

BRITANNIA SOFT DRINKS LIMITED

Financial Statements for the 52 weeks ended 2 October 2005
together with Directors' report and report of the auditors.

Registered number 47094



Directors' report

The Directors present their annual report on the affairs of the Group, together with the financial statements and report of the auditors, for the 52 weeks ended 2 October 2005.

Principal activities and business review

The principle activities of the Group continue to be the manufacture and sale of soft drink.

Turnover for the year was £698,217,000.

The profit for the year before taxation amounted to £55,719,000.

After charging taxation of £20,729,000 the profit for the year was £34,990,000.

Trading conditions in 2004/05 were very challenging, driven by increased competition and disruption to the Company's customer service levels following the implementation of a new systems infrastructure. Whilst this resulted in a downturn in profits for the year, the company is now operating from a robust and modern systems infrastructure which positions it well for the future. Cash generated in the year was used principally to invest in capital projects and to pay dividends to Shareholders. In November 2004 Britvic Soft Drinks Limited made a small acquisition comprising the water business of Ben Shaw. This investment will enable the business to expand its product range in the water category.

Future Developments

The Directors expect the Company to continue to trade profitably. The shareholders have agreed that, subject to acceptable market conditions, Britannia Soft Drinks Limited may be floated as an independent company on the London Stock Exchange. If approved, this would happen through an Initial Public Offering, some time between 1 January 2005 and 31 December 2008.

Events since the balance sheet date

There are no significant events since the balance sheet date.

Research and development

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

Results and dividends

Results, dividends (paid and proposed) and recommended transfers to reserves are as follows:

	£000
Group profit for the year after taxation and minority interests	34,990
Dividends:	
- special dividend of 1,539.84p per share paid May 2005	(189,000)
- interim dividend of 112.69p per share paid September 2005	(13,832)
- final proposed of nil pence per share.	-
Transfer to profit and loss reserves	<u>(167,842)</u>

Directors' report

Directors

The following served as Directors of the Company during the year:

R L Solomons - Chairman

P S Moody
A I M Muir
R T Winter

E A M Babeau - (Appointed 27 July 2005)
R Burrows - (Appointed 27 July 2005)
M Glenn - (Appointed 11 April 2005)
D J House - (Appointed 4 October 2004)
C C B Rogers - (Appointed 30 April 2005)

J P van der Eems - (Appointed 17 February 2005; Resigned 21 March 2005)

M R C Fearn - (Resigned 28 October 2005)
D J Houghton (Ms) - (Resigned 26 July 2005)
A J Levett (Ms) - (Resigned 26 July 2005)
D H Richardson - (Resigned 30 April 2005)
A Williams - (Resigned 17 February 2005)

Directors' interests in the ordinary shares of Intercontinental Hotels Group PLC as at 2 October 2005 (with prior period comparison) can be found in note 9 of the accounts.

Contracts and arrangements

There were no contracts of significance in relation to the Company's business in which Directors of the Company or any connected persons had a material interest at the end of the financial year or at any time during the year. There were no arrangements in place at the end of the financial year or at any time during the year to which the Company was a party whose objects enable the Directors or connected persons to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than the Group's share schemes which provide arrangements by which executive Directors may receive shares in InterContinental Hotels Group PLC. Details of these schemes are contained in the InterContinental Hotels Group PLC financial statements.

Fixed assets

Information relating to changes in fixed assets is given in notes 12 and 13 to the accounts. In the opinion of the Directors there is no material difference between the book and the current value of interests in land and buildings.

Supplier payment policy

The Company agrees payment terms with all of its main suppliers and abides by these terms subject to satisfactory performance by the supplier. Amounts owed to other suppliers are settled on or before the end of the month following receipt of a valid invoice. At 2 October 2005, trade creditors outstanding represented approximately 33 days purchases from suppliers comprising trade creditors.

Charitable and political contributions

The Group contributed £34,018 to charities and £nil for political purposes.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their

Directors' report

employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that all employees be given equal opportunities in respect of training, career development and promotion.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. The group has widely established arrangements involving briefing group consultancy committees and the publication of Company newspapers, there has been an increasing use of video programmes as part of the general process of employee consultation.

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

Close company status

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

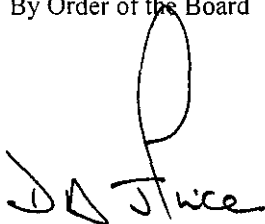
Auditors

The Directors will place a resolution before the Annual General Meeting to re-appoint Ernst & Young LLP as auditors for the ensuing year.

Liability insurance for Company officers

As permitted by the Companies Act 1985, the Company has maintained insurance cover for the Directors against liabilities in relation to the Company.

By Order of the Board



D B J PRICE

Secretary

Britvic House
Chelmsford

11 November 2005

Statement of Director's responsibilities in relation to the financial statements

The following statement, which should be read in conjunction with the Report of the Auditors set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for the financial year.

Following discussions with the auditors, the Directors consider that in preparing the financial statements on pages 6 to 46 inclusive, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Independent Auditors' report to the members of Britannia Soft Drinks Limited

We have audited the group's financial statements for the 52 weeks ended 2 October 2005 which comprise the Consolidated Profit and Loss Account, Statements of Total Recognised Gains and Losses, Reconciliation of Shareholders Funds, Historical Cost Profits and Losses, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows and the related notes 1 to 32. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the company's Directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 2 October 2005 and of the profit of the group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham
11 November 2005

Consolidated profit and loss accounts

		52 weeks ended 2 Oct 2005	53 weeks ended 3 Oct 2004 Restated
	Note	£000	£000
Turnover	2	698,217	709,338
Costs and overheads			
- Normal operating expenses	3	(625,974)	(637,301)
- Exceptional operating expenses	5	(5,779)	-
		(631,753)	(637,301)
Operating profit before exceptional items		72,243	72,037
Operating profit	4	66,464	72,037
Loss on disposal of fixed assets		(3,202)	(1,203)
Profit on ordinary activities before interest and taxation		63,262	70,834
Interest receivable and similar income	6	251	270
Interest payable and similar charges	7	(6,594)	(656)
Other net finance income / (charges)	27	(1,200)	(1,200)
Profit on ordinary activities before taxation	2	55,719	69,248
Tax on profit on ordinary activities	10	(20,729)	(24,289)
Profit on ordinary activities after taxation		34,990	44,959
Minority interests		-	712
Profit for the financial period		34,990	45,671
Dividends	11	(202,832)	(50,135)
Retained loss for the period		(167,842)	(4,464)

The Company has taken advantage of the exemption granted by Section 230 of the Companies Act 1985 whereby no individual profit and loss account of the Company is disclosed. The Company's profit on ordinary activities after taxation for the financial year was £64,749,000 (2004: £50,135,000).

Statements of total recognised gains and losses

		52 weeks ended 2 Oct 2005	53 weeks ended 3 Oct 2004 Restated
	Note	£000	£000
Profit for the financial period		34,990	45,671
Actuarial loss net of current / deferred tax on defined benefit pensions	27	(2,203)	(10,998)
Total recognised gains and (losses) relating to the period		<u>32,787</u>	<u>34,673</u>

Reconciliations of shareholders' funds

		52 weeks ended 2 Oct 2005	53 weeks ended 3 Oct 2004 Restated
		£000	£000
Total recognised gains and (losses) relating to the period		32,787	34,673
Dividends	11	(202,832)	(50,135)
Share issue	22	-	26,000
Net (reduction) / addition to shareholders' funds		<u>(170,045)</u>	<u>10,538</u>
Opening shareholders' funds		186,862	176,324
Closing shareholders' funds		<u>16,817</u>	<u>186,862</u>

Historical cost profits and losses

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 Restated £000
Profit on ordinary activities before taxation	55,719	69,248
Difference between historical cost depreciation charge and actual depreciation charge	(338)	(325)
Historical cost profit on ordinary activities before taxation	55,381	68,923
Historical cost loss retained after taxation, minority interests and dividends	(168,180)	(4,789)

Consolidated balance sheets

		As at 2 Oct 2005	As at 3 Oct 2004 Restated
	Note	£000	£000
Fixed assets			
Intangible fixed assets – goodwill	12	61,829	76,452
Tangible fixed assets	13	261,825	259,328
		<u>323,654</u>	<u>335,780</u>
Current assets			
Stocks	15	37,912	32,540
Debtors	16	101,812	93,541
Cash at bank and in hand		19,390	27,003
		<u>159,114</u>	<u>153,084</u>
Creditors			
Amounts falling due within one year	17	(165,679)	(201,538)
Net current liabilities		<u>(6,565)</u>	<u>(48,454)</u>
Total assets less current liabilities		<u>317,089</u>	<u>287,326</u>
Creditors			
Amounts falling due after more than one year	18	(219,266)	(2,833)
Provision for liabilities and charges	20	(22,696)	(22,521)
Net pension liability	27	(58,310)	(75,110)
		<u>16,817</u>	<u>186,862</u>
		<u>16,817</u>	<u>186,862</u>
Capital and reserves			
Called up share capital	22	12,274	12,274
Share premium account	23	25,386	25,386
Revaluation reserve	23	4,083	3,745
Other reserves	23	4,582	4,582
Profit and loss account	23	(29,508)	140,875
Equity shareholders' funds		<u>16,817</u>	<u>186,862</u>

Approved by the Board on and signed on its behalf by:

Paul Moody
Director

Date: 11th November 2005

Company balance sheets

		As at 2 Oct 2005 £000	As at 3 Oct 2004 £000
Fixed assets	Note		
Investments	14	637,266	185,666
Current assets			
Debtors	16	13,533	33,183
Cash at bank and in hand		-	-
		13,533	33,183
Creditors			
Amounts falling due within one year	17	(606,565)	(36,532)
Net current liabilities		(593,032)	(3,349)
Total assets less current liabilities		44,234	182,317
Creditors			
Amounts falling due after more than one year	18	-	-
		44,234	182,317
Capital and reserves			
Called up share capital	22	12,274	12,274
Share premium account	23	25,386	25,386
Other reserves	23	4,570	4,570
Profit and loss account	23	2,004	140,087
Shareholders' funds		44,234	182,317

Approved by the Board on and signed on its behalf by:

Paul Moody

Director

Date: 11th November 2005

Consolidated statements of cash flows

		52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 £000
	Note		
Net cash inflow from operating activities	24(a)	74,771	130,088
Returns on investments and servicing of finance			
Interest received		251	272
Interest paid		(5,064)	(649)
Dividends paid to minority interests		–	(309)
Net cash outflow from returns on investments and servicing of finance		(4,813)	(686)
Taxation			
Corporation tax paid		(18,782)	(22,688)
Tax paid		(18,782)	(22,688)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(51,762)	(64,995)
Receipts from sales of tangible fixed assets		69	185
Net cash outflow from capital expenditure and financial investment		(51,693)	(64,810)
Acquisitions and disposals			
Payments for the acquisition of businesses		(4,251)	–
Net cash outflow from acquisitions and disposals		(4,251)	–
Equity dividends paid		(236,015)	(48,058)
Net cash inflow / (outflow) before financing		(240,783)	(6,154)
Financing			
Repayment of unsecured loan	24(b)	–	(14)
Unsecured bank loan received	24(b)	233,166	–
Share restructuring costs		–	(130)
Net cash (outflow) / inflow from financing		233,166	(144)
Increase / (decrease) in cash	24(b)	(7,617)	(6,298)

Notes to the financial information

1. Accounting policies

Basis of preparation

The financial information has been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and has been drawn up to comply with United Kingdom accounting standards.

Change in accounting policy

In preparing this financial information, the group has early adopted all of the requirements of FRS17 Retirement Benefits, mandatory for accounting periods beginning on or after 1 January 2005. The comparative information has been restated for the adoption of FRS 17 where applicable.

For the Group the impact on the consolidated profit on ordinary activities after taxation for the year ended 2 October 2005 was a benefit of £6.4m (2004: cost of £4.5m) and the impact on consolidated equity shareholders' funds as at 3 October 2004 was a reduction of £75.1m.

Basis of consolidation

The Group financial statements consolidate the accounts of Britannia Soft Drinks Ltd and all its subsidiary undertakings drawn up to 3 October 2004 and 2 October 2005. The acquisition method of accounting has been used, under which the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Goodwill and intangible fixed assets

Positive goodwill arising on acquisitions is capitalised at cost and amortised on a straight line basis over its useful economic life, estimated at 10 years for Red Devil and the water business (acquisition from Benjamin Shaw and Sons) and 20 years for all other goodwill (see Note 12). Goodwill is reviewed for impairment at the end of the first full financial period following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred. Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition, and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Notes to the financial information

1. Accounting policies (continued)

Pensions

For defined benefit schemes, scheme assets are measured at fair value and scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained at least every three years and are updated at each balance sheet date. The resulting surplus or deficit, net of taxation thereon, is presented separately on the face of the balance sheet.

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

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

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

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

For defined contribution plans, contributions payable for the period are charged to the profit and loss account as an operating expense.

Employee costs

Wages, salaries, bonuses, and social security contributions are charged to the profit and loss account over the period to which the performance criteria relate. The accounting policy for pensions and post-employment benefits is described above.

The expected cost of employee profit share payments is recognised in the profit and loss account over the period to which the performance criteria relate. The expected cost is calculated based on the extent to which the employee is likely to qualify for the payment.

Research and development

Expenditure on research and development is charged to the profit and loss account as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Stocks

Stocks are stated at the lower of cost, including an appropriate element of production overhead cost, and net realisable value. Cost is determined using the weighted average cost method.

Notes to the financial information

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, less depreciation. The transitional rules of FRS15 were adopted for certain properties and, accordingly, the carrying value of those properties at 30 September 1999 is retained.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition of each asset, by equal instalments, over the estimated useful lives of the relevant assets, namely:

Freehold buildings	50 years
Plant and machinery	3 - 20 years
Equipment in retail outlets	5 - 10 years
Vehicles	5 - 7 years
Other fixtures and fittings	3 - 7 years

Leasehold buildings are depreciated over 50 years, or over the unexpired term of the lease if shorter.

Freehold land is not depreciated.

Deferred taxation

Deferred tax assets and liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date which will result in an obligation to pay more, or a right to pay less or to receive more, tax except that:

- Provision is not made for the revaluation of fixed assets in the absence of a commitment to sell the assets, or where it is more likely than not that the taxable gain on sale of assets will be rolled into replacement assets.
- Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered.

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

Derivative financial instruments

The Group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. The group does not use forward foreign exchange contracts for speculative purposes.

For a forward foreign exchange contract to be treated as a hedge, the following criteria must be met:

- the instrument must be related to a contracted foreign currency commitment;
- it must involve the same currency as the hedged item; and
- it must reduce the risk of foreign currency exchange movements on the group's operations.

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

Amounts payable or receivable in respect of interest rate swaps are recognised as adjustments to net interest income or expense over the period of the contract.

Turnover

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

Notes to the financial information

2. Turnover and segmental analysis

Turnover is attributable to one continuing activity being the manufacture and sale of soft drinks and all originates in the United Kingdom.

The geographical analysis of turnover, net profit before tax, and net assets is shown below for each destination, being the geographical market into which the sale was made:

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 Restated £000
Turnover		
United Kingdom	691,737	702,288
Other regions	6,480	7,050
	<u>698,217</u>	<u>709,338</u>
Profit before tax		
United Kingdom	54,789	68,334
Other regions	930	914
	<u>55,719</u>	<u>69,248</u>
Net assets		
United Kingdom	15,086	185,192
Other regions	1,731	1,670
	<u>16,817</u>	<u>186,862</u>

To further assist the reader, the Directors also present the following analysis of UK turnover:

Great Britain	687,833	698,439
Northern Ireland	3,904	3,849
	<u>691,737</u>	<u>702,288</u>

The Directors consider that the Group has only one class of business being the manufacture and sale of soft drinks.

Notes to the financial information

2. Turnover and segmental analysis (continued)

Additional trading analysis

The Directors also present the following analysis in order to further assist the reader of this financial information. The following analysis sets out turnover and brand contribution, split between carbonates and stills. Brand contribution is defined as net turnover less material costs and all other marginal costs that management considers to be directly attributable to the product sold.

	52 weeks ended 2 Oct 2005	53 weeks ended 3 Oct 2004 Restated
Turnover		
Great Britain - carbonates	356,893	376,209
Great Britain - stills	316,657	309,467
International - carbonates and stills	24,667	23,662
	<u>698,217</u>	<u>709,338</u>

The above information for International includes turnover of £18,187,000 (2004 restated: £16,612,000) which is sold within the United Kingdom.

Brand contribution

Great Britain - carbonates	143,290	152,844
Great Britain - stills	148,039	148,059
International - carbonates and stills	5,956	5,722
	<u>297,285</u>	<u>306,625</u>

3. Costs and overheads

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 Restated £000
Change in stocks of finished goods and returnable bottles and cases	(1,679)	(4,664)
Raw materials, consumables and excise duty	275,941	292,027
Other external charges	186,006	195,169
Staff costs (note 8)	112,231	101,602
Depreciation of tangible fixed assets	43,803	43,637
Amortisation of goodwill	9,672	9,530
	<u>625,974</u>	<u>637,301</u>

Notes to the financial information

4. Operating profit

This is stated after charging:

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 Restated £000
Auditors' remuneration:		
- audit services - UK	156	100
- non-audit services - UK	1,899	52
Amortisation of goodwill	9,672	9,530
Depreciation of tangible fixed assets	43,803	43,637
Operating lease rentals:		
- land and buildings	3,463	3,012
- other	6,748	5,557
Research and development expenditure	1,152	1,380

5. Exceptional operating items

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 £000
Costs incurred in relation to planned listing on the London Stock Exchange	5,779	-

6. Interest receivable and similar income

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 £000
Bank interest receivable	251	270

Notes to the financial information

7. Interest payable and similar charges

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 £000
Bank loans and overdrafts	6,594	656
	<u>6,594</u>	<u>656</u>

8. Staff costs

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 Restated £000
Wages and salaries	87,552	79,548
Social security costs	8,694	8,399
Other pension costs	12,119	10,097
Employee profit share scheme	3,866	3,558
	<u>112,231</u>	<u>101,602</u>

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

	52 weeks ended 2 Oct 2005 No.	53 weeks ended 3 Oct 2004 No.
Distribution	578	566
Production	1,255	1,230
Sales and marketing	841	817
Administration	368	326
	<u>3,042</u>	<u>2,939</u>

Notes to the financial information

9. Directors' remuneration

Directors' Emoluments

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 £000
Basic salary and fees	244	241
Other emoluments	7	13
Bonuses	231	177
	<u>482</u>	<u>431</u>

In the 52 weeks ended 2 October 2005 only one Director, Paul Moody, received any emoluments. The charge for all other Directors' emoluments has been borne by the ultimate parent undertaking, InterContinental Hotels Group plc. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Group and their services as Directors of InterContinental Hotels Group plc.

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 £000
Paul Moody		
Basic salary and fees	244	173
Bonuses	231	—
Benefits	7	8
Total emoluments	<u>482</u>	<u>181</u>

Notes to the financial information

9. Directors' remuneration (continued)

Directors' Pension Benefits

The following Directors who held office during the period ended 2 October 2005 had accrued entitlements under the Britannia Pension Plan as follows:

	Accumulated accrued pension at 2 Oct 2005	Accumulated accrued pension at 3 Oct 2004	Increase in accrued pension during the period	Increase in accrued pension during the period after removing the effects of inflation	Transfer value of increase, after removing the effects of inflation less Director's contribution
	£	£	£	£	£
P S Moody Britannia pension plan	33,800	29,200	4,600	3,700	86,900
P S Moody Britannia executive top up scheme	29,100	23,800	5,300	4,600	97,900

The pension entitlement shown is that which would be paid annually on retirement, based on the service to the end of the period.

The transfer value as at date of retirement of each Directors' accrued benefits at the end of each period is as follows:

	2 Oct 2005	3 Oct 2004	Movement, less Directors' contribution
P S Moody Britannia pension plan	388,500	290,000	86,900
P S Moody Britannia executive top up scheme	333,400	235,500	97,900

	As at 2 Oct 2005 No.	As at 3 Oct 2004 No.
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Number of Directors who held office during the period ended 2 October 2005 accruing benefits under:

Defined benefit schemes	1	1
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Notes to the financial information

9. Directors' remuneration (continued)

Directors' Interests

Directors in office as at 2 October 2005 had the following interests in the ordinary shares of the InterContinental Hotels Group plc (the ultimate parent undertaking) at 3 October 2004 and 2 October 2005. No other Directors in office as at 2 October 2005 had any interests in the share capital of the company or its parent undertakings during the period covered by the financial information.

	2 Oct 2005	3 Oct 2004
R T Winter (Appointed 16 December 2002)	5,983	10,066
R L Solomons (Appointed 28 May 2003)	60,339	-
P S Moody (Appointed 31 December 2003)	11,360	3,621
A I M Muir (Appointed 30 April 2004)	6,208	8,863
D J House (Appointed 4 October 2004)	624	-

The above shareholdings, which are all beneficial, include ordinary shares held on behalf of Directors by trustees under the InterContinental Hotels Group Employee Profit Share Scheme. In the case of Mr P S Moody, his shareholdings include shares held under the Britannia Share Incentive Plan.

The Britvic Share Incentive Plan (an employee profit share scheme) has two elements. The 'Shares in Success' element of the scheme will normally make an annual award of InterContinental Hotels Group shares based on the performance of Britannia Soft Drinks Limited over the previous financial period and are free to eligible employees. Each allocation of shares takes place once a tax year and the award will be shares up to 5% of salary earned in the previous financial period, subject to a £3,000 maximum. These shares are held in a trust. Employees will be invited to participate in Shares in Success provided they were employed by Britannia during the previous financial period, and are still an employee on the award date. The Buy As You Earn element of the scheme is a share buying plan where employees can buy ordinary shares in InterContinental Hotels Group plc out of their gross salary. Employee

contributions are held in a trust and are used to buy shares in InterContinental Hotels Group plc. All employees are entitled to participate in Buy As You Earn as soon as they are employed.

Certain Directors in office as at 2 October 2005 also participate in the InterContinental Hotels Group plc's Performance Restricted Share Plan (PRSP). Details of this scheme are provided later in this note.

Directors' Share Options

Certain Directors participate in the Executive Share Option Scheme of the ultimate parent undertaking, Intercontinental Hotels Group plc. Grant of options under the scheme are normally made annually and except in exceptional circumstances, will not, in any year, exceed three times annual salary for executive Directors.

A performance condition has to be met before options can be exercised. The performance condition is set by the Intercontinental Hotels Group Remuneration Committee.

The cost in relation to the exercise of options is borne by Intercontinental Hotels Group plc.

Notes to the financial information

9. Directors' remuneration (continued)

Directors' Options in Ordinary Shares in InterContinental Hotels Group plc at 3 October 2004

Name	At 27 Sep 2003	Granted During Period	Lapsed	Exercised	At 3 Oct 2004	Weighted Average Option Price	Option Price
P S Moody	255,229	61,210 2,193		146,026			494.17 420.50
A					51,127	349.13	
B					121,479	465.99	
	<u>255,229</u>	<u>63,403</u>	<u>-</u>	<u>146,026</u>	<u>172,606</u>	<u>431.38</u>	
R T Winter	536,487	172,130 3,769		61,043			494.17 420.50
A					293,938	431.94	
B					357,405	464.87	
	<u>536,487</u>	<u>175,899</u>	<u>-</u>	<u>61,043</u>	<u>651,343</u>	<u>450.01</u>	
A I M Muir	411,691	133,520 2,193		266,486			494.17 420.50
A					-	-	
B					280,918	464.56	
	<u>411,691</u>	<u>135,713</u>	<u>-</u>	<u>266,486</u>	<u>280,918</u>	<u>464.56</u>	
R L Solomons	597,271	230,320 3,769					494.17 420.50
A					223,999	415.04	
B					607,361	430.71	
	<u>597,271</u>	<u>234,089</u>	<u>-</u>	<u>-</u>	<u>831,360</u>	<u>426.49</u>	

Options are held under the InterContinental Hotels Group Executive Share Option Schemes.

Shares under option at the end of the period are designated as: -

- A - where the options are exercisable and the market price was above the option price.
- B - where the options are not exercisable. A performance condition has to be met before the options can be exercised.

The market price on 3 October 2004 was 643.54p per share. The highest and lowest market prices during the period for each share option that is unexpired at the end of the period were 650p and 480p.

Options above granted during the period under the InterContinental Hotels Group Executive Share Option Scheme are exercisable between 2007 and 2014, subject to the achievement of the performance condition. Sharesave options granted during the period are exercisable between March 2007 and March 2009.

Notes to the financial information

9. Directors' remuneration (continued)

Gains made on exercise of options were as follows:

	Exercise Date	Options Exercised	Option Price	Market price	Gain/(Loss) £
P S Moody	15 Sep 04	10,601	497.96	636.00	14,634
	15 Sep 04	34,711	466.68	636.00	58,773
	15 Sep 04	41,380	422.81	636.00	88,218
	20 Sep 04	10,601	593.29	648.73	5,877
	20 Sep 04	48,733	434.22	648.73	104,537
		<u>146,026</u>			<u>272,039</u>
R T Winter	16 Sep 04	52,666	295.33	650.00	186,790
	16 Sep 04	4,787	436.27	650.00	10,231
	16 Sep 04	3,590	497.96	650.00	5,458
		<u>61,043</u>			<u>202,479</u>
A I M Muir	10 Oct 03	1,619	598.00	493.50	(1,692)
	13 Sep 04	27,872	436.27	611.00	48,701
	13 Sep 04	136,624	349.13	611.00	357,777
	13 Sep 04	78,315	422.81	611.00	147,381
	17 Sep 04	2,735	497.96	646.00	4,049
	17 Sep 04	5,471	593.29	646.00	2,884
	17 Sep 04	13,850	466.68	646.00	24,836
		<u>266,486</u>			<u>583,936</u>

Notes to the financial information

9. Directors' remuneration (continued)

Directors' Options in Ordinary Shares in InterContinental Hotels Group plc at 2 October 2005

	At 3 Oct 2004	Granted During Period	Lapsed	Exercised	At 2 Oct 2005	Weighted Average Option Price	Option Price
P S Moody	172,606	52,130		51,127			619.83
A					-	-	
B					173,609	512.18	
	<u>172,606</u>	<u>52,130</u>	<u>-</u>	<u>51,127</u>	<u>173,609</u>	<u>512.18</u>	
R T Winter	651,343	74,050					619.83
A					293,938	380.01	
B					431,455	491.46	
	<u>651,343</u>	<u>74,050</u>	<u>-</u>	<u>-</u>	<u>725,393</u>	<u>446.30</u>	
A I M Muir	280,918	53,220					619.83
A					-	-	
B					334,138	489.29	
	<u>280,918</u>	<u>53,220</u>	<u>-</u>	<u>-</u>	<u>334,138</u>	<u>489.29</u>	
D J House	110,900	23,230					619.83
A					-	-	
B					134,130	492.10	
	<u>110,900</u>	<u>23,230</u>	<u>-</u>	<u>-</u>	<u>134,130</u>	<u>492.10</u>	
R L Solomons	831,360	100,550		357,545			619.83
A					-	-	
B					574,365	492.24	
	<u>831,360</u>	<u>100,550</u>	<u>-</u>	<u>357,545</u>	<u>574,365</u>	<u>492.24</u>	

Options are held under the InterContinental Hotels Group Executive Share Option Schemes.

Shares under option at the end of the period are designated as: -

A - where the options are exercisable and the market price was above the option price.

B - where the options are not exercisable. A performance condition has to be met before the options can be exercised.

The market price on 2 October 2005 was 717p per share. The highest and lowest market prices during the period for each share option that is unexpired at the end of the period were 775p and 612p. Options above granted during the period under the InterContinental Hotels Group Executive Share Option Scheme are exercisable between 2007 and 2014.

Notes to the financial information

9. Directors' remuneration (continued)

Gains made on exercise of options were as follows:

	Exercise Date	Options Exercised	Option Price	Market price	Gain/(Loss) £
P S Moody	28.7.05	51,127	349.13	723.94	191,629
		<u>51,127</u>			<u>191,629</u>
R L Solomons	6.7.05	2,222	474.86	720.50	5,458
	6.7.05	10,772	497.96	720.50	23,972
	6.7.05	22,058	593.29	720.50	28,060
	6.7.05	25,819	466.68	720.50	65,534
	6.7.05	102,596	349.13	720.50	381,011
	6.7.05	60,532	422.81	720.50	180,198
	6.7.05	133,546	308.48	720.50	550,236
		<u>357,545</u>			<u>1,234,469</u>

Performance Restricted Share Plan

The Performance Restricted Share Plan allows executive Directors and eligible employees to receive share awards in InterContinental Hotels Group plc, subject to the satisfaction of a performance condition, set by the Remuneration Committee of InterContinental Hotels Group plc, which is normally measured over a three year period. Awards are normally made annually and, except in exceptional circumstances, will not exceed three times annual salary for executive Directors. In determining the level of awards within this maximum limit, the Committee takes into account the level of executive share options granted to the same person. The grant of awards is restricted so that in each year the aggregate of (i) 20% of the market value of the executive share options and (ii) 33% of the market value of performance restricted shares, will not exceed 130% of annual salary, taking the market value in each case as at the date of grant.

For the 2004/06 cycle, performance will be measured by reference to:

- the increase in IHG plc Total Shareholder Return ('TSR') over the performance period relative to 10 identified comparator companies; Accor, De Vere, Hilton Group, Hilton Hotels Corp., Host Marriott, Marriott Hotels, Millennium & Copthorne, NH Hotels, Sol Melia and Starwood Hotels; and
- the increase in IHG Return on Capital Employed ('ROCE') over the performance period.

In respect of TSR performance, 10% of the award will be released for the achievement of 6th place within the TSR group and 50% of the award will be released for the achievement of 1st or 2nd place. In respect of the ROCE performance, 10% of the award will be released for the achievement of 70% growth and 50% of the award will be released for the achievement of 141.6% growth. Vesting between all stated points will be on a straight line basis.

The awards lapse if the performance conditions are not met.

The cost in relation to the exercise of options is borne by Intercontinental Hotels Group plc.

Notes to the financial information

9. Directors' remuneration (continued)

For Directors in office as at 2 October 2005, the awards made in respect of the Performance Restricted Share Plan cycles ending on 31 December 2004, 31 December 2005 and 31 December 2006 and the maximum pre-tax number of ordinary shares due if performance targets are achieved in full are:

For the period ending 3 October 2004

Name	At 27 Sep 2003	PRSP shares awarded during the period	Award date	Market price per share at award	PRSP shares vested during the period	Vesting date	Market price per share at vesting	Value at vesting	PRSP shares lapsed during the period	PRSP shares held at 3 Oct 2004	Planned vesting date	Value based on share price at 3 Oct 2004
R T Winter	83,370	-	18.6.03	445p	-	-	-	-	-	83,370	11.3.05	538,987
	125,050	-	18.6.03	445p	-	-	-	-	-	125,050	3.3.06	808,448
	-	108,360	24.6.04	549.5p	-	-	-	-	-	108,360	9.3.07	700,547
R L Solomons	110,110	-	18.6.03	445p	-	-	-	-	-	110,110	11.3.05	711,861
	165,160	-	18.6.03	445p	-	-	-	-	-	165,160	3.3.06	1,067,759
	-	144,990	24.6.04	549.5p	-	-	-	-	-	144,990	9.3.07	937,360
A I M Muir	71,460	-	18.6.03	445p	-	-	-	-	-	71,460	11.3.05	461,989
	107,190	-	18.6.03	445p	-	-	-	-	-	107,190	3.3.06	692,983
	-	90,060	24.6.04	549.5p	-	-	-	-	-	90,060	9.3.07	582,238

For the period ending 2 October 2005

Name	At 3 Oct 2004	PRSP shares awarded during the period	Award date	Market price per share at award	PRSP shares vested during the period	Vesting date	Market price per share at vesting	Value at vesting	PRSP shares lapsed during the period	PRSP shares held at 2 Oct 2005	Planned vesting date	Value based on share price at 2 Oct 2005
R T Winter	83,370	-	18.6.03	445p	50,022	11.3.05	660p	330,145	33,348	-	-	-
	125,050	-	18.6.03	445p	-	-	-	-	-	125,050	3.3.06	896,609
	108,360	-	24.6.04	549.5p	-	-	-	-	-	108,360	9.3.07	776,941
	-	130,020	29.6.05	706p	-	-	-	-	-	130,020	*	932,243
R L Solomons	110,110	-	18.6.03	445p	66,066	11.3.05	660p	436,036	44,044	-	-	-
	165,160	-	18.6.03	445p	-	-	-	-	-	165,160	3.3.06	1,184,197
	144,990	-	24.6.04	549.5p	-	-	-	-	-	144,990	9.3.07	1,039,578
	-	176,550	29.6.05	706p	-	-	-	-	-	176,550	*	1,265,864
A I M Muir	71,460	-	18.6.03	445p	42,876	11.3.05	660p	282,982	28,584	-	-	-
	107,190	-	18.6.03	445p	-	-	-	-	-	107,190	3.3.06	768,552
	90,060	-	24.6.04	549.5p	-	-	-	-	-	90,060	9.3.07	645,730
	-	93,460	29.6.05	706p	-	-	-	-	-	93,460	*	670,108
D J House	28,010	-	18.6.03	445p	16,806	11.3.05	660p	110,920	11,204	-	-	-
	42,010	-	18.6.03	445p	-	-	-	-	-	42,010	3.3.06	301,212
	36,410	-	24.6.04	549.5p	-	-	-	-	-	36,410	9.3.07	261,060
	-	40,790	29.6.05	706p	-	-	-	-	-	40,790	*	292,464

* The business day after the announcement of InterContinental Hotels Group's results for the financial year ended 31 December 2007.

Notes to the financial information

10. Tax on profit on ordinary activities

The taxation charge is made up as follows:

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 Restated £000
Current tax		
<i>UK corporation tax</i>		
Current period	12,379	25,217
(Over)/under provision in prior periods	975	758
Total current tax	13,354	25,975
<i>Deferred tax</i>		
Origination and reversal of timing differences	7,375	(1,686)
Tax on profit on ordinary activities	20,729	24,289

The deferred tax charge / (credit) in relation to origination and reversal of timing differences, includes a charge of £7,200,000 (2004 restated: £1,920,000 credit) which has been recognised against the net pension liability.

Factors affecting tax charges for the period

The tax assessed for the period is higher or lower than the standard rate for each reporting period as reconciled below.

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 Restated £000
Profit on ordinary activities before tax	55,719	69,248
Profit on ordinary activities multiplied by the Standard rate of corporation tax in the UK of 30%	16,716	20,774
Permanent differences	4,339	2,836
Decelerated / (accelerated) capital allowances	(841)	(1,026)
Other timing differences	(7,835)	2,633
Adjustment to tax in respect of prior periods	975	758
Current tax charge for the period	13,354	25,975

Notes to the financial information

Factors affecting future tax charges

Capital losses of £425,000 (2004 restated: £394,000) have not been recognised as their use is uncertain or not currently anticipated.

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

11. Dividends

	Group and Company	
	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 £000
Special dividend of 1,539.84 pence per share (2004: nil)	189,000	—
Interim dividend of 112.69 pence per share (2004: 138.11p)	13,832	16,952
Proposed final dividend of nil pence per share (2004: 270.35p)	—	33,183
	<u>202,832</u>	<u>50,135</u>

12. Intangible fixed assets

	Goodwill £000
Cost:	
At 27 September 2003 restated	177,651
Additions in the period	8,069
At 3 October 2004 restated	185,720
Additions in the period	1,749
Revision of Red Devil acquisition cost	(6,700)
At 2 October 2005	<u>180,769</u>
Amortisation:	
At 27 September 2003 restated	99,738
Amortised in the period	9,530
At 3 October 2004 restated	109,268
Amortised in the period	9,672
At 2 October 2005	<u>118,940</u>
Net book value:	
At 3 October 2004 restated	<u>76,452</u>
At 2 October 2005	<u>61,829</u>

Notes to the financial information

12. Intangible fixed assets (continued)

Acquisition of Red Devil

On 15 August 2002, the group acquired the UK and Republic of Ireland businesses of the energy drink 'Red Devil' for a consideration of £11,140,000 including expenses. No other assets or liabilities were acquired and accordingly the total consideration represents goodwill. The useful economic life of goodwill was initially assessed as 20 years, but was reduced to 10 years in the period ended 27 September 2003 following re-evaluation of the 'Red Devil' brand to take account of pending EU legislation. The consideration of £11,140,000 comprised immediate payment of £4,300,000, transaction costs of £140,000 and deferred consideration of £6,700,000. The deferred consideration was payable upon meeting certain contract-specified sales volumes up until August 2006. The exact amount payable was dependent on future sales volumes, and the amount provided was based on the Directors' best estimate of forecast sales, and was assessed at 6 monthly intervals. Upon review at 2 October 2005 it is not considered likely that the deferred consideration will become payable, therefore the consideration and goodwill have been revised downwards accordingly.

Restructuring of Minority Interest

On the 10th March 2004, Britannia Soft Drinks Limited acquired the remaining 10% of the ordinary share capital of Britannia Holdings Limited for a consideration of £26,000,000. The consideration amount was satisfied by the issue of 613,664 ordinary shares of £1 each. Additional goodwill of £8,069,000 was recognised as a result of this restructuring.

Acquisition of trade and assets of Benjamin Shaw and Sons Limited

In November 2004, the Group acquired the trade and assets of Benjamin Shaw and Sons Limited, an unlisted company based in Huddersfield specialising in the bottling of mineral water.

The fair value of the identifiable assets and liabilities of Benjamin Shaw and Sons Limited as at the date of acquisition are:

	Book value £000	Fair value £000
Tangible fixed assets	2,662	2,662
Debtors	318	318
Stock	199	199
Creditors	(677)	(677)
Net assets acquired	2,502	2,502
Cash consideration paid		3,850
Costs associated with the acquisition		401
Total cost of acquisition		4,251
Goodwill arising on acquisition		1,749

Notes to the financial information

12. Intangible fixed assets (continued)

The useful economic life of the goodwill arising was assessed to be 10 years following the acquisition. Amortisation of £80,000 has been charged to the profit and loss account during the period ended 2 October 2005.

The cash outflow on acquisition is as follows:

	£000
Net cash acquired with the subsidiary	-
Cash paid	(4,251)
Net cash outflow	(4,251)

From the date of acquisition, the business has contributed £561,000 to the net profit of the Group.

13. Tangible fixed assets

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Fixtures fittings, tools and equipment £000	Total £000
Cost or valuation:					
At 27 September 2003	49,739	21,233	160,975	215,462	447,409
Additions	184	3	29,109	39,308	68,604
Disposals	-	-	(12,048)	(26,038)	(38,086)
Transfer between classifications	18	287	(301)	(4)	-
At 3 October 2004	49,941	21,523	177,735	228,728	477,927
Additions	185	211	17,161	29,351	46,908
Acquisition of business	1,565	-	1,084	13	2,662
Disposals	-	-	(1,079)	(24,913)	(25,992)
At 2 October 2005	51,691	21,734	194,901	233,179	501,505

Notes to the financial information

13. Tangible fixed assets (continued)

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant and machinery £000	Fixtures fittings, tools and equipment £000	Total £000
Depreciation:					
At 27 September 2003	2,696	1,623	93,235	114,002	211,556
Charge for the period	748	430	17,211	25,248	43,637
Disposals	—	—	(11,547)	(25,047)	(36,594)
At 3 October 2004	3,444	2,053	98,899	114,203	218,599
Charge for the period	772	432	17,789	24,810	43,803
Disposals	—	—	(1,014)	(21,708)	(22,722)
At 2 October 2005	4,216	2,485	115,674	117,305	239,680
Net book value at 2 October 2005	47,475	19,249	79,227	115,874	261,825
Net book value at 3 October 2004	46,497	19,470	78,836	114,525	259,328

The net book value of land and buildings comprises:

	2 Oct 2005 £000	3 Oct 2004 £000
Freehold	47,475	46,497
Leasehold with over 100 years unexpired lease term	12,463	12,742
Leasehold 50 – 100 years unexpired lease term	6,786	6,728
	66,724	65,967

Notes to the financial information

13. Tangible fixed assets (continued)

Certain freehold land and buildings were revalued on the basis of existing use value during 1999. Included in cost or valuation of freehold land and buildings at 2 October 2005 and 3 October 2004 is an amount of £437,000 in respect of this valuation. On the historical cost basis, freehold land and buildings would have been included as follows:

Cost:

At 3 October 2004	79,173
At 2 October 2005	81,133
Cumulative Depreciation based on cost:	
At 3 October 2004	17,215
At 2 October 2005	18,757

14. Fixed asset investment

Movement during year

	Shares in Group undertakings £000	Loans to Group undertakings £000	Capital contribution £000	Total £000
Cost				
At 3 October 2004	108,506	19,706	57,454	185,666
Capital contribution	-	-	369,000	369,000
Movement in ordinary shares	22,600	-	-	22,600
Loans in the year	-	60,000	-	60,000
At 2 October 2005	131,106	79,706	426,454	637,266

The movement in shares arises from changes to the group structure and includes the disposal of £11m of ordinary shares in Robinsons Soft Drinks Limited and the acquisition of £33.6m of ordinary shares in Britvic Soft Drinks Limited. The loan of £60m comprised an investment in Britvic International Limited and the capital contribution comprised an investment in Britvic Soft Drinks.

15. Stocks

	2 Oct 2005 £000	3 Oct 2004 £000
Raw materials	9,705	7,714
Consumable stores	6,269	4,567
Finished goods	20,975	19,698
Returnable bottles and cases	963	561
	<u>37,912</u>	<u>32,540</u>

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

Notes to the financial information

16.

Debtors

	Group		Company	
	2 Oct 2005	3 Oct 2004 Restated	2 Oct 2005	3 Oct 2004
	£000	£000	£000	£000
Trade debtors	85,492	82,851	-	-
Prepayments	13,854	8,739	-	-
Corporation tax recoverable	-	-	1,533	-
Other debtors	2,466	1,951	-	-
Dividend receivable from subsidiary undertakings	-	-	12,000	33,183
	<u>101,812</u>	<u>93,541</u>	<u>13,533</u>	<u>33,183</u>

17. Creditors: amount falling due within one year

	Group		Company	
	2 Oct 2005	3 Oct 2004	2 Oct 2005	3 Oct 2004
	£000	£000	£000	£000
Bank overdrafts	4	-	10,465	-
Unsecured borrowings	2,833	-	-	-
Unsecured bank loans	13,900	-	-	-
Borrowings	<u>16,737</u>	<u>-</u>	<u>10,465</u>	<u>-</u>
Trade creditors	83,110	57,684	-	-
Amounts owed to Group undertakings	71	1	596,100	3,349
Corporation tax	7,210	13,580	-	-
VAT	9,099	16,681	-	-
Social security	2,597	3,755	-	-
Other creditors	16,417	14,470	-	-
Proposed dividends	-	33,183	-	33,183
Accruals and deferred income	30,438	55,484	-	-
Deferred consideration (note 12)	-	6,700	-	-
	<u>165,679</u>	<u>201,538</u>	<u>606,565</u>	<u>36,532</u>

Unsecured loan notes issued by Robinsons Soft Drinks on 10 July 2000 in part consideration of the Orchid Drinks acquisition, bore interest at 1% below NatWest LIBID rate which was payable quarterly in arrears. The loan notes were transferable and redeemable not earlier than 6 months from the date of issue and not later than 5 years from the date of issue. The loan notes were supported by a guarantee from NatWest Bank plc. The final repayment on the loan notes was made in the period ended 3 October 2004.

The unsecured borrowings are non interest-bearing loan and repayable within one year.

The unsecured bank loans are repayable in May 2006 and attract interest at rates ranging from 4.70% to 4.84%.

Notes to the financial information

18. Creditors: amount falling due after more than one year

	Group		Company	
	2 Oct 2005 £000	3 Oct 2004 £000	2 Oct 2005 £000	3 Oct 2004 £000
Unsecured borrowings (note 19)	220,000	2,833	-	-
Less issue costs	(734)	-	-	-
	<u>219,266</u>	<u>2,833</u>	<u>-</u>	<u>-</u>

The £220,000,000 of unsecured borrowings are repayable in May 2010 and attract interest at an average rate of 5.20%.

The unsecured borrowings of £2,833,000 were non interest-bearing loan and repayable after more than five years at 3 October 2004. During the period ended 2 October 2005 the repayment terms were reviewed, and it was agreed that the balance would be repaid in the next financial period.

19. Borrowings

Amounts due at the reporting dates are as follows:

	Group		Company	
	2 Oct 2005 £000	3 Oct 2004 £000	2 Oct 2005 £000	3 Oct 2004 £000
Amounts falling due:				
In one year or less or on demand	16,737	-	10,465	-
In more than one year but not more than two years	-	-	-	-
In more than two years but not more than five years *	219,266	-	-	-
In more than five years *	-	2,833	-	-
	<u>236,003</u>	<u>2,833</u>	<u>10,465</u>	<u>-</u>
Less: included in creditors:				
Amounts falling due within one year	(16,737)	-	(10,465)	-
Amounts falling due after more than one year	<u>219,266</u>	<u>2,833</u>	<u>-</u>	<u>-</u>

* Note 18

Notes to the financial information

20. Provisions for liabilities and charges

Provisions for liabilities and charges consists of deferred tax provided for as follows:

	2 Oct 2005	3 Oct 2004 Restated
	£000	£000
Accelerated capital allowances	24,860	23,838
Other timing differences	(2,164)	(1,317)
	<u>22,696</u>	<u>22,521</u>

The movements in the provision for deferred tax are as follows:

	2 Oct 2005	3 Oct 2004 Restated
	£000	£000
Balance brought forward	22,521	22,288
(Credited)/charged to profit and loss account	175	233
Balance carried forward	<u>22,696</u>	<u>22,521</u>

No provision has been made for deferred tax assets on the sale of properties at their revalued amounts as the Group is not committed to their disposal. The total unrecognised asset is estimated at £3,504,000 (2004 restated: £4,752,000).

No provision has been made for deferred tax on the sale of properties where gains have been deferred against expenditure on replacement assets. The total liability unprovided is estimated at £4,215,000 (2004 restated: £4,215,000). It is not anticipated that any such tax will be payable in the foreseeable future.

21. Derivatives and other financial instruments

The Group's financial instruments consist of cash and borrowings. With the exception of analysis of currency exposures, the disclosures below exclude short-term debtors and creditors.

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

Foreign currency risk

The Group has transactional exposures arising from purchases of prime materials and commercial assets in currencies other than the functional currency of the Group. Such purchases are made in the currencies of US dollars and euros. For financial periods up to and including the period ended 2 October 2005, the Group has hedged 75% of forecast exposures 12 months in advance using forward foreign exchange contracts. 100% of known exposures are hedged in the same way.

Notes to the financial information

21. Derivatives and other financial instruments (continued)

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 borrows in desired currencies at both fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest rate profile and to manage the Group's exposure to interest fluctuation. At 2 October 2005, £100,000,000 of the Group's borrowings were at fixed rates after taking account of interest rate swaps.

Interest rate profile of financial assets

	Fixed rate financial assets £000	Floating rate financial assets £000	Non interest bearing financial asset £000	Total £000
At 3 October 2004				
Sterling	-	19,500	7,503	27,003
Total	-	19,500	7,503	27,003
At 2 October 2005				
Sterling	-	-	19,390	19,390
Total	-	-	19,390	19,390

Interest rate profile of financial liabilities

	Fixed rate financial liabilities £000	Floating rate financial liabilities £000	Non interest bearing financial liabilities £000	Total £000
At 3 October 2004				
Sterling	-	-	2,833	2,833
Total	-	-	2,833	2,833
At 2 October 2005				
Sterling	100,000	119,266	-	219,266
Total	100,000	119,266	-	219,266

Notes to the financial information

21. Derivatives and other financial instruments (continued)

The amounts shown in the tables above take into account the interest rate swap used to manage the interest rate profile of financial liabilities.

Borrowing facilities

The Group has various borrowing facilities available to it. The un-drawn committed facilities available in respect of which all conditions precedent had been met at that date are as follows:

	2 Oct 2005 £000	3 Oct 2004 £000
Expiring in one year or less	16,100	30,000
Expiring in one to two years	-	-
Expiring in more than two years	80,000	-
	<u>96,100</u>	<u>30,000</u>

Currency Exposures

The table below shows the Group's transactional (i.e. non-structural) currency exposures that give rise to the currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the group, and include those arising on short-term debtors and creditors.

	2 Oct 2005 £000	3 Oct 2004 £000
Euro	34,836	34,121
US dollar	8,805	6,986
	<u>43,641</u>	<u>41,107</u>

Gains and losses on hedges

The Group enters into forward foreign currency contracts to minimise the currency exposures that arise on purchase denominated in foreign currencies. Changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedge position matures.

The Group had forward contracts for the purchase of foreign currency as follows:

		2 Oct 2005	3 Oct 2004
Euro	(€000)	36,484	38,097
US dollar	(\$000)	11,822	4,363

All contracts entered into mature within 12 months of the period end.

Notes to the financial information

21. Derivatives and other financial instruments (continued)

Unrecognised gains and losses on financial instruments used for hedging are as follows:

	2 Oct 2005 £000	3 Oct 2004 £000
Unrecognised gains	147	334
Unrecognised losses	(398)	(407)
Net unrecognised gains/(losses)	<u>(251)</u>	<u>(73)</u>

Fair values of financial assets and financial liabilities

The book values of the Group's recognised financial assets and liabilities are not materially different to their fair values.

The fair values of unrecognised financial assets and liabilities are as follows:

	2 Oct 2005 £000	3 Oct 2004 £000
Forward Foreign Currency Contracts		
Euros	(357)	(8)
US dollar	106	(65)
Interest Rate Swaps		
Sterling	(782)	-

Market values have been used to determine the fair value of forward foreign currency contracts and interest rate swaps.

Notes to the financial information

22. Share capital

	Group and Company	
	2005	2004
	£000	£000
Authorised equity		
Ordinary shares of £1 each	15,748	15,748
Allotted, called up and fully paid equity		
Ordinary shares of £1 each	12,274	12,274

The authorised share capital of the company was increased to £15,748,000 on 8 March 2004 by the creation of £3,937,000 new ordinary shares of £1 each.

On the 10th March 2004, Britannia Soft Drinks Limited acquired the remaining 10% of the ordinary share capital of Britannia Holdings Limited for a consideration of £26,000,000. The consideration amount was satisfied by the issue of 613,664 ordinary shares of £1 each. Additional goodwill of £8,069,000 was recognised as a result of this restructuring.

23. Reserves

Group	Share Premium £000	Revaluation reserve £000	Other reserves £000	Profit and loss £000
At 27 September 2003 restated	—	3,420	4,582	156,662
Revaluation element in depreciation charge	—	325	—	(325)
Arising on share issue	25,386	—	—	—
Retained (loss) for the period	—	—	—	(4,464)
Actuarial losses net of deferred tax	—	—	—	(10,998)
At 3 October 2004 restated	25,386	3,745	4,582	140,875
Revaluation element in depreciation charge	—	338	—	(338)
Retained (loss) for the period	—	—	—	(167,842)
Actuarial losses net of current tax	—	—	—	(2,203)
At 2 October 2005	25,386	4,083	4,582	(29,508)
Company				
At 3 October 2004	25,386	—	4,570	140,087
Retained (loss) for the period	—	—	—	(138,083)
Actuarial losses net of deferred tax	—	—	—	—
At 2 October 2005	25,386	—	4,570	2,004

Notes to the financial information

24. Notes to the consolidated cash flow statement

Note (a): Reconciliation of operating profits to operating cash flows

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 Restated £000
Operating profit	66,464	72,037
Amortisation of goodwill	9,672	9,530
Depreciation	43,803	43,637
Net pension charge less contributions	(28,347)	5,188
(Increase) / decrease in stocks	(5,176)	(3,076)
(Increase) / decrease in debtors	(7,325)	27,210
Increase / (decrease) in creditors	(4,320)	(24,438)
Net cash inflow from operating activities	<u>74,771</u>	<u>130,088</u>

Note (b): Reconciliation of net cash flow to movement in net cash / net (debt)

	52 weeks ended 2 Oct 2005 £000	53 weeks ended 3 Oct 2004 £000
Increase / (decrease) in net cash in the period	(7,617)	(6,298)
Movement in net debt during the period	(233,166)	14
Change on net cash / (debt) resulting from cash flow	(240,783)	(6,284)
Net cash / (debt) brought forward	24,170	30,454
Net cash / (debt) carried forward	<u>(216,613)</u>	<u>24,170</u>

Note (c): Analysis of net debt

	At 2 Oct 2005 £000	Cash flows £000	At 3 Oct 2004 £000
Cash at bank and in hand	19,390	(7,613)	27,003
Overdrafts	(4)	(4)	—
Net cash	<u>19,386</u>	<u>(7,617)</u>	<u>27,003</u>
Debt due within one year	(16,733)	(16,733)	—
Debt due after more than one year	(219,266)	(216,433)	(2,833)
Debt	<u>(235,999)</u>	<u>(233,166)</u>	<u>(2,833)</u>
Net debt	<u>(216,613)</u>	<u>(240,783)</u>	<u>24,170</u>

Notes to the financial information

25. Capital commitments

Amounts contracted for but not provided in the financial information amounted to £3,277,000 at 2 October 2005 (2004 restated: £6,948,000).

26. Obligations under leases

Annual commitments under non-cancellable operating leases are as follows:

	2 Oct 2005		3 Oct 2004	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases expiring:				
Within one year	174	608	256	572
Within two to five years	479	4,244	389	3,460
After five years	2,387	–	2,423	–
	<u>3,040</u>	<u>4,852</u>	<u>3,068</u>	<u>4,032</u>

In addition to the above, the Group had commitments to purchase raw materials and foreign currency under forward contracts in the normal course of trading (see note 21).

Notes to the financial information

27. Retirement benefits

The Group operates a pension scheme, the Britannia Pension Plan ("the Plan"), which has both a defined benefit and a defined contribution section. The defined benefit section of the scheme was closed on 1 August 2002, and since this date new employees have been eligible to join the defined contribution section of the scheme. The Plan's funds are administered by trustees and are independent of the Group's finances. Contributions are paid to the Plan in accordance with the recommendations of an independent actuary.

Defined Contribution Section

	2 Oct 2005	3 Oct 2004 Restated
	£000	£000
Pension costs charged in operating profit during the period	919	497

Defined Benefit Section

The net liability of the defined benefit section of the Plan is determined in accordance with FRS17 by an independent actuary. The value of the plan liabilities as at 2 October 2005 has been measured using the projected unit method and has been based on the actuarial valuation as at 30 September 2004, updated to the accounting date in accordance with FRS17.

The following table sets out the key FRS17 assumptions used for the Plan.

	52 weeks ended 2 Oct 2005 % pa	53 weeks ended 3 Oct 2004 % pa
Price inflation	2.8	2.9
Discount rate	5.0	5.5
Pension increases (LPI)	2.8	2.9
Salary growth	4.3	4.4

Notes to the financial information

27. Retirement benefits (continued)

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

	52 weeks ended 2 Oct 2005		53 weeks ended 3 Oct 2004	
	Expected return %	Fair value £000	Expected return %	Fair value £000
Equities and property	7.5	201,400	8.0	164,800
Bonds and gilts	4.5	124,600	4.9	79,500
Cash	4.3	2,900	4.8	500
		<hr/>		<hr/>
Total		328,900		244,800
Present value of actuarial liability		(412,200)		(352,100)
		<hr/>		<hr/>
Pension liability before deferred tax		(83,300)		(107,300)
Related deferred tax asset		24,990		32,190
		<hr/>		<hr/>
Net pension liability		(58,310)		(75,110)
		<hr/>		<hr/>

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

	2 Oct 2005 £000	3 Oct 2004 Restated £000
Deficit at start of period	(107,300)	(85,112)
Current service cost	(11,100)	(9,500)
Contributions	39,547	4,400
Past service cost	(100)	(88)
Net return on assets/(interest cost)	(1,200)	(1,200)
Actuarial loss	(3,147)	(15,800)
	<hr/>	<hr/>
Deficit at end of period	(83,300)	(107,300)
	<hr/>	<hr/>

Notes to the financial information

27. Retirement benefits (continued)

The following amounts are included within operating profit under FRS17:

	52 weeks ended 2 Oct 2005	53 weeks ended 3 Oct 2004 Restated
	£000	£000
Current service cost	11,100	9,500
Past service cost	100	88
Total operating charge	<u>11,200</u>	<u>9,588</u>

The following amounts are included as net finance income under FRS17:

	52 weeks ended 2 Oct 2005	53 weeks ended 3 Oct 2004 Restated
	£000	£000
Expected return on pension scheme assets	18,400	15,300
Interest on pension liabilities	(19,600)	(16,500)
Net return to credit/(charge) to finance income	<u>(1,200)</u>	<u>(1,200)</u>

The following amounts are recognised within the statement of total recognised gains and losses ("STRGL") under FRS17:

	52 weeks ended 2 Oct 2005	53 weeks ended 3 Oct 2004 Restated
	£000	£000
Actual return less expected return on scheme assets	28,300	6,100
Experience gains and (losses) arising on scheme's liabilities	-	10,500
Gain or (loss) due to changes in assumptions	(31,447)	(32,400)
Actuarial loss recognised in the STRGL	<u>(3,147)</u>	<u>(15,800)</u>

Notes to the financial information

27. Retirement benefits (continued)

The history of experience gains and losses is:

	52 weeks ended 2 Oct 2005	53 weeks ended 3 Oct 2004
Actual return less expected return on scheme assets (£000)	28,300	6,100
Percentage of scheme's assets	9%	2%
Experience gains and (losses) arising on scheme's liabilities (£000)	-	10,500
Percentage of the FRS 17 value of the scheme's liabilities	0%	3%
Total amount recognised in the STRGL (£000)	(3,147)	(15,800)
Percentage of the FRS 17 value of the scheme's liabilities	(1%)	(4%)

The defined benefit section of the Plan is closed to new entrants and, under the method used to calculate pension costs in accordance with FRS17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

As a result of the full actuarial valuation at 30 September 2004, further contributions of £30m in March 2005 and an annual contribution of £10m in December 2005 to 2009 are being made in order to eliminate the deficiency in the scheme arising at that time.

28. Contingent liabilities

The Group has assigned its interest in certain leasehold properties to other tenants. It remains liable for rentals due to the landlord for any defaults on the part of these tenants. It is not practicable to estimate the amount or timing of rentals that may default. However, the Directors do not expect that any potential default would result in a material claim against the Group.

29. Related party transactions

Transactions with Directors of the Company are disclosed in note 9. The aggregate turnover on arms length terms with the Company's significant shareholders (Intercontinental Hotels Group plc, Whitbread plc and Allied Domecq plc) for the period was £8,266,000 (2004 restated: £24,039,000) and the indebtedness at 2 October 2005 was £59,605 (2004 restated: £612,060).

30. Ultimate parent undertaking and controlling party

The Directors consider the ultimate parent undertaking and controlling party to be InterContinental Hotels Group plc, whose financial statements include the results of Britannia Soft Drinks Limited. The financial statements of InterContinental Hotels Group plc are available from their registered office at 67 Alma Road, Windsor, Berkshire, SL4 3HD.

31. Subsidiary undertakings

The subsidiaries included within the group financial information, incorporated in the United Kingdom, and registered in England are shown below. Particulars of dormant subsidiary undertakings which do not materially affect the group results have been excluded.

All shareholdings represent 100% of the equity and voting rights. The shares of subsidiary undertakings marked * are held by the subsidiary undertaking (Britvic Soft Drinks Limited).

Notes to the financial information

31. Subsidiary undertakings (continued)

Name of subsidiary undertaking	Principal Activity	Class of share	Direct %	Indirect %
Britvic Holdings Limited	Holding company	Ordinary	100	-
Britvic International Limited	Soft drinks distributor	Ordinary	100	-
Britvic Soft Drinks Limited	Soft drinks manufacturer	Ordinary	100	-
Robinsons Soft Drinks Limited *	Soft drinks manufacturer	Ordinary	-	100
Orchid Drinks Limited *	Soft drinks manufacturer	Ordinary	-	100
		Preference	-	100
Red Devil Energy Drinks Limited *	Soft drinks manufacturer	Ordinary	-	100

32. Significant events after the balance sheet date

In the opinion of the Directors there have been no other significant events since the balance sheet date which require adjustment to or disclosure in the financial information.