Gross profit	**425.5**	**74.9**	**500.4**	427.4	2.9	430.3
Operating profit before exceptional items	**83.7**	**13.0**	**96.7**	79.2	0.8	80.0
Operating profit after exceptional items	**75.5**	**2.9**	**78.4**	74.7	(0.4)	74.3
Other non-cash expenses						
Depreciation of property, plant and equipment	**29.5**	**5.9**	**35.4**	36.2	0.6	36.8
Amortisation of intangible assets	**5.7**	**1.5**	**7.2**	5.6	0.1	5.7
Impairment of property, plant and equipment	**3.3**	**1.5**	**4.8**	-	-	-
Share-based payments	**8.4**	**-**	**8.4**	8.1	-	8.1
Segment assets						
Gross assets	**474.3**	**278.7**	**753.0**	449.6	238.3	687.9
Inter-segment assets	**(15.7)**	**(12.4)**	**(28.1)**	(21.8)	-	(21.8)
Unallocated assets			**16.4**			30.5
Total segment assets			**741.3**			696.6
Segment liabilities						
Gross liabilities	**213.7**	**83.8**	**297.5**	170.4	74.2	244.6
Inter-segment liabilities	**(12.4)**	**(15.7)**	**(28.1)**	-	(21.8)	(21.8)
Unallocated liabilities			**462.6**			469.5
Total segment liabilities			**732.0**			692.3
Capital expenditure						
Capital expenditure	**36.5**	**15.5**	**52.0**	26.7	0.6	27.3

* Restated following the completion of the fair value allocation of Britvic Ireland (see note 15).

** Inter-segment transactions are performed using arm's length prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Exceptional items

		2008 £m	2007 £m
Cost of incentive schemes directly associated with the flotation	**(a)**	**(2.8)**	(3.3)
Restructuring costs	**(b)**	**(11.6)**	(8.1)
Returnable bottle line closure and associated costs	**(c)**	**(0.7)**	(2.1)
Profit on sale of property, plant and equipment	**(d)**	**-**	3.4
Costs in relation to the purchase of Britvic Ireland	**(e)**	**(2.1)**	(1.2)
Pension curtailment gain	**(f)**	**-**	5.6
IT equipment impairment	**(g)**	**(1.1)**	-
		(18.3)	(5.7)

a) Cost of incentive schemes directly associated with the flotation include all-employee share schemes and management incentives. The cost relates 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.

b) Restructuring costs includes the costs of major restructuring programmes undertaken. In the current year these are principally:

- Redundancy costs relating to the forthcoming closure of one of the factories in the Britvic Ireland business;
- An impairment of property, plant and equipment relating to the forthcoming closure of one of the factories in the Britvic Ireland business; and
- An impairment of property, plant and equipment relating to the forthcoming closure of one of the factories in the GB segment.

In the prior year costs principally related to redundancy costs and advisors' fees incurred in the outsourcing of both the secondary distribution network and the delivery and remanufacture of vending and chiller equipment to external providers.

c) Returnable bottle line closure and associated costs relates primarily to a write-down of inventories for returnable glass bottle stocks which have become redundant due to the move to non-returnable bottles in the GB segment.

d) The 2007 number relates to the sale of one of the Group's depots which was completed in April 2007.

e) Costs in relation to the purchase of Britvic Ireland relate to the costs incurred in acquiring the business which cannot be included in the cost of the business combination and therefore cannot be capitalised. In the current year these costs principally relate to compensation paid to a distributor formerly used in Ireland prior to the acquisition of Britvic Ireland. The 2007 number principally relates to the costs associated with setting up the financing structure to facilitate the acquisition and internal staff costs such as transaction bonuses.

f) The 2007 number represents the pension curtailment gain triggered by the transfer of Group employees under the outsourcing arrangements of the secondary distribution network.

g) The IT equipment impairment relates to the write down of servers which have now been replaced to accommodate increased business requirements following the acquisition of Britvic Ireland.

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

All impairments have been calculated based on fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Operating profit

This is stated after charging:

	2008 £m	2007 £m
Cost of inventories recognised as an expense	**426.1**	283.3
Write-down of inventories recognised as an expense*	**2.6**	1.1
Research and development expenditure written off	**2.0**	1.8
Net foreign currency differences	**0.1**	0.5
Depreciation of property, plant and equipment	**35.4**	36.8
Amortisation of intangible assets	**7.2**	5.7
Operating lease payments		
- minimum lease payments	**15.7**	11.0

* This excludes the write-down of returnable bottle stocks included in note 5.

7. Auditor's Remuneration

	2008 £m	2007 £m
Auditor's remuneration – audit services	**0.2**	0.2
Other fees to auditors		
- local statutory audits for subsidiaries	**0.1**	0.1
- corporate finance services *	**-**	0.7

* In 2007 the corporate finance fees relate to costs incurred in respect of the acquisition of Britvic Ireland.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Staff costs

	2008 £m	2007 £m
Wages and salaries*	**108.6**	94.9
Social security costs	**9.5**	8.5
Pension costs (note 25)	**9.0**	5.0
Expense of share based compensation**	**8.4**	8.1
	135.5	116.5

* £5.4m (2007: £4.4m) of this is included within “restructuring costs” in exceptional items (note 5).

** £2.8m (2007: £3.3m) of this is included within exceptional items (see note 5).

Directors’ emoluments included above are detailed in the Directors’ Remuneration Report.

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

	2008	2007
Distribution	**533**	637
Production	**1,209**	1,000
Sales and marketing	**1,007**	743
Administration	**404**	310
	3,153	2,690

9. Finance income/(costs)

	2008 £m	2007 £m
Finance income		
Bank interest receivable	**0.3**	0.9
Other interest receivable	**0.1**	-
Total finance income	**0.4**	0.9
Finance costs		
Bank loans, overdrafts and loan notes	**(27.0)**	(19.6)
Total finance costs	**(27.0)**	(19.6)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Taxation

a) Tax on profit on ordinary activities

	2008		
	Before Exceptional Items £m	**Exceptional Items £m**	**Total £m**
Income Statement			
Current income tax			
Current income tax (charge) / credit	**(17.0)**	**2.7**	**(14.3)**
Amounts underprovided in previous years	**(0.1)**	**-**	**(0.1)**
Total current income tax (charge) / credit	**(17.1)**	**2.7**	**(14.4)**
Deferred income tax			
Origination and reversal of temporary differences	**-**	**(5.6)**	**(5.6)**
Total deferred tax charge	**-**	**(5.6)**	**(5.6)**
Total tax charge in the Income Statement	**(17.1)**	**(2.9)**	**(20.0)**
Statement of Recognised Income and Expense			
Current tax on additional pension contributions			**2.9**
Deferred tax on movement in pension liabilities			**3.6**
Deferred tax on movement in cash flow hedges			**(1.6)**
Deferred tax on share options granted to employees			**(1.4)**
Current tax on share options exercised			**0.5**
Net tax benefit reported in equity			**4.0**

	2007		
	Before Exceptional Items £m	Exceptional Items £m	Total £m
Income Statement			
Current income tax			
Current income tax (charge) / credit	(19.7)	2.9	(16.8)
Amounts overprovided in previous years	0.5	-	0.5
Total current income tax (charge) / credit	(19.2)	2.9	(16.3)
Deferred income tax			
Origination and reversal of temporary differences	1.9	1.3	3.2
Total deferred tax credit	1.9	1.3	3.2
Total tax (charge) / credit in the Income Statement	(17.3)	4.2	(13.1)
Statement of Recognised Income and Expense			
Current tax on additional pension contributions			3.0
Deferred tax on movement in pension liabilities			(21.4)
Deferred tax on movement in cash flow hedges			(0.9)
Deferred tax on share options granted to employees			1.1
Current tax on share options exercised			1.6
Net tax expense reported in equity			(16.6)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Taxation (continued)

b) Reconciliation of the total tax charge

The UK standard rate of corporation tax changed from 30% to 28% from 1 April 2008. The average rate for the period is 29% (2007: 30%). The tax expense in the Income Statement is higher (2007: lower) than the average rate of corporation tax in the UK of 29% (2007: 30%). The differences are reconciled below:

			2008
	Before Exceptional Items £m	**Exceptional Items £m**	**Total £m**
Profit / (loss) before tax	**70.1**	**(18.3)**	**51.8**
Profit multiplied by the UK average rate of corporation tax of 29%	**(20.3)**	**5.3**	**(15.0)**
Expenditure not deductible for income tax purposes	**(0.7)**	**(0.1)**	**(0.8)**
Abolition of UK industrial buildings allowance	**-**	**(5.9)**	**(5.9)**
Tax relief on share-based payments	**-**	**0.8**	**0.8**
Accounting charge for share-based payments	**(0.4)**	**(1.1)**	**(1.5)**
Tax underprovided in previous years	**(0.1)**	**-**	**(0.1)**
Tax relief on intra-group transactions eliminated on consolidation	**1.6**	**-**	**1.6**
Overseas tax rates	**2.7**	**(1.9)**	**0.8**
Impact of foreign exchange translation	**0.1**	**-**	**0.1**
	(17.1)	**(2.9)**	**(20.0)**
Effective income tax rate	**24.4%**		**38.6%**

			2007
	Before Exceptional Items £m	Exceptional Items £m	Total £m
Profit / (loss) before tax	61.3	(5.7)	55.6
Profit multiplied by the UK standard rate of corporation tax of 30%	(18.4)	1.7	(16.7)
Expenditure not deductible for income tax purposes	(0.7)	(0.6)	(1.3)
Tax relief on share-based payments	0.1	(0.1)	-
Tax overprovided in previous years	0.5	-	0.5
Non-taxable profit on sale of property	-	1.9	1.9
Overseas tax rates	1.2	(0.1)	1.1
Reduction of deferred tax due to reduction of UK corporation tax rate	-	1.4	1.4
	(17.3)	4.2	(13.1)
Effective income tax rate	28.2%		23.6%

c) Unrecognised tax items

The Group has unrecognised capital tax losses which arose in the UK of £1.8m (2007: £1.8m) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. These tax losses can only be offset against future capital gains and have not been recognised in these financial statements.

The Group has unrecognised tax liabilities on unremitted earnings from an overseas subsidiary amounting to £27.5m (2007: £14.7m). Deferred tax on these profits has not been recognised as the UK parent controls when the earnings will be remitted to the UK.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Taxation (continued)

d) *Deferred tax*

The deferred tax included in the Balance Sheet is as follows:

	2008 £m	2007 £m Restated*
Deferred tax liability		
Accelerated capital allowances	**(25.1)**	(20.9)
Acquisition fair value adjustments	**(13.1)**	(11.6)
Other temporary differences	**(3.5)**	(1.8)
Impact of retranslation of opening balance	**(0.2)**	-
Employee incentive plan	**-**	(0.2)
Post employment benefits	**-**	(2.1)
Deferred tax liability	**(41.9)**	(36.6)
Deferred tax asset		
Employee incentive plan	**2.4**	3.8
Post employment benefits	**4.1**	3.9
Other temporary differences	**0.3**	0.1
Deferred tax asset	**6.8**	7.8
Net deferred tax liability	**(35.1)**	(28.8)

The net deferred tax liability has been presented on the Balance Sheet by jurisdiction as follows:

	2008 £m	2007 £m Restated*
Net deferred tax assets - Overseas	**2.6**	3.2
Net deferred tax liabilities - UK	**(37.7)**	(32.0)
	(35.1)	(28.8)

The deferred tax included in the Income Statement is as follows:

	2008 £m	2007 £m
Employee incentive plan	**(0.1)**	0.9
Accelerated capital allowances	**(4.1)**	2.4
Acquisition fair value adjustments	**-**	(0.1)
Other temporary differences	**(0.3)**	-
Deferred tax from prior years	**(0.4)**	0.1
Post employment benefits	**(0.7)**	(1.5)
Reduction of deferred tax due to reduction of UK corporation tax rate	**-**	1.4
Deferred tax charge / (credit)	**(5.6)**	3.2

*Restated following the completion of the fair value allocation of Britvic Ireland (see note 15).

All of the deferred tax charge in the current year relates to exceptional items (2007: credit of £1.3m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period.

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

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

	2008	2007
	£m	£m
Basic earnings per share		
Profit for the period attributable to equity shareholders	**31.8**	42.5
Weighted average number of ordinary shares in issue for basic earnings per share	**214.0**	215.5
Basic earnings per share	**14.9p**	19.7p
Diluted earnings per share		
Profit for the period attributable to equity shareholders	**31.8**	42.5
Weighted average number of ordinary shares in issue for diluted earnings per share	**218.0**	218.1
Diluted earnings per share	**14.6p**	19.5p

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

To this end, basic and diluted earnings per share is also presented on this basis using the weighted average number of ordinary shares for both basic and diluted amounts as per the table above.

	2008	2007
	£m	£m
Basic earnings per share before exceptional items		
Profit for the period attributable to equity shareholders	**31.8**	42.5
Add: Net Impact of exceptional items	**21.2**	1.5
Profit for the period attributable to equity shareholders before exceptional items	**53.0**	44.0
Weighted average number of ordinary shares in issue for basic earnings per share	**214.0**	215.5
Basic earnings per share before exceptional items	**24.8p**	20.4p
Diluted earnings per share before exceptional items		
Profit for the period attributable to equity shareholders before exceptional items	**53.0**	44.0
Weighted average number of ordinary shares in issue for diluted earnings per share	**218.0**	218.1
Diluted earnings per share before exceptional items	**24.3p**	20.2p

12. Dividends paid and proposed

	2008	2007
	£m	£m
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2006: 7.00p per share	**-**	15.1
Interim dividend for 2007: 3.30p per share	**-**	7.1
Final dividend for 2007: 7.70p per share	**16.6**	-
Interim dividend for 2008: 3.80p per share	**8.1**	-
Dividends paid	**24.7**	22.2
Proposed for approval by the shareholders at the AGM		
Final dividend for 2007: 7.70 per share	**-**	16.6
Final dividend for 2008: 8.80p per share	**18.8**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Total £m
At 1 October 2006, net of accumulated depreciation	46.1	17.1	74.7	80.3	218.2
Acquisitions***	12.2	11.7	13.7	3.1	40.7
Exchange differences	0.4	0.4	0.3	-	1.1
Additions	0.4	0.2	13.0	5.8	19.4
Disposals at cost *	(5.9)	-	(11.4)	(22.1)	(39.4)
Depreciation eliminated on disposals	0.6	-	10.9	17.5	29.0
Non-current assets classified as held for sale – cost**	-	-	(9.4)	(1.7)	(11.1)
Non-current assets classified as held for sale – depreciation**	-	-	5.7	0.6	6.3
Depreciation charge for the year	(0.9)	(0.5)	(16.0)	(19.4)	(36.8)
At 30 September 2007, net of accumulated depreciation***	**52.9**	**28.9**	**81.5**	**64.1**	**227.4**
Exchange differences	1.7	1.0	1.7	0.3	4.7
Additions	1.3	1.7	28.2	15.3	46.5
Disposals at cost	-	-	(6.4)	(22.9)	(29.3)
Depreciation eliminated on disposals	-	-	4.7	20.2	24.9
Non-current assets classified as held for sale – cost**	(6.0)	-	-	-	(6.0)
Non-current assets classified as held for sale – depreciation**	0.1	-	-	-	0.1
Depreciation charge for the year	(0.9)	(0.6)	(17.0)	(16.9)	(35.4)
Impairment****	-	-	(3.0)	(1.8)	(4.8)
At 28 September 2008, net of accumulated depreciation and impairment	**49.1**	**31.0**	**89.7**	**58.3**	**228.1**
At 28 September 2008					
Cost (gross carrying amount)	**55.1**	**35.1**	**236.8**	**181.2**	**508.2**
Accumulated depreciation and impairment	**(6.0)**	**(4.1)**	**(147.1)**	**(122.9)**	**(280.1)**
Net carrying amount	**49.1**	**31.0**	**89.7**	**58.3**	**228.1**
At 30 September 2007					
Cost (gross carrying amount)***	58.1	32.4	213.3	188.5	492.3
Accumulated depreciation and impairment	(5.2)	(3.5)	(131.8)	(124.4)	(264.9)
Net carrying amount***	52.9	28.9	81.5	64.1	227.4

* £5.8m of disposals (net of depreciation) relates to the sale and leaseback transaction which occurred in April 2007. Further details are given in note 32.

** Further details are given in note 21.

*** Restated following the completion of the fair value allocation of Britvic Ireland (see note 15).

**** £4.2m of the impairment is included in exceptional items and is detailed in note 5. The remaining impairment of £0.6m relates to a write down of commercial asset equipment. This impairment has been calculated based on fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Total £m
Cost as at 1 October 2006, net of accumulated amortisation	-	-	-	23.9	71.5	95.4
Acquisitions*	54.0	20.1	12.5	-	57.6	144.2
Exchange differences*	1.6	0.6	0.4	-	1.7	4.3
Additions	-	-	-	4.9	3.0	7.9
Amortisation charge for the year	-	-	(0.1)	(5.6)	-	(5.7)
Cost as at 30 September 2007, net of accumulated amortisation*	55.6	20.7	12.8	23.2	133.8	246.1
Exchange differences	7.5	2.7	1.8	-	7.4	19.4
Additions	-	-	-	5.3	0.2	5.5
Amortisation charge for the year	-	(0.7)	(0.8)	(5.7)	-	(7.2)
At 28 September 2008	**63.1**	**22.7**	**13.8**	**22.8**	**141.4**	**263.8**
At 28 September 2008						
Cost (gross carrying amount)	**63.1**	**23.4**	**14.7**	**43.9**	**141.4**	**286.5**
Accumulated amortisation	**-**	**(0.7)**	**(0.9)**	**(21.1)**	**-**	**(22.7)**
Net carrying amount	**63.1**	**22.7**	**13.8**	**22.8**	**141.4**	**263.8**
At 30 September 2007						
Cost (gross carrying amount)*	55.6	20.7	12.9	38.6	133.8	261.6
Accumulated amortisation	-	-	(0.1)	(15.4)	-	(15.5)
Net carrying amount*	55.6	20.7	12.8	23.2	133.8	246.1

* Restated following the completion of the fair value allocation of Britvic Ireland (see note 15).

Goodwill

Goodwill is not amortised. Instead it is subject to an impairment review at each reporting date in accordance with IFRS 3 ‘Business Combinations’. These reviews have been and will continue to be carried out at each reporting date or more frequently if there are indicators of impairment.

An agreement was reached in the prior year with the original vendors of Red Devil to pay an additional £3.0m deferred consideration. Goodwill has been revised upwards to reflect a change in contingent consideration. Payment will be made in instalments between August 2007 and September 2010.

In the prior year the goodwill arising on the acquisition of Britvic Ireland was provisional. This has now been finalised. Further detail on the acquisition can be found in note 15. The goodwill is valued in euros and translated at the reporting date.

14. Intangible assets (continued)

Trademarks, franchise rights and customer lists

These are the intangible assets recognised as a result of the acquisition of Britvic Ireland (see note 15). They are valued in euros and translated at the reporting date.

Trademarks represent those trade names acquired which the Group plans to maintain. All trademarks have been allocated an indefinite life by management with the exception of a minor brand that is amortised over 5 years (net carrying value of £0.1m). A list of the trademarks acquired is shown in note 16. It is expected, and in line with existing well-established trademarks within the Group, that the trademarks with indefinite lives will be held and supported for an indefinite period of time and are expected to generate economic benefits for an indefinite period of time. The Group is committed to supporting its trademarks by investing in significant consumer marketing promotional spend.

Franchise rights represent the franchise agreements acquired which provide the long term right to distribute certain soft drinks. These agreements have been allocated a 35 year useful economic life. As at 28 September 2008 these intangible assets have a remaining useful life of 34 years.

Customer lists represent those customer relationships acquired and are valued in respect of the grocery and wholesale businesses. These customer lists have been allocated useful economic lives of between 10 and 20 years. At 28 September 2008 these intangible assets have a remaining useful life of between 9 and 19 years.

Software costs

Software is capitalised at cost. These intangible assets have been assessed as having finite lives and are amortised under the straight-line method over a period of 3 to 7 years. These assets are tested for impairment where an indicator of impairment arises. As at 28 September 2008 these intangible assets have a remaining useful life of up to 7 years.

15. Business combination

Acquisition of Britvic Ireland

On 29 August 2007, the Group acquired 100% of the issued share capital of the companies detailed below for a cash consideration of €255.7m (translated at £173.3m using the exchange rate on the date of acquisition). Included in this amount are directly attributable costs of €9.3m (translated at £6.3m using the exchange rate on the date of acquisition).

Company name	Name change effective from 1 October 2007	Status	Principal activity
Ballygowan Limited	No change	Trading	Manufacture and marketing of natural mineral water
Aquaporte Limited	No change	Trading	Supply of water-coolers and bottled water
C&C (Ireland) Limited	Britvic Ireland Limited	Trading	Manufacture and marketing of soft drinks
C&C (Belfast) Limited	Britvic Northern Ireland Limited	Trading	Marketing and distribution of soft drinks
C&C (Wholesale) Limited	Britvic Licensed Wholesale Limited	Trading	Wholesale of soft drinks to the licensed trade
William J Dwan & Sons Limited	No change	Trading	Wholesale of soft drinks to the licensed trade
C&C (Logistics) Limited	Britvic Logistics Limited	Trading	Provision of distribution services
C&C (Munster) Limited	Britvic (Munster) Limited	Dormant	n/a
John Mulligan & Sons Limited	No change	Dormant	n/a
C&C Pension Trust (1973) Limited	Britvic Northern Ireland Pension Trust Limited	Dormant	n/a
Britvic Limited	No change	Dormant	n/a

The initial acquisition accounting for Britvic Ireland was determined provisionally in the financial statements for the 52 weeks ended 30 September 2007. In accordance with IFRS 3, adjustments to the fair value of assets acquired and liabilities assumed can be made during the twelve months from the date of acquisition. The fair value adjustments have now been finalised and are shown in the following table. The comparatives for the 52 weeks ended 30 September 2007 have been adjusted in these financial statements to reflect these updated fair values accordingly. There has been no impact on the income statement in respect of this restatement.

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 recognised 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 Ireland enjoys, an assembled workforce and anticipated synergies expected to arise from the combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Business combination (continued)

The sterling carrying value of the net assets acquired shown in the table below has been calculated using the exchange rate on the date of acquisition which was £1: €1.4758.

	Book value €m	Provisional fair value adjustments* €m	Change to provisional fair value adjustments €m	Final fair value €m	Final fair value £m
Intangible assets	-	132.9	(5.1)	127.8	86.6
Property, plant and equipment	57.0	(0.2)	3.2	60.0	40.7
Inventories	18.5	1.8	-	20.3	13.8
Trade and other receivables	46.9	(2.4)	1.5	46.0	31.2
Cash and cash equivalents	8.8	-	-	8.8	5.9
Trade and other payables	(55.0)	(1.2)	-	(56.2)	(38.0)
Pension liability	(18.2)	(5.1)	-	(23.3)	(15.8)
Deferred tax asset / (liability)	5.0	(13.0)	(2.8)	(10.8)	(7.3)
Current taxation liabilities	(2.5)	0.5	-	(2.0)	(1.4)
Net assets acquired	60.5	113.3	(3.2)	170.6	115.7
Purchased goodwill				85.1	57.6
Total cost of investment satisfied by cash consideration				255.7	173.3

Cash consideration net of cash and cash equivalents acquired

Cash consideration	173.3
Cash and cash equivalents acquired	(5.9)
	167.4

* As previously reported in the financial statements for the 52 weeks ended 30 September 2007.

A description of each of the significant fair value adjustments is given below:

Intangible assets – an assessment has identified the following classes of intangible assets: franchise arrangements, customer lists and trademarks. The valuation of each class, and useful economic lives of the intangibles, have been determined as at the date of acquisition based on the Britvic Group's accounting policies.

Property, plant and equipment – the assets held have been assessed based on market values of land and buildings and an impairment review of plant and machinery has been performed.

Inventories – alignment to Britvic Group's accounting policies in respect of the basis of inventory provisions and categorisation of assets.

Trade and other receivables – alignment with Britvic Group's accounting policy to write off marketing costs as incurred.

Trade and other payables – alignment with Britvic Group's accounting policy to recognise a holiday pay accrual in accordance with International Accounting Standards (Britvic Ireland previously reported in accordance with Irish GAAP).

Pension liability – a valuation of the pension liabilities in respect of the two schemes relating to the business has been provided by a qualified actuary.

Deferred tax liability – recognition of deferred tax assets / liabilities in respect of the fair value adjustments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Business combination (continued)

From the date of acquisition to 30 September 2007, the acquired businesses contributed £13.8m to revenue and £0.8m to operating profit before tax for the period. It contributed £5.7m to the Group's net operating cash flow.

The Britvic Ireland companies that have been acquired in this business combination had not previously been deemed a group and therefore had not produced consolidated financial information. As such there are certain costs that are not easily identifiable and it is therefore impracticable to state what the contribution to Group revenue and profit before tax would have been had the business combination completed on the first day of the financial period in which the combination took place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Impairment testing of goodwill and trademarks with indefinite lives

Goodwill

Goodwill acquired through business combinations has been allocated by senior management to 7 individual cash-generating units for impairment testing as follows:

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

Carrying amount of goodwill

	Red Devil £m	Orchid £m	Tango £m	Robinsons £m	BSD £m	Water £m	Britvic Ireland £m	**Total £m**
At 28 September 2008	5.1	12.4	8.9	38.6	7.8	1.7	66.9	**141.4**
At 30 September 2007	5.1	12.4	8.9	38.6	7.8	1.7	59.3*	**133.8**

* Restated following the completion of the fair value allocation of Britvic Ireland (see note 15). Includes exchange differences from date of acquisition to 30 September 2007 of £1.7m.

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

Trademarks with indefinite lives

As part of the fair value exercise regarding the acquisition of Britvic Ireland (see note 15), certain trademarks with indefinite lives were recognised. These trademarks have been allocated by senior management to 6 individual cash-generating units for impairment testing as follows:

- Britvic;
- Cidona;
- Mi-Wadi;
- Ballygowan;
- Club; and
- TK.

Carrying amount of trademarks with indefinite lives

	Britvic £m	Cidona £m	Mi-Wadi £m	Ballygowan £m	Club £m	TK £m
At 28 September 2008	9.3	7.5	8.1	24.2	13.4	0.5
At 30 September 2007*	8.2	6.6	7.1	21.3	11.8	0.4

* Restated following the completion of the fair value allocation of Britvic Ireland (see note 15).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Impairment testing of goodwill and trademarks with indefinite lives (continued)

The recoverable amount of the goodwill and intangible assets allocated to the cash-generating units detailed above has been determined based on a value in use calculation. To calculate this, 20 year cash flow projections are based on financial budgets approved by senior management. A 20 year cash flow period has been used to reflect the considered longevity of the cash-generating units. The pre-tax discount rate applied to pre-tax cash flow projections is 11 per cent (2007: 10.6 per cent) and cash flows beyond the one year period are extrapolated based on forecast growth rates in line with senior management expectations of growth. No growth in real terms is assumed beyond five years. Senior management expectations are formed in line with historical performance and experience as well as available external market data.

Key assumptions used in value in use calculation

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

Growth rates – reflect senior management expectations of volume growth based on historical growth, current strategy and expected market trends.

Discount rates – reflect senior management's estimate of the pre-tax cost of capital. The estimated pre-tax cost of capital is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals.

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

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

Raw materials price, production and distribution costs, selling costs and other overhead inflation – the basis used to determine the value assigned to inflation is forecast consumer price indices of 2.5 per cent (2007: 2.5 per cent).

Sensitivity to changes in assumptions

There are no reasonably possible changes in key assumptions which would cause the carrying value of these units to exceed their recoverable amount.

17. Trade and other receivables (non-current)

	2008	2007
	£m	£m
Operating lease premiums	**2.4**	2.4

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

18. Inventories

	2008	2007
	£m	£m
Raw materials	**13.0**	9.0
Finished goods	**27.7**	26.2
Consumable stores	**5.7**	5.4
Returnable packaging	**3.0**	4.7
Total inventories at lower of cost and net realisable value	**49.4**	45.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Trade and other receivables (current)

	2008	2007
	£m	£m
		Restated
Trade receivables	**132.2**	113.3
Other receivables*	**2.9**	3.7
Prepayments	**17.6**	13.9
	152.7	130.9

*Other receivables for 2007 have been restated following the completion of the fair value allocation of Britvic Ireland (see note 15).

Trade receivables are non-interest bearing and are generally on credit terms usual for the business in which the Group operates. As at 28 September 2008, trade receivables at nominal value of £1.4m (2007: £1.2m) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	Total
	£m
At 2 October 2006	**0.8**
Acquisition of Britvic Ireland	**0.3**
Charge for year	**0.7**
Utilised	**(0.1)**
Unused amounts reversed	**(0.5)**
At 30 September 2007	**1.2**
Exchange differences	**0.1**
Charge for year	**0.7**
Utilised	**(0.1)**
Unused amounts reversed	**(0.5)**
At 28 September 2008	**1.4**

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

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

As at 28 September 2008, the ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	<30 days	30 – 60 days	60 – 90 days	90 – 120 days	> 120 days
	£m	£m	£m	£m	£m	£m	£m
2008	**132.2**	**121.4**	**7.4**	**1.3**	**1.3**	**0.6**	**0.2**
2007	113.3	102.2	8.7	1.4	0.3	0.1	0.6

The credit quality of trade receivables that are neither past due nor impaired is considered good. The Group does however monitor the credit quality of trade receivables by reference to credit ratings available externally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Cash and cash equivalents

	2008 **£m**	2007 £m
Cash at bank and in hand	**13.9**	27.3

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

At 28 September 2008, the Group had available £139.5m (2007: £105.0m) of un-drawn committed borrowing facilities in respect of which all conditions precedent are currently being met.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2008 **£m**	2007 £m
Cash at bank and in hand	**13.9**	27.3
Bank overdraft included in financial liabilities (see note 28)	**(1.0)**	-
	12.9	27.3

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

21. Non-current assets held for sale

	2008 **£m**	2007 £m
Net transfer from property, plant and equipment	**5.9**	4.8

Non-current assets held for sale relates to those assets which will be sold in relation to the forthcoming closure of one of the factories in the Britvic Ireland business. The prior year number relates to assets that had been sold as part of the outsourcing of the secondary distribution network.

22. Issued share capital

The issued share capital as at 28 September 2008 and 30 September 2007 comprised 216,037,795 ordinary shares of £0.20 each, totalling £43,207,559.

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

	2008 **£m**	2007 £m
Authorised		
327,500,000 ordinary shares of £0.20 each	**65.5**	65.5
Ordinary shares issued, called up and fully paid		
216,037,795 ordinary shares of £0.20 each	**43.2**	43.2

Of the issued, called up and fully paid ordinary shares, 2,376,138 shares (2007: 2,937,767 shares) are own shares held. This equates to £475,228 (2007: £587,553) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Reconciliation of movements in equity

	Called up share capital £m	Share premium account £m	Own shares £m	Share scheme reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	**Total £m**
At 1 October 2006	43.2	2.5	(0.5)	4.5	(0.4)	-	(107.0)	**(57.7)**
Total recognised income and expense for the year	-	-	-	-	2.3	2.9	88.1	**93.3**
Own shares purchased for share schemes	-	-	(13.2)	-	-	-	-	**(13.2)**
Own shares issued for share schemes	-	-	3.4	(3.2)	-	-	(0.2)	**-**
Movement in share based schemes	-	-	-	4.0	-	-	0.1	**4.1**
Payment of dividend	-	-	-	-	-	-	(22.2)	**(22.2)**
At 30 September 2007	**43.2**	**2.5**	**(10.3)**	**5.3**	**1.9**	**2.9**	**(41.2)**	**4.3**
Total recognised income and expense for the year	-	-	-	-	5.1	14.3	7.5	**26.9**
Own shares purchased for share schemes	-	-	(5.0)	-	-	-	-	**(5.0)**
Own shares issued for share schemes	-	-	7.4	(5.8)	-	-	(1.6)	**-**
Movement in share based schemes	-	-	-	7.8	-	-	-	**7.8**
Payment of dividend	-	-	-	-	-	-	(24.7)	**(24.7)**
At 28 September 2008	**43.2**	**2.5**	**(7.9)**	**7.3**	**7.0**	**17.2**	**(60.0)**	**9.3**

Nature and purpose of other reserves

Share premium

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

Own shares

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

Share scheme reserve

The share scheme reserve is used to record the movements in equity corresponding to the cost recognised in respect of equity-settled share-based payment transactions and the subsequent settlement of any awards that vest either by issue or purchase of the Group's shares.

Hedging reserve

The hedging reserve records movements in the fair value of forward exchange contracts and interest rate and cross currency swaps.

Translation reserve

The translation reserve includes cumulative net exchange differences on translation into the presentational currency (sterling) of items recorded in Group entities with a non-sterling functional currency, net of amounts accounted for as net investment hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Interest bearing loans and borrowings

	2008 **£m**	2007 £m
Current		
Unsecured bank loans	**(11.6)**	(13.1)
Non-current		
Unsecured bank loans	**(160.7)**	(195.3)
Private placement notes	**(243.0)**	(223.7)
Less unamortised issue costs	**1.0**	1.2
Total non-current	**(402.7)**	(417.8)

Private placement notes

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

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

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

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

Bank loans

The unsecured bank loans classified as current were repayable post year end (2007: October 2007) and were either rolled over or repaid. These loans attract interest at a rate of 5.30% for sterling denominated loans (2007: 6.35%) and 4.43% (2007: n/a) for euro denominated loans. The unsecured bank loans classified as non-current are repayable in May 2010 (2007: May 2010) and attract interest at an average rate of 6.32% (2007: 6.62%) for sterling denominated loans and 5.18% (2007: 4.77%) for euro denominated loans. Interest on bank loans is re-priced at regular intervals. For further details, please refer to note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Interest bearing loans and borrowings (continued)

Analysis of changes in interest-bearing loans and borrowings

	2008	2007
	£m	£m
Current liabilities	**(13.1)**	(17.5)
Non-current liabilities	**(417.8)**	(284.3)
At the beginning of the period	**(430.9)**	(301.8)
Issue of the Notes	**-**	(228.5)
Issue costs of new loans / Notes	**-**	0.8
Amortisation of issue costs	**(0.2)**	(0.3)
Net new unsecured loans	**45.5**	96.3
Net translation (loss) / gain	**(28.8)**	4.5
Accrued interest	**0.1**	(1.9)
At the end of the period	**(414.3)**	(430.9)
Derivatives hedging balance sheet debt*	**13.0**	(6.4)
Debt translated at contracted rate	**(401.3)**	(437.3)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Pensions

The Group principal pension scheme, the Britvic Pension Plan (BPP), has both a defined benefit and a defined contribution section. The defined benefit section of the BPP was closed on 1 August 2002, and since this date new employees have been eligible to join the defined contribution section of the BPP.

Following a 60 day employee consultation period that started on 4 February 2008, the Britvic Pension Plan changed with effect from 1 July 2008. The key changes are detailed below.

Defined benefit section

1) The pension accrual rate reduced from 1/60 to 1/90 for each year of future service membership for employee members.
2) The pension accrual rate for Executive members was reduced proportionately by one third for each year of future service membership.
3) Increases to pensions in payment for pension earned for membership from 1 July 2008 are in line with the Retail Price Index up to 2.5% each year.

Defined contribution section

1) The Company contribution rate for future service was increased to 1.5 times employee contributions for employee members.
2) A proportionate increase for Executive members.

The changes have not had a material effect on Britvic's future pension scheme obligations.

Contributions are paid into the Plan in accordance with the recommendations of an independent actuary and as outlined in the Schedule of Contributions. The latest formal actuarial valuation for contribution purposes was carried out as at 31 March 2007 under the Scheme Specific Requirements and as a result, annual contributions of £10m in respect of the funding shortfall outlined in the Recovery Plan will continue to be made by 31 December in each of the years 2008-2010 in order to eliminate the funding deficit in the Plan.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the income statement for 2008 was £2.0m (2007: £1.4m).

As a result of the acquisition of Britvic Ireland on 29 August 2007, in Northern Ireland the Group inherited a further pension scheme in which its employees (at the date of the transfer) participated, the C&C Pension Fund. The name of this scheme has subsequently been changed to the Britvic Northern Ireland Pension Plan (BNIPP), with employees of C&C Group transferring out on 30 June 2008. The next actuarial valuation is due on 31 December 2008. At present, the bulk transfer out of assets for the C&C employees has still to be finalised.

The BNIPP was closed to new members on 28 February 2006, and since this date new employees have been eligible to join a Stakeholder plan with Legal & General.

In the Republic of Ireland (ROI), employees continued to participate in a number of C&C Group pension funds following the acquisition until transferring into two newly formed pension plans called the Britvic Ireland Defined Contribution Pension Plan and the Britvic Ireland Defined Benefit Pension Plan (BIPP) on 1 September 2008. Both Plans are held under trust and operated by the Trustees of Britvic Ireland Pension Trust Limited. Since 1 March 2006 under the previous C&C arrangements, and continuing under the new BIPP arrangements, new employees are offered membership of the defined contribution plan in the first instance, with the ability to transfer into the defined benefit plan after a period of 5 years. The bulk transfer of assets to these new Plans in respect of members past service rights from the C&C arrangements are still to be finalised. The next actuarial valuation will be carried out following the receipt of the bulk transfer of assets from the C&C pension arrangement.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the Income Statement for 2008 was £0.1m (2007: £nil).

All Group pension funds are administered by trustees and are independent of the Group's finances.

The assets and liabilities of the pension schemes were valued on an IAS 19 basis at 28 September 2008 by Watson Wyatt (BPP) and Mercer (BIPP and BNIPP).

25. Pensions (continued)

Principal assumptions

Financial assumptions

	2008 % ROI	**2008 % GB**	2007 % ROI	2007 % GB
Discount rate	6.00	6.70	5.40	5.90
Rate of compensation increase	4.50	5.10	4.10	4.90
Expected long term return on plan assets	7.00	6.60	7.00	6.17
Pension increases (LPI)	3.00	2.30 - 3.60	3.00	3.40
Inflation assumption	2.50	3.60	2.25	3.40

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

Demographic assumptions

The most significant non-financial assumption is the assumed rate of longevity. This is based on standard actuarial tables known as PA92. An allowance for future improvements in longevity has also been included. The following life expectancy assumptions have been used:

	2008 Years ROI	**2008 Years GB**	2007 Years ROI	2007 Years GB
Current pensioners (at age 65) – males	20.7	19.9	19.0	19.9
Current pensioners (at age 65) – females	23.8	22.8	21.9	22.8
Future pensioners currently aged 45 (at age 65) – males	21.8	21.1	20.5	21.1
Future pensioners currently aged 45 (at age 65) – females	24.8	24.0	23.4	24.0

The mortality assumptions used to calculate the GB pension obligation were revised in 2007 following a mortality investigation carried out as part of the actuarial valuation of the Britvic Pension Plan at 31 March 2007. The mortality assumptions for the ROI were reviewed by the actuary during the year and updated in light of the improvements experienced.

Sensitivities

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

Assumption	Change in assumption	Impact on GB plan liabilities	Impact on ROI plan liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £7.8m	Decrease/increase by £1.0m
Inflation rate	Increase/decrease by 0.1%	Increase/decrease by £5.9m	Increase/decrease by £0.8m
Mortality rate	Increase in life expectancy by one year	Increase by £12.1m	Increase by £0.9m

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Pensions (continued)

Net benefit expense

	2008 BIPP £m	2008 BNIPP £m	2008 BPP £m	2008 Total £m
Current service cost	(2.6)	(0.3)	(8.1)	(11.0)
Interest cost on benefit obligation	(2.4)	(1.4)	(24.8)	(28.6)
Expected return on plan assets	2.9	1.0	28.8	32.7
Net expense	(2.1)	(0.7)	(4.1)	(6.9)

	2007 BIPP £m	2007 BNIPP £m	2007 BPP £m	2007 Total £m
Current service cost	(0.2)	-	(10.7)	(10.9)
Interest cost on benefit obligation	(0.2)	(0.1)	(22.7)	(23.0)
Expected return on plan assets	0.2	0.1	24.4	24.7
Curtailment gain	-	-	5.6	5.6
Net expense	(0.2)	-	(3.4)	(3.6)

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

The pension curtailment in the prior year is triggered by the transfer of Group employees under the outsourcing arrangements of the secondary distribution network. Those employees that are members of the BPP will no longer accrue future entitlement, which gives rise to the curtailment gain.

Taken to the Statement of Recognised Income and Expense

	2008 BIPP £m	2008 BNIPP £m	2008 BPP £m	2008 Total £m
Actual return on plan assets	(14.2)	(1.6)	(50.4)	(66.2)
Less: Expected return on plan assets	(2.9)	(1.0)	(28.8)	(32.7)
	(17.1)	(2.6)	(79.2)	(98.9)
Other actuarial gains	8.2	4.3	56.5	69.0
Actuarial (losses) / gains taken to the Statement of Recognised Income and Expense	(8.9)	1.7	(22.7)	(29.9)

	2007 BIPP £m	2007 BNIPP £m	2007 BPP £m	2007 Total £m
Actual return on plan assets	0.5	0.6	37.2	38.3
Less: Expected return on plan assets	(0.2)	(0.1)	(24.4)	(24.7)
	0.3	0.5	12.8	13.6
Other actuarial gains	-	0.4	47.3	47.7
Actuarial gains taken to the Statement of Recognised Income and Expense	0.3	0.9	60.1	61.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Pensions (continued)

Net (liability) / surplus

	2008 BIPP £m	2008 BNIPP £m	2008 BPP £m	2008 Total £m
Present value of benefit obligation	(42.5)	(20.0)	(385.9)	(448.4)
Fair value of plan assets	27.2	13.0	384.3	424.5
Net liability	(15.3)	(7.0)	(1.6)	(23.9)

	2007 BIPP £m	2007 BNIPP £m	2007 BPP £m	2007 Total £m
Present value of benefit obligation	(39.7)	(23.0)	(422.2)	(484.9)
Fair value of plan assets	34.3	13.7	431.3	479.3
Net (liability) / surplus	(5.4)	(9.3)	9.1	(5.6)

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

	2008 BIPP £m	2008 BNIPP £m	2008 BPP £m	2008 Total £m
At 30 September 2007	(39.7)	(23.0)	(422.2)	(484.9)
Exchange differences	(5.3)	-	-	(5.3)
Current service cost	(2.6)	(0.3)	(8.1)	(11.0)
Member contributions	(0.7)	-	(1.7)	(2.4)
Interest cost on benefit obligation	(2.4)	(1.4)	(24.8)	(28.6)
Benefits paid	-	0.4	14.4	14.8
Actuarial gains	8.2	4.3	56.5	69.0
At 28 September 2008	(42.5)	(20.0)	(385.9)	(448.4)

	2007 BIPP £m	2007 BNIPP £m	2007 BPP £m	2007 Total £m
At 1 October 2006	-	-	(454.5)	(454.5)
Acquisition at 29 August 2007	(38.1)	(23.3)	-	(61.4)
Exchange differences	(1.2)	-	-	(1.2)
Current service cost	(0.2)	-	(10.7)	(10.9)
Member contributions	-	-	(2.1)	(2.1)
Interest cost on benefit obligation	(0.2)	(0.1)	(22.7)	(23.0)
Benefits paid	-	-	14.9	14.9
Curtailment gain	-	-	5.6	5.6
Actuarial gains	-	0.4	47.3	47.7
At 30 September 2007	(39.7)	(23.0)	(422.2)	(484.9)

The current service cost excludes contributions made by employees of £2.4m (2007: £2.1m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Pensions (continued)

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

	2008 BIPP £m	2008 BNIPP £m	2008 BPP £m	2008 Total £m
At 30 September 2007	34.3	13.7	431.3	479.3
Exchange differences	4.5	-	-	4.5
Expected return on plan assets	2.9	1.0	28.8	32.7
Actuarial losses	(17.1)	(2.6)	(79.2)	(98.9)
Employer contributions	1.9	1.3	16.1	19.3
Member contributions	0.7	-	1.7	2.4
Benefits paid	-	(0.4)	(14.4)	(14.8)
At 28 September 2008	27.2	13.0	384.3	424.5

	2007 BIPP £m	2007 BNIPP £m	2007 BPP £m	2007 Total £m
At 1 October 2006	-	-	388.7	388.7
Acquisition at 29 August 2007	32.6	13.0	-	45.6
Exchange differences	1.0	-	-	1.0
Expected return on plan assets	0.2	0.1	24.4	24.7
Actuarial gains	0.3	0.5	12.8	13.6
Employer contributions	0.2	0.1	18.2	18.5
Member contributions	-	-	2.1	2.1
Benefits paid	-	-	(14.9)	(14.9)
At 30 September 2007	34.3	13.7	431.3	479.3

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

	2008 BIPP £m	2008 BNIPP £m	2008 BPP £m	2008 Total £m	2008 Total %
Equities	20.4	10.0	202.5	232.9	55
Bonds and gilts	3.0	1.7	181.0	185.7	44
Cash	3.8	1.3	0.8	5.9	1
Total	27.2	13.0	384.3	424.5	100

	2007 BIPP £m	2007 BNIPP £m	2007 BPP £m	2007 Total £m	2007 Total %
Equities	30.8	12.2	246.0	289.0	60
Bonds and gilts	3.5	0.8	184.4	188.7	40
Cash	-	0.7	0.9	1.6	-
Total	34.3	13.7	431.3	479.3	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Pensions (continued)

Categories of plan assets as a percentage of the expected return on assets

	2008 BIPP £m	2008 BNIPP £m	2008 BPP £m	2008 Total £m	2008 Total %
Equities	2.7	0.9	19.0	22.6	69
Bonds and gilts	0.2	0.1	9.7	10.0	31
Cash	-	-	0.1	0.1	-
Total	2.9	1.0	28.8	32.7	100

	2007 BIPP £m	2007 BNIPP £m	2007 BPP £m	2007 Total £m	2007 Total %
Equities	0.2	0.1	17.2	17.5	71
Bonds and gilts	-	-	7.2	7.2	29
Cash	-	-	-	-	-
Total	0.2	0.1	24.4	24.7	100

History of experience gains and losses

	2008 £m	2007 £m	2006 £m	2005 £m
Fair value of plans assets	424.5	479.3	388.7	327.6
Present value of defined benefit obligations	(448.4)	(484.9)	(454.5)	(412.2)
Deficit in the plans	(23.9)	(5.6)	(65.8)	(84.6)
Experience adjustments arising on plan liabilities	3.3	(17.2)	(2.0)	-
Experience adjustments arising on plan assets	(98.9)	13.6	10.0	32.6

The cumulative amount of actuarial gains and losses recognised since 4 October 2004 in the Group statement of recognised income and expense is an overall gain of £17.5m (2007: gain of £47.4m). The Directors are unable to determine how much of the pension scheme deficit recognised on transition to IFRS and taken direct to equity of £1.3m is attributable to actuarial gains and losses since the inception of those pension schemes. Consequently, the Directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the Group statement of recognised income and expense before 4 October 2004.

Normal contributions of £7.5m and additional contributions of £10m are expected to be paid into the pension schemes during the 2009 financial year.

26. Trade and other payables (current)

	2008 £m	2007 £m
Trade payables	**143.7**	110.8
Other payables	**9.7**	14.3
Accruals and deferred income	**72.6**	60.7
Other taxes and social security	**18.3**	17.4
	244.3	203.2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Financial risk management objectives and policies

Overview

The Group's principal financial instruments comprise derivatives, borrowings and overdrafts, cash and cash equivalents. These financial instruments are used to manage interest rate and currency exposures, funding and liquidity requirements. Other financial instruments which arise directly from the Group's operations include trade receivables and payables (see notes 19 and 26 respectively).

It is, and has been throughout 2008 and 2007, the Group's policy that no derivative is entered into for trading or speculative purposes.

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

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 Group enters into fixed price contracts with suppliers to hedge against unfavourable commodity price changes.

Interest rate risk

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

The Group's policy is to manage its interest cost by maintaining a mix of fixed and variable debt. The Group's policy is to keep between 25% and 70% of its borrowings at fixed rates of interest over a 3 year time horizon. To manage this, the Group enters into interest rate and cross currency swaps which are designated to hedge underlying debt obligations. At 28 September 2008, after taking into account the effect of interest rate swaps, approximately 57% of the Group's borrowings are at a fixed rate of interest (2007: 57%).

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Increase / (decrease) in basis points	Effect on profit before tax £m
2008		
Sterling	**200**	**2.6**
	(200)	**(2.6)**
Euro	**200**	**1.6**
	(200)	**(1.6)**
2007		
Sterling	200	2.6
	(200)	(2.6)
Euro	200	0.2
	(200)	(0.2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Financial risk management objectives and policies (continued)

Foreign currency risk

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

The Group also has transactional exposures arising from purchases of prime materials and commercial assets in currencies other than the functional currency of the individual Group entities. Such purchases are made in the currencies of US dollars and euros. As at 28 September 2008, the Group has hedged 71% (2007: 70%) of forecast exposures 12 months in advance using forward foreign exchange contracts.

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

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

	Increase / (decrease) in currency rate	Effect on profit before tax	Effect on equity
	%	£m	£m
2008			
Euro	**10**	**-**	**0.3**
	(10)	**-**	**(0.2)**
US dollar	**10**	**26**	**0.8**
	(10)	**(21)**	**(0.6)**
2007			
Euro	10	-	0.4
	(10)	-	(0.4)
US dollar	10	(0.6)	0.6
	(10)	0.5	(0.5)

Credit risk

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

The Group maintains a policy on counterparty credit exposures with banks and financial institutions arising from the use of derivatives and financial instruments. The level of exposure and the credit worthiness of the Group's banking counterparties is reviewed regularly to ensure compliance with this policy.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (eg. accounts receivable, other financial assets) and projected cash flows from operations.

The objective of the Group's liquidity policy is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts and long term private placement issuance. The bank loans entered into by the Group are unsecured. At 28 September 2008, 3% of the Group's debt will mature in less than one year at 28 September 2008 (2007: 3%) based on the carrying value of borrowings reflected in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 28 September 2008 based on contractual undiscounted payments:

2008

	Less than 1 year £m	**1 to 5 years £m**	**> 5 years £m**	**Total £m**
Unsecured bank loans	**21.4**	**169.8**	**-**	**191.2**
Private placement notes	**14.3**	**71.4**	**280.0**	**365.7**
Other non-current liabilities	**-**	**1.2**	**-**	**1.2**
Trade and other payables	**244.3**	**-**	**-**	**244.3**
Other financial liabilities	**1.0**	**-**	**-**	**1.0**
	281.0	**242.4**	**280.0**	**803.4**

2007

	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Unsecured bank loans	13.1	195.1	-	208.2
Private placement notes	14.4	71.8	274.9	361.1
Other non-current liabilities	-	1.2	-	1.2
Trade and other payables	203.2	-	-	203.2
Other financial liabilities	0.3	-	3.4	3.7
	231.0	268.1	278.3	777.4

Details with regard to derivative contracts are included in note 28.

Capital management

The Group defines 'capital' as being net debt plus equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain a strong credit rating in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Quantitative information on equity and net debt can be found in notes 23 and 31 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Financial instruments

Fair values of financial assets and financial liabilities

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

	Book value 2008 £m	**Fair value 2008 £m**	Book value 2007 £m	Fair value 2007 £m
Financial assets				
Cash	**13.9**	**13.9**	27.3	27.3
Forward currency contracts	**0.3**	**0.3**	0.1	0.1
Cross currency interest rate swap	**22.2**	**22.2**	-	-
	36.4	**36.4**	27.4	27.4
Financial liabilities				
Interest-bearing loans and borrowings (bank loans and private placement notes):				
Fixed rate borrowings	**(242.2)**	**(202.6)**	(222.9)	(244.9)
Floating rate borrowings	**(172.1)**	**(172.1)**	(208.0)	(208.0)
Bank overdraft	**(1.0)**	**(1.0)**	-	-
Forward currency contracts	**-**	**-**	(0.3)	(0.3)
Cross currency interest rate swap	**-**	**-**	(3.4)	(3.4)
	(415.3)	**(375.7)**	(434.6)	(456.6)

Non-derivative financial assets are categorised as loans and receivables as defined in IAS 39. Non-derivative financial liabilities are all carried at amortised cost.

The fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates.

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

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

Hedging activities

Cash flow hedges

At 28 September 2008, the Group held 32 (2007: 27) US dollar and 8 (2007: 21) euro forward exchange contracts designated as hedges of expected future purchases from overseas suppliers in US dollars and euros for which the Group believe to be 'highly probable' transactions. The forward currency contracts are being used to hedge the foreign currency risk of these 'highly probable' transactions. The terms of these contracts are as follows:

Forward contracts to hedge expected future purchases	**Maturity range**	**Average exchange rate**
2008		
US$13,003,417	**Oct 08 to Sept 09**	**£ / US$1.89**
EUR€3,045,235	**Oct 08 to Mar 09**	**£ / EUR€1.27**
2007		
US$10,128,000	Oct 07 to Aug 08	£ / US$2.00
EUR€22,881,000	Oct 07 to Apr 08	£ / EUR€1.46

The terms of the forward currency contracts have been negotiated to match the terms of the commitments.

The cash flow hedges of the expected future purchases in the 28 weeks to 12 April 2009 have been assessed to be effective and a net unrealised gain of £0.3m (2007: unrealised loss of £0.2m), with a related deferred tax liability of £0.1m (2007: related deferred tax asset of £0.1m), has been included in equity in respect of these contracts.

In February 2007, Britvic plc issued US$375m and £38m of Senior Notes in the United States Private Placement market. As a result of this transaction further cash flow hedges were entered into. These are detailed in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Financial instruments (contined)

Hedge of net investments in foreign operations

Included in unsecured bank loans at 28 September 2008 was a borrowing of €100.0m (2007: €100.0m) which has been designated as a hedge of the net investment in Britvic Ireland and is being used to hedge the Group's exposure to foreign exchange risk on this investment. Gains or losses on the retranslation of this borrowing are transferred to equity to offset any gains or losses on translation of the net investment in Britvic Ireland.

29. Other non-current liabilities

	2008	2007
	£m	£m
Deferred consideration	**1.2**	1.2

This amount relates to the element of additional deferred consideration due to the vendors of Red Devil payable after one year. Further detail is given in note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 28 September 2008 is £8.4m (2007: £8.1m). 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 year are shown in the table below. The fair value of these awards is equivalent to the intrinsic value of the shares.

		No of shares
	2008	2007
Annual free shares award	477,862	582,762
Matching shares award – 1 free share for every ordinary share purchased	422,225	455,349

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, 40% 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 optionholder 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 year.

	Number of share options	**Weighted average exercise price (pence)**
Outstanding as at 1 October 2006	1,582,629	245.0
Granted during the year	1,673,929	245.0
Forfeited during the year	(141,426)	245.0
Outstanding as at 30 September 2007	3,115,132	245.0
Granted during the year	1,169,621	347.0
Forfeited during the year	(127,211)	245.0
Outstanding at 28 September 2008	**4,157,542**	**273.7**

There were no options exercisable at 28 September 2008 or 30 September 2007.

The share options outstanding as at 28 September 2008 had a weighted average remaining contractual life of 8.1 years (2007: 8.7 years) and the range of exercise prices was 245.0p – 347.0p.

The weighted average fair value of options granted during the year was 67.1p (2007: 44.7p).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. Share-based payments (continued)

The following table lists the inputs to the model used for the 52 weeks ended 28 September 2008.

	2008	2007
Dividend yield (%)	2.9	2.9
Expected volatility (%)	23.0	20.0
Risk-free interest rate (%)	4.5	4.8
Expected life of option (years)	5.0	5.0
Share price at date of grant (pence)	339.0	242.0
Exercise price (pence)	347.0	245.0

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 to be made to selected employees subject to the satisfaction of a performance condition. Different performance conditions apply to different groups of employees.

Awards granted to members of the senior leadership team are subject to a performance condition which measures the Company's total shareholder return ("TSR") relative to the TSR of a comparator group (consisting of 18 companies) over a three year performance period. The awards will not vest unless the Group's position in the comparator group is at least median. At median 40% will vest, rising on a straight-line basis to 100% vesting at upper quartile.

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, 40% 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 has been 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 Return on Invested Capital ("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.

The following table illustrates the movements in the number of shares during the year.

	Number of Shares subject to TSR condition	**Number of Shares subject to EPS condition**	**Number of Shares subject to ROIC condition**
Outstanding as at 1 October 2006	700,709	683,491	3,664,362
Granted during the year	718,673	644,219	-
Vested during the year	-	-	(1,367,136)
Lapsed during the year	(97,348)	(167,075)	(158,760)
Outstanding as at 30 September 2007	1,322,034	1,160,635	2,138,466
Granted during the year	522,013	579,125	-
Vested during the year	-	-	(1,244,804)*
Lapsed during the year	(42,050)	(115,309)	(33,557)
Outstanding at 28 September 2008	**1,801,997**	**1,624,451**	**860,105**
Weighted average fair value of shares granted during the year	172.1p	311.1p	-

* The share price on the date of vesting was 346.5p

The fair value of equity-settled shares 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 were granted.

30. Share-based payments (continued)

The following table lists the inputs to the models used for the 52 weeks ended 28 September 2008.

	Shares subject to TSR condition	Shares subject to EPS condition
Valuation model used	Monte Carlo simulation	Share price at date of grant adjusted for dividends not received during vesting period
Dividend yield (%)	2.9	2.9
Expected volatility (%)	23.0	N/A
Share price at date of grant (pence)	339.0	339.0

The following table lists the inputs to the models used for the year ended 30 September 2007.

	Shares subject to TSR condition	Shares subject to EPS condition
Valuation model used	Monte Carlo simulation	Share price at date of grant adjusted for dividends not received during vesting period
Dividend yield (%)	2.9	2.9
Expected volatility (%)	20.0	N/A
Share price at date of grant (pence)	242.0	242.0

Share agreement

In addition to the above schemes, the Company's Chairman entered into a share agreement with the Company. Further details are set out in the Directors' Remuneration Report.

31. Notes to the consolidated cash flow statement

Analysis of net debt

	2007	Cash flows	Exchange differences	Other movement	**2008**
	£m	£m	£m	£m	**£m**
Cash at bank and in hand	27.3	(12.6)	(0.8)	-	**13.9**
Bank overdraft	-	(1.0)	-	-	**(1.0)**
Net cash	27.3	(13.6)	(0.8)	-	**12.9**
Debt due within one year	(13.1)	1.5	-	-	**(11.6)**
Debt due after more than one year	(417.8)	44.0	(28.8)	(0.1)	**(402.7)**
Debt	(430.9)	45.5	(28.8)	(0.1)	**(414.3)**
Derivatives hedging the balance sheet debt*	(6.4)	-	19.4	-	**13.0**
Net debt	(410.0)	31.9	(10.2)	(0.1)	**(388.4)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. Notes to the consolidated cash flow statement (continued)

Analysis of net debt (continued)

	2006	Cash flows	Exchange differences	Other movement	**2007**
	£m	£m	£m	£m	**£m**
Cash at bank and in hand	19.2	8.1	-	-	**27.3**
Net cash	19.2	8.1	-	-	**27.3**
Debt due within one year	(17.5)	4.4	-	-	**(13.1)**
Debt due after more than one year	(284.3)	(136.2)	4.5	(1.8)	**(417.8)**
Debt	(301.8)	(131.8)	4.5	(1.8)	**(430.9)**
Derivatives hedging the balance sheet debt*	-	-	(6.4)	-	**(6.4)**
Net debt	(282.6)	(123.7)	(1.9)	(1.8)	**(410.0)**

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

32. Commitments and contingencies

Operating lease commitments

In April 2007, the Group completed a sale and leaseback transaction with regard to its Tamworth depot. The Group has entered into a short term lease which has no significant arrangements of note.

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

			2008
	Land and buildings	**Other**	**Total**
	£m	**£m**	**£m**
Within one year	**4.3**	**8.1**	**12.4**
After one year but not more than five years	**11.6**	**15.5**	**27.1**
More than five years	**32.0**	**1.4**	**33.4**
	47.9	**25.0**	**72.9**

			2007
	Land and buildings	Other	Total
	£m	£m	£m
Within one year	4.0	6.1	10.1
After one year but not more than five years	10.6	11.7	22.3
More than five years	35.3	1.9	37.2
	49.9	19.7	69.6

Capital commitments

At 28 September 2008, the Group has commitments of £0.8m (2007: £2.0m) relating to the acquisition of new plant and machinery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. Commitments and contingencies (continued)

Contingent liabilities

On 28 April 2008, Britvic plc received a request for information from the Office of Fair Trading ("OFT") in connection with the OFT's investigation into potential co-ordination of retail prices between the UK's major supermarkets in breach of competition law. Britvic provided the information requested within a timeframe agreed with the OFT and will continue to cooperate with the OFT. The OFT's investigation is at an early stage. No claim for a fine or penalty has been made against the Company. Britvic's policy is to comply with all laws and regulations including competition law.

The Group had no material contingent liabilities at 30 September 2007.

33. Related party disclosures

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

Name	Country of incorporation	% ordinary shares
Directly held		
Britannia Soft Drinks Limited	England and Wales	100
Indirectly held		
Britvic Holdings Limited	England and Wales	100
Britvic International Limited	England and Wales	100
Britvic Soft Drinks Limited	England and Wales	100
Robinsons Soft Drinks Limited	England and Wales	100
Orchid Drinks Limited	England and Wales	100
Red Devil Energy Drinks Limited	England and Wales	100
Britvic Irish Holdings Limited	Republic of Ireland	100
Britvic Ireland Limited	Republic of Ireland	100
Britvic Northern Ireland Limited	Republic of Ireland	100
Britvic Licensed Wholesale Limited	Republic of Ireland	100
Britvic Logistics Limited	Republic of Ireland	100
Ballygowan Limited	Republic of Ireland	100
Aquaporte Limited	Republic of Ireland	100
William J Dwan & Sons Limited	Republic of Ireland	100

Key management personnel are deemed to be the Executive and Non-Executive Directors of the Company and members of the Executive Committee. The compensation payable to key management in the year is detailed below.

	2008	2007
	£m	£m
Short-term employee benefits	**3.2**	3.7
Post-employment benefits	**0.4**	0.5
Share-based payment	**2.3**	2.2
	5.9	6.4

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

34. Post balance sheet event

The Directors became aware on 12 November 2008 that, unless the borrowing powers in the Articles of Association of the Company were appropriately amended within a 3 month period, the Group would not be in compliance with the borrowing powers therein. In the opinion of the Directors it is highly probable that a Special Resolution will be passed at the next Annual General Meeting such that there is no impact on the Group's financial position.