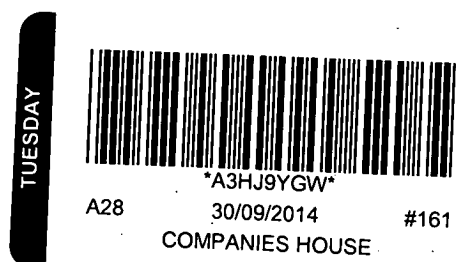


**PepsiCo Foods & Beverages International
Limited**

Directors' report and financial
statements

Registered number 01830234

31 December 2013



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Strategic report

The directors present their strategic report for the year ended 31 December 2013.

Principal activities and review of the business

The Company's principal activity is to generate royalty income from licensing agreements. The Company also has a branch in Italy that has not traded during the year.

The Company's key financial performance indicators during the year were as follows:

- a) Turnover increased to £1,096,000 (2012: £760,000), reflecting the increase in technical fee and royalty income received from Strauss Frito Lay Ltd. Gross profit increased to £180,000 (2012: £143,000). The current year gross profit represents the net royalty and technical fee income after associated expenses.
- b) Operating profit increased to £155,000 (2012: £121,000).
- c) Shareholder's funds increased to £6,159,000 (2012: £6,108,000).
- d) Company had net current assets of £4,735,000 as at the end of the year (2012: £4,684,000).

On 25 March 2013 PepsiCo Foods and Beverages International Limited ceased to be a member of the PepsiCo UK pension plan. All active pension liabilities were transferred to a fellow group company on the cessation date. All existing deferred and pensioner pension liabilities were transferred to a fellow group company on the cessation date. The transfer in the current year had no impact on the PepsiCo Food and Beverages International Limited financial statements as the PepsiCo UK pension plan is accounted for as a multiemployer pension plan in the statutory accounts of the relevant UK entities. This has no future impact on the financial statements.

Principal risks and uncertainties

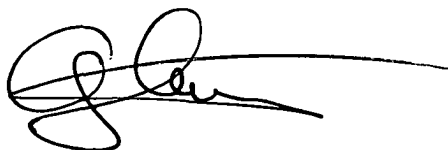
The principal risks to the Company relate to operational risks relating to the provision of rights and services under licensing agreements. The directors and the management team work together, holding regular meetings, to anticipate risks and plan accordingly.

The Company anticipates measures and manages its exposure to risk through strategic planning and management reporting. Further information on these risks, and their potential impact, can be found in the PepsiCo Inc Annual Report for 2013, which may be obtained from the registered office as detailed in Note 16.

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company's ultimate parent, PepsiCo Inc, to continue as a going concern.

On the basis of their assessment of the Company's financial position and of their assessment of the financial position of PepsiCo Inc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board



JK Averiss
Director

24 September 2014

Building 4
Chiswick Park
566 Chiswick High Road
London
W4 5YE

Directors' report

The directors' present their report and the audited financial statements for the year ended 31 December 2013.

Proposed dividend

The directors do not propose the payment of a final dividend.

During the year no dividend was paid. (2012: £4,146,448).

Directors and directors' interests

The directors who held office during the year were as follows:

JK Averiss
AJ Macleod
VE Evans
JL Sigalos (resigned 17 April 2014)
LC Ten Cate (resigned 9 August 2013)
CE Stone (appointed 17 April 2014)

Employee communication and policy

The Company follows an employment policy of non-discrimination on the grounds of sex, race or age and gives full and fair consideration to the employment of disabled persons.

The Company promotes a positive attitude by ensuring that recruitment staff are fully conversant with the statutory provisions on discrimination and by giving full and fair consideration to applications for employment by disabled people, having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made to retain and assist employees who become disabled during service and disabled people have equal opportunities with other employees for training, career progression and promotion.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2012: £nil).

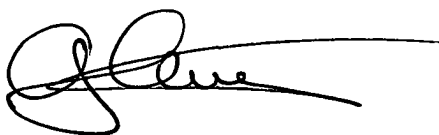
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



JK Averiss
Director

24 September 2014

Building 4
Chiswick Park
566 Chiswick High Road
London
W4 5YE

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
Arlington Business Park
Theale
RG7 4SD
United Kingdom

Independent auditor's report to the members of PepsiCo Foods & Beverages International Limited

We have audited the financial statements of PepsiCo Foods & Beverages International Limited for the year ended 31 December 2013 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statement is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Simon Hayden-Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

29 September 2014

Profit and Loss Account

for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	2	1,096	760
Cost of sales		(916)	(617)
Gross profit		180	143
Administrative expenses		(25)	(22)
Operating profit		155	121
Income from shares in group undertakings	3	-	4,261
Interest receivable and similar income	6	8	17
Interest payable and similar charges	7	(12)	(30)
Profit on ordinary activities before taxation	4	151	4,369
Tax on profit on ordinary activities	8	(60)	(24)
Profit for the year	13	91	4,345

There is no difference between the Company's results as reported and on an historical cost basis. Accordingly, no note of historical cost profit and loss has been prepared.

The notes on pages 7 to 11 form part of these financial statements.

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2013

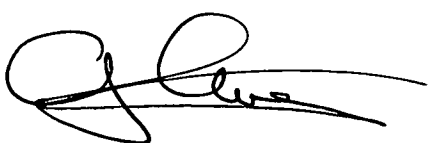
	2013 £000	2012 £000
Profit for the financial year	91	4,345
Exchange difference on translation of net assets of overseas branch (Note 13)	(40)	49
Total gains recognised since the last annual report	51	4,394

Balance sheet
 at 31 December 2013

		2013		2012	
	<i>Note</i>	£000	£000	£000	£000
Fixed assets					
Investments	9		1,424		1,424
			<hr/>		<hr/>
Current assets			1,424		1,424
Debtors	10	1,846		1,672	
Cash at bank and in hand		5,021		5,105	
		<hr/>		<hr/>	
		6,867		6,777	
Creditors: amounts falling due within one year	11	(2,132)		(2,093)	
		<hr/>		<hr/>	
Net current assets			4,735		4,684
			<hr/>		<hr/>
Total assets less current liabilities			6,159		6,108
			<hr/>		<hr/>
Net assets			6,159		6,108
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account	13		5,159		5,108
			<hr/>		<hr/>
Equity shareholders' funds	14		6,159		6,108
			<hr/>		<hr/>

The notes on pages 7 to 11 form part of these financial statements.

These financial statements were approved and signed on 24 September 2014 on behalf of the board of directors by:



JK Averiss
 Director
 Company Registered number 01830234

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the Company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The monetary assets and liabilities of the Italian branch are incorporated into the balance sheet, and are translated at the exchange rate ruling at the end of the year, with the difference in exchange being recorded to equity.

Investments

Investments are stated at cost less any provisions for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Related party transactions

Under Financial Reporting Standard 8 (Revised), the Company is exempt from the requirement to disclose related party transactions with members of the same group on the grounds that 100% of the voting rights are controlled within the group. Other transactions with related parties are disclosed in Note 15.

Taxation

The charge or credit for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Turnover

Turnover represents the amounts invoiced to Strauss Frito Lay Ltd. (a company registered in Israel) in respect of royalty and technical fee income relating to the licensing agreement between the Company and Strauss Frito Lay Ltd. The cost of sales represents the costs incurred relating to the same agreement.

Notes (continued)

2 Analysis of turnover

<i>Turnover is derived from one geographic segment:</i>	2013	2012
	£000	£000
Middle East	1,096	760
	<hr/>	<hr/>

3 Income from shares in group undertakings

	2013	2012
	£000	£000
PepsiCo Italia SrL	-	4,261
	<hr/>	<hr/>

4 Profit on ordinary activities before taxation

<i>Profit on ordinary activities before taxation is stated after charging:</i>	2013	2012
	£000	£000
Auditor remuneration:		
Audit of these financial statements	3	3
	<hr/>	<hr/>

5 Remuneration of directors

The directors receive remuneration from PepsiCo International Limited, a fellow group company.

6 Interest receivable and similar income

	2013	2012
	£000	£000
Interest receivable on bank balance	-	6
Interest receivable on loans to group undertakings	8	11
	<hr/>	<hr/>
	8	17
	<hr/>	<hr/>

7 Interest payable and similar charges

	2013	2012
	£000	£000
Net exchange loss	10	28
On bank overdrafts and loans wholly repayable within five years	2	2
	<hr/>	<hr/>
	12	30
	<hr/>	<hr/>

Notes (continued)

8 Taxation

Analysis of charge in the year

	2013		2012	
	£000	£000	£000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	35		26	
Adjustments in respect of prior years	-		(2)	
	<u>35</u>		<u>24</u>	
<i>Foreign tax</i>				
Current tax on income for the year	25		-	
	<u>25</u>		<u>-</u>	
Tax charge on profit on ordinary activities		<u>60</u>		<u>24</u>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2012: lower) than the aggregated standard rate of corporation tax in the UK for the year ended 31 December 2013: 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	151	4,369
Current tax at 23.25% (2012: 24.5%)	35	1,070
<i>Effects of:</i>		
Income from shares in group undertakings	-	(1,044)
Adjustments to tax charge in respect of previous years	-	(2)
Italian branch tax charge	<u>25</u>	<u>-</u>
Total current tax charge (see above)	<u>60</u>	<u>24</u>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Notes (continued)

9 Fixed asset investments

Shares in group undertakings

£000

Investment in Pepsi SRL

At beginning and end of period

1,424

As at 31 December 2013, the Company wholly owns 100% of the ordinary shares of Pepsi SRL, a company incorporated in Italy whose principal activity is the distribution of beverages.

10 Debtors

	2013 £000	2012 £000
Trade debtors	492	235
Amounts owed by parent and fellow group undertakings	1,290	1,409
Other debtors	64	28
	<u>1,846</u>	<u>1,672</u>

11 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade Creditors	8	3
Amounts owed to fellow group undertakings	2,073	1,963
Corporation tax	35	112
Accruals and deferred income	16	15
	<u>2,132</u>	<u>2,093</u>

12 Called up share capital

	2013 £000	2012 £000
<i>Authorised, allotted, called up and fully paid</i>		
1,000,000 Ordinary shares of £1 each	1,000	1,000

Notes (continued)

13 Reserves

	Profit and loss reserve £000
At beginning of year	5,108
Retained profit for the year	91
Dividend paid	-
Exchange difference on translation of net assets of overseas branch	(40)
	<hr/>
At end of year	5,159
	<hr/>

14 Reconciliation of movements in equity shareholders' funds

	2013 £000	2012 £000
Opening equity shareholders' funds	6,108	5,860
Total recognised gains in the year	51	4,394
Dividends paid	-	(4,146)
	<hr/>	<hr/>
	6,159	6,108
	<hr/>	<hr/>

15 Related party disclosure

The company receives income from Strauss Frito Lay Ltd. (a company registered in Israel) in respect of royalty and technical service fees, in relation to which a fellow group company holds a joint venture. The amount shown in turnover represents the amount receivable in the year. At 31 December 2013, the amount due from Strauss Frito Lay Ltd. was £261,664 (2012: £235,000).

16 Ultimate holding company and parent undertaking of a larger group of which the Company is a member

The Company's ultimate parent company is PepsiCo Inc, a Company registered and incorporated in the United States of America.

The results of the Company are consolidated in the group financial statements of PepsiCo, Inc. whose registered office is at 700 Anderson Hill Road, Purchase, New York 10577, United States of America.

The consolidated financial statements of this group are available to the public and may be obtained from their registered office as noted above.