A.G. BARR p.l.c.
Annual Report and Accounts
January 2010

Our Brands

IRN-BRU, Rubicon, Strathmore, Tizer, Simply, KA, D'N'B, St. Clement's, Findlays, Abbott's, Barr Brands, Vitsmart, Taut.

Partnership Brands

Orangina, Snapple, Rockstar.

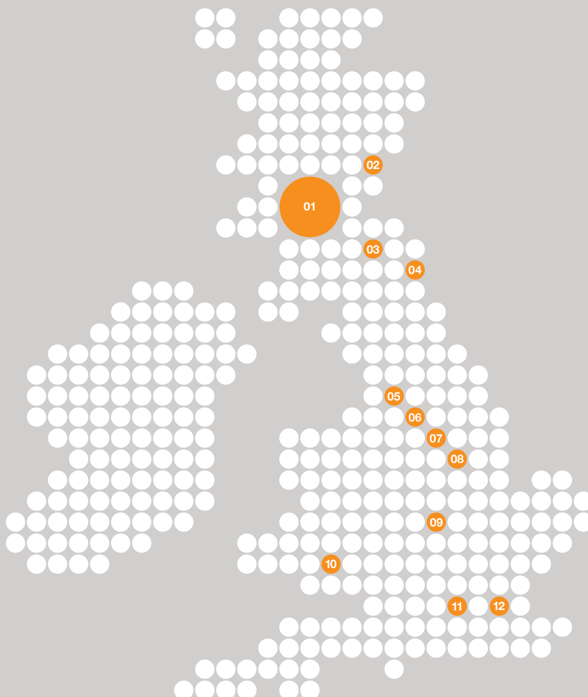
Head Office
01 Cumbernauld

Regional Office
05 Middlebrook
11 Wembley

Sales Branch
04 Newcastle
06 Moston
07 Sheffield
09 Wednesbury
12 Walthamstow

Factory
01 Cumbernauld
02 Forfar
03 Pitcox
08 Mansfield
10 Tredegar

Distribution Depot
01 Cumbernauld



Financial Highlights

201,410
total sales generated

18.7%
increase in sales year on year

20.8%
profit before exceptional items

Key Performance Indicators

Turnover growth

2010	18.7%
2009	14.4%

Return on capital employed

2010	19.2%
2009	16.0%

Gross margin

2010	51.3%
2009	49.9%

EBITDA margin

2010	18.7%
2009	18.1%

Operating profit margin

2010	14.8%
2009	13.6%

Free cash flow (£m)

2010	17.9
2009	18.0

Building Momentum

We've built our business by consistently delivering great tasting, high-quality products at great value. Our future aim is to provide a growing and increasingly diverse consumer base with brands that deliver taste, quality and value across a wide portfolio.

Chairman's Statement

R.G. Hanna Chairman

"I know that the strong results for the year to January 2010 were built on a solid base and I am confident that we are well placed to maintain the momentum in the business into the future."

Shareholders will be well aware of the current difficult economic climate and the resultant challenges such an environment brings. I believe it is a great tribute to our management teams that I am able to report, in my first year as chairman, continuing strong growth and a real momentum for the future.

The financial performance of the business, as described in detail in the business and financial review, has been driven by strong revenue growth with turnover in the year increasing by 18.7% to £201.4m. Like for like sales excluding the impact of the Rubicon acquisition and the 53rd week in 2008/09 increased by 10.6%. Continuing focus on costs and efficiencies produced a profit before tax, before exceptional items, of £27.9m, an increase of 20.8%.

The Rubicon acquisition in 2008 was partially funded by debt. Good trading and diligent cash management have reduced net debt from £31.3m last year to £22.1m at the end of January 2010. Our balance sheet remains strong.

During the year a one for two share split was approved. After adjusting for the share split, basic earnings per share increased by 5% to 46.8p (2009: 44.6p).

Consequently the board is pleased to recommend a final dividend of 16.85p to give a total dividend of 23.1p an increase of 10% on the prior year.

Prospects

It remains clear that to maintain and develop our competitive position we need to continue to invest in our major assets of people, brands and operating infrastructure and we are doing so in each area. Extra resources are being provided to enhance our long standing commitment to training and development and we are also benchmarking our performance against the Investors in People standard.

The development of our brands is an ongoing and vital focus of attention. We are also extending and strengthening the sales execution effort in support of that.

During the year we announced a further investment of £10m in production capacity at Cumbernauld and the planned closure of our Mansfield site. Rationalisation is always difficult and in this case will result in the loss of a number of jobs staffed by people who have many years service with the Company.

Within primary logistics we are planning a new approach which will improve our flexibility and overall operational performance.

The new financial year has started well with sales ahead of last year. Our enthusiasm has to be tempered with caution, however, given the challenging overall economic and consumer outlook.

I know that the strong results for the year to January 2010 were built on a solid base and I am confident that we are well placed to maintain the momentum in the business into the future.

R.G. Hanna Chairman

£27.9m

profit before tax excluding exceptional items and impairment charges

Business Review

Roger White Chief Executive

"The smooth integration of the Rubicon business with its growth potential combined with our strong core portfolio of national and regional brands have created a business with increased growth momentum and potential."

"This strong financial performance reflects the continued drive to deliver top line sales growth at the same time as strenuous efforts are made to control and reduce costs across the business."

Business Review

In the 52 week period ending 30 January 2010 A.G. BARR has substantially outperformed the U.K. soft drinks market. The combination of significant growth in our existing core business and a full 12 months of accelerating sales in the Rubicon brand have delivered full year sales revenue of £201.4m. This equates to growth, taking out the impact of the 53rd week in 2009, of 21.0%. Stripping out the further effects of the Rubicon acquisition, like for like sales grew by a very healthy 10.6% in the period.

The business has gained significant momentum over the past 12 months building on the solid foundations set over past years. Pre-tax profit, excluding exceptional items, increased by 20.8% to £27.9m from £23.1m. This strong financial performance reflects the continued drive to deliver top line sales growth at the same time as strenuous efforts are made to control and reduce costs across the business. This consistent approach in combination with the positive impact of the Rubicon business has increased operating margins by 1.2% in the period.

The Rubicon business has been successfully integrated over the course of the last financial year. I am pleased to report that the integration was successfully delivered with only £0.1m of exceptional restructuring costs which is well below our original expectations. Importantly during this integration process we have maintained sales momentum in both core Barr brands and in Rubicon. The acquisition of Rubicon has to date exceeded all of our pre-acquisition expectations.

The net debt position of the Group has continued to improve and as at 30 January 2010 stood at £22.1m, a reduction of 29.5% on the prior year end position. This position reflects our continuing effort to improve cash management and capital efficiency across the business.

£201.4m
revenue for the year

In November 2009 we announced further manufacturing investment plans and restructuring of both our operating platform and supply chain. These plans include a £10m investment at the Cumbernauld site in production capacity, the outsourcing of a portion of our primary supply chain and the consequential closure of our Mansfield site. Following extensive employee consultation we have now commenced the investment programme which will stretch across 2010/11 and into early 2011/12. As a consequence of this we are recognising significant exceptional costs of £2.9m related to this plan in our 2009/10 financial performance. In addition we have a further £0.5m of exceptional charges outwith the Mansfield position.

The board has proposed a final dividend of 16.85p which represents an increase in the total dividend of 10% on the previous year reflecting the continued financial strength of the business and our continued confidence in the future.

The Market

The U.K. soft drinks market, in contrast to the prior year's volume decline of over 2%, increased by 1% in volume terms and by 2% in value terms in the 52 week period ending 23 January 2010. The difficult economic environment appears to have had limited impact on the overall soft drinks market and carbonates in particular have continued to show good growth across the year.

Consumers have continued to purchase a wide repertoire of soft drinks and have maintained a preference for established product groups that deliver both quality and value. Retailer branded soft drinks have not increased their share of the market, perhaps reflecting the competitive nature of pricing and promotion across the category as a whole.

Category growth has continued to be driven by the strong performance of carbonates. All sectors within carbonates performed strongly with the fastest growth coming from the energy sector. Still sports drinks have recovered some ground with volume up 2% but at the expense of value, which has declined by 3%, reflecting the increasingly competitive price environment in this sector.

The water market has improved in the period posting 5% volume growth and 2% value growth – this performance has gained momentum across the year.

The soft drinks category has once again demonstrated its ability to deliver growth in volume and in value terms despite difficult macro economic conditions. The landscape remains competitive but consumers continue to respond well to both existing brands and products and to well executed innovation.

Strategy

Our platform for sustained profitable growth is based on the following key areas of strategic focus which remain consistent with prior years:

· Core brands and markets
· Portfolio development
· Route to market
· Partnerships
· Efficient operations
· People development
· Sustainability

Underpinning our excellent financial performance in the last 12 months has been our drive to build momentum across our key brands. We have grown revenue by improving sales fundamentals through our many sales channels and have continued to develop brands that are differentiated and have growing levels of appeal to increased numbers of consumers. All of this has been achieved by delivering quality, service and value both to our customers and ultimately to consumers.

The development of our sustainability and social agenda has continued across the year with much work throughout the Company to eliminate waste, improve recycling and to develop products and packaging which have a reduced impact on the environment. Of particular note has been our continued reduction in PET usage in our bottles which has reduced by 6% on average – removing the requirement for around 300 tonnes of PET per annum. In addition we are now utilising 25% recycled PET in all our Strathmore bottles. This drive towards increased sustainability which we see as simply good business will continue to be at the heart of our future plans.

Mrs Peart (62) has been a fan of IRN-BRU for over 40 years!

IRN-BRU continued to grow throughout the U.K. with a broad range of pack formats and an increasing level of distribution across all channels.

World Record Breaker

In support of "Homecoming Scotland" the IRN-BRU Can Clan Event held on 13 September 2009 staged live music and a spectacular, world record breaking cancan by a crowd of 9,600 fans at Glasgow Green.

Spot the Difference

A very successful 'Sugar Free' advertising campaign helped to drive a positive performance for Diet IRN-BRU with the campaign being awarded three advertising awards including best outdoor campaign.

Official Soft Drink

IRN-BRU is the Official Soft Drink of Rugby League and Rugby Super League. An estimated 2 million fans attend the games with a further 5 million viewing the IRN-BRU sponsored coverage on Sky Sports.

22.4%

total sales mix represented by our still drinks and water business

Core Brands and Markets

The development of our core brands and markets received much of our focus across 2009/10. Over the period we have seen excellent growth across our key brands as we look to appeal to more people, more often, in more areas across the market.

Our two major reporting segments are:

· Carbonates
· Still drinks and water

Both of these segments outperformed the market. Still drinks and water, which has historically been the smaller segment within our business, made some significant progress over the financial year 2009/10. The year on year underlying growth in this segment was boosted by the addition of Rubicon stills volume. Our still drinks and water business now represents 22.4% of our total sales mix.

Carbonates has also continued to grow strongly, recording a 10.1% year on year increase in value, well ahead of the market.

Within the carbonates segment, IRN-BRU, which is lapping an incredibly strong prior year revenue performance (+8%), continued to deliver strong growth of 5%. Particularly encouraging is the performance in England and Wales where we have grown volume share by 20% in the period. This growth has been driven by improvements in distribution and is evenly spread across the territory and in a number of channels.

The growth of the IRN-BRU brand was underpinned by substantial marketing investment including sports based sponsorships such as the Scottish Football League and Rugby League in England. In tandem with sponsorship we have increased marketing spend above and through the line with the main creative execution in the period being the IRN-BRU Musical TV advert. We continued our focus towards value added promotional activity with a further IRN-BRU free glass campaign in the summer in addition to numerous on-pack promotional activities across the year. IRN-BRU continues to grow and develop as a brand and continues to offer significant further growth opportunities.

In 2008/09 we saw the BARR Range of flavoured carbonates start to gain some momentum and last year that growth accelerated with sales revenue increasing by 33%. This was driven by solid performance in existing outlets and further significant rises in distribution delivered across the year. New flavour additions and additional pack formats also delivered excellent incremental growth and our first significant piece of above the line marketing investment in sponsorship of STV teatime programme "The Hour" cemented our position in the core Scottish market. Further growth through the Barr brand in England and Wales is anticipated in the future. The total regional range continues to grow and develop and will continue to feature strongly in our commercial growth plans.

The Rubicon brand following our integration efforts is now firmly established within our core brand portfolio. The brand in both still and carbonated formats has performed strongly across the year. The integration process was delivered without disrupting sales momentum and the benefit of placing the Rubicon brand into our sales system and under our commercial management has delivered sales growth ahead of our initial expectations. The addition of the new watermelon flavour and the upweighting of consumer marketing activity including significant sampling and PR around "Mango Week" have built on the already strong growth momentum. As we progress with the development of the Rubicon brand and begin to develop the consumer marketing plans we believe there is significant further opportunity to grow and develop this exciting brand.

Rubicon has added significant weight and diversity to our still portfolio which has grown considerably and it now represents a significant share of our total sales revenue. The wider still brands have continued to make very good progress with Simply and St. Clement's juices and juice drinks jointly increasing revenue by 6%. Simply Fruity in particular which plays to the value conscious shopper has continued to deliver strong growth.

The water category has recovered some ground over the course of 2009, the second half of the year especially saw growth with improved late summer weather in the south of the country. Strathmore revenue adjusting for the 53rd week in 2008/09 was broadly flat, although encouragingly the second half performance was 5% ahead of the prior year. Our continued support of and focus on the brand as well as our move back into flavoured waters has helped maintain performance despite our decision to exit from some low margin contracts in the period. We are delighted to have renewed our contractual position with Matthew Clarke in late 2009. This contract was originally struck in 2006 in conjunction with the Strathmore business acquisition and reached the end of its three year duration in 2009. We remain optimistic regarding the category and Strathmore's position within it and anticipate building on the momentum of the second half into next year.

"Rubicon has added significant weight and diversity to our still portfolio which has grown considerably and it now represents a significant share of our total sales revenue."

Sam (13)
loves the taste of
Guava Rubicon, it's
his current favourite!

Rubicon is the leading range of exotic juice drinks in the market made with the finest exotic fruits.

National Mango Week

Support for Rubicon's National Mango Week in May included a new TV commercial backed up by support across all trade channels.

The Latest Addition

Rubicon Watermelon became the latest addition to the brand. It was launched mid summer in 288ml and 1 litre supported by nationwide sampling and TV advertising.

Loyal Consumers

With an already strong core ethnic base our summer sampling programmes at a range of events this year managed to introduce over 500,000 consumers to Rubicon's range of exotic juice drinks.

46%

of ethnic consumers now drink Rubicon

(source: TNS August 2009)

Portfolio Development

The development of our portfolio has in the last 12 months been mainly focused on our core brands and the integration and growth of the Rubicon brand. The introduction of flavour extensions, pack format changes and pack size changes have driven significant growth. We elected to scale back our developments and investment in the Taut and Vitsmart brands over the course of the last financial year – this approach has worked to our advantage with difficult market conditions in still sports drinks and difficulty in establishing the consumer proposition within the very new enhanced water category.

It remains our belief that further development of our core brands will bring the greatest immediate benefit and we have an exciting programme of innovation planned for 2010 which also includes products outside our existing category coverage. Our portfolio development plans will continue to take account of the current and forecast near term consumer trends and outlook – keeping close to the consumer remains our key objective.

Route to Market

We are building our business from a solid base with multiple routes to market and our focus is on developing the skills, competence and systems to manage and develop these multiple routes to market. We have continued to invest in sales execution and have widened that investment to include further development of our teams in food service and vending.

Our work to strengthen and develop our direct to store operations and our impulse business in general has continued; the benefits of prior year investment in people and systems are now feeding through to performance improvements in this important sector.

Partnerships

We have strengthened and developed our key partnerships across 2009/10 to ensure solid foundations in all of these important relationships as we go forward.

We have agreed a new and extended agreement with Rockstar Inc related to the production and sale of the Rockstar brand in Great Britain and Eire. The new 10 year agreement ensures the long-term commitment of both sides to building the Rockstar brand giving both parties the certainty to continue to invest in the growth of this exciting brand.

In the period the Orangina business was sold by Lion Capital to Suntory the Japanese consumer goods company. Last year we concluded our new franchise agreement with the Orangina Group that extended our partnership to 31 December 2014 and as such we look forward to continuing to develop the Orangina brand in the U.K. under its new ownership.

Sales of IRN-BRU in Russia through our partnership with Pepsi Bottling Group (PBG) have, in common with all consumer goods in Russia, suffered in the extreme economic downturn that hit that territory. Our volume sales to PBG were down 8.3% in the year. In addition to the difficult economic environment IRN-BRU performance in 2008/09 was excellent making 2009/10 a difficult year on a comparative basis. However in the final quarter the local sales declines flattened out and consumer behaviour began to recover.

Our overall export sales in 2009/10 have grown by 31% with the inclusion of the Rubicon export sales business which is particularly strong in Scandinavia. With increased scale in export markets and a wider portfolio we hope to generate higher levels of overall growth in the future, notwithstanding any challenges in individual markets.

Our partnership relationships on the supply side, in particular our materials supply, especially ingredients and packaging, continues to develop well. Our overall joint objectives related to risk, quality, efficiency and reducing our environmental impact remain the basis of these partnerships.

"We have strengthened and developed our key partnerships across 2009/10 to ensure solid foundations in all of these important relationships as we go forward."

Gez (34)
has always preferred
Orangeade from the
BARR Range.

BARR Range continues to go from strength to strength with a comprehensive range of flavours available in six different pack formats.

Strength in Depth

Our BARR Range continues to go from strength to strength with a comprehensive range of flavours available in a variety of pack formats.

On 'The Hour'

Our first ever Barr Brand TV sponsorship is of STV's family orientated lifestyle show 'The Hour'. Hosted by leading TV presenter Stephen Jardine, the show goes out live five days a week at 5pm.

BARR'S ORIGINALS 330ml

Building on the successful launch of BARR'S ORIGINALS in 750ml glass bottles the previous year we introduced a range of 330ml cans at the start of 2009.

£4m

incremental sales achieved by BARR Range in 2009

Efficient Operations

Our operational activities across 2009/10 have focused on continuous improvement, the integration of the Rubicon operational activities, the planning of further capacity investment in Cumbernauld, the outsourcing of some logistics functions and the consequential closure of the Mansfield site planned for early 2011.

We have successfully integrated all of the Rubicon production activity into our operational footprint. Over the last year this has delivered improvements in cost and efficiencies at the Tredegar site. We continue to make investments at Tredegar to increase capacity and reduce costs. In tandem with this we reviewed our supply chain requirements and are following an outsourcing approach to allow us to fully consolidate our deliveries to major customers. This will see our storage and distribution operations at Mansfield closing and the Rubicon operations, which are already outsourced, switching to another outsourced provider. It is anticipated this switch will take place over the course of summer 2010.

During the year we have also carried out a wide ranging review of our production assets and future requirements. As a consequence, we announced in November 2009 our intention to close the Mansfield production site and invest in increased production capacity at Cumbernauld. Following a period of extensive consultation it was confirmed that the entire Mansfield site will close in early 2011 and the investment programme at Cumbernauld commenced in late January 2010.

The whole team at the Mansfield site have worked hard to improve the site efficiencies over the past few years following investment in production equipment. Despite their endeavours and success, the requirement for further investment in the infrastructure of the Mansfield site, coupled with the decision to outsource part of our logistics, have contributed to the operationally and financially driven decision to close the site. This decision in no way reflects the quality or endeavour of all of those who continue to work diligently for the Company at the Mansfield site. We are working closely with all of those impacted by these changes to ensure as much support as possible is given to them over the coming 12 months in the run up to the planned closure.

Our overall capital spend in the period has been lower than originally anticipated, impacted by the consultation regarding the Mansfield closure plans. Despite significant capital spend associated to this project we expect our overall spend across the three financial years ending January 2010, 2011 and 2012 will be broadly in line with our previous anticipated capital spend. However the phasing of the spend will be weighted towards next year.

We are now entering a year of significant operational change across the business with all of the increased risk that it brings. However we are confident that the team is well proven in dealing with significant operational change and anticipate only minimal resultant impact to our performance.

People

As the momentum has grown in the business so too have our people developed to meet the challenges and demands that this growth has presented. The progress the business has made is as a consequence of the efforts of all individuals and teams who have delivered exceptional performance across the business for which we are very grateful. It is difficult to single any individuals or groups out but the successful integration of the Rubicon business is worthy of a special mention – a specific thanks to all of those involved.

We continue to ensure Health and Safety is at the forefront of all our team's thinking across the business and once again during last year further efforts have gone into training, communication and auditing of all our working procedures.

Over the course of the last financial year we have embarked on the Investors in People (IIP) standard. This assessment of our performance across a number of people related activities allows us the opportunity to benchmark our performance as well as helping facilitate further improvements. We have completed a number of the IIP reviews and to date I am pleased to report very good progress towards our goal of achieving the standard across all of our sites, which is expected to be completed in late 2010.

Our corporate social responsibility and sustainability agenda has made good progress on all fronts, building momentum on the work of the previous year. It is particularly pleasing to report our progress in relation to waste and recycling, highlighted in the CSR report, which spans the whole organisation in manufacturing, supply chain and all office locations.

"The progress the business has made is as a consequence of the efforts of all individuals and teams who have delivered exceptional performance across the business for which we are very grateful."

Khalid (40) stocks everyone's favourites in his Edinburgh store.


RED
Kola
Strathmore
STILL
ORANGINA
With Real Orange Pieces
Shake it to wake it!
A taste of the Caribbean
KA
SPARKLING
Black Grape
Flavour Drink
D'N'B
Dandelion
Burdock
NOW WITH ADDED BITE
Tizer


GUARANA ★ GINSENG ★ B-VITAMINS
ROCKSTAR
ENERGY DRINK
Double Size
Double Kick
ABBOTT'S
KA
TRADITIONAL
Jamaican Style
GINGER BEER
SIMPLY
100% Pure
APPLE JUICE
FROM CONCENTRATE
ST.CLEMENT'S
Fruits
NO ARTIFICIAL ADDITIVES
Strawberry & Lime
SIMPLY
fruity
no added sugar
BLACKCURRANT & APPLE
Strathmore
SPARKL
SPRING WA
SIMPLY
citrus
PEACH

We have developed a portfolio of quality products which appeal to a broad spectrum of people throughout the country.

Comprehensive Range

We have developed a range of products which comply with the new schools regulations and can now offer a broad choice of great tasting drinks including St. Clement's Squeeze, a sparkling 50% juice 50% water drink.

Strathmore Twist

With a hint of natural fruit flavour with no artificial flavours or sweeteners Strathmore provides a great tasting alternative to the range. Supported by Scottish TV advertising we have achieved sales of over 3,000,000 500ml bottles to date.

Launching a Rockstar

Over 30,000,000 Rockstar 500ml cans have been sold since we launched the brand in the U.K. in October 2008. We have also continued to develop the range with the launch of Rockstar Original 250ml, Rockstar Original 710ml resealable can and Rockstar Cola 500ml – the first U.K. energy cola drink.

10 year

extension to our existing production and distribution deal with our partners Rockstar Inc, USA

Summary

The difficult macro economic climate did not materially impact the soft drinks market which has shown some positive growth especially in the second half of the year. A.G. BARR has significantly outperformed the total market and seen its brands build momentum across our key channels and customers.

The smooth integration of the Rubicon business with its growth potential combined with our strong core portfolio of national and regional brands have created a business with increased growth momentum and potential. The investments we have made in our sales execution, systems and infrastructure and those we are planning for our asset base in the next phase of our development should position us well to maintain the momentum we are currently enjoying.

The strong platform for growth created over recent years has given us the opportunity to flourish even in difficult times and looking forward our revenue growth opportunities, cost control ethos, enhanced asset base and strong balance sheet give us confidence to face the challenges of our dynamic and competitive market place.

Roger White Chief Executive

Financial Review

Alex Short Finance Director

"During the year operating margins increased a full percentage point from 13.6% to 14.8%."

Financial Review

Profit before tax for the year ended 30 January 2010 rose to £24.5m, an increase on the prior year of 5.3%, however this was after charging exceptional items of £3.4m. Normalised profit before tax (pre exceptional items) increased to £27.9m, an increase of 20.8%.

EBITDA (pre exceptional items) increased by 22.7% to £37.7m, representing an improved EBITDA margin of 18.7%, previously 18.1%.

In the financial period A.G. BARR significantly outperformed the U.K. soft drinks market, delivering full year sales of £201.4m, an increase of 18.7% on the prior year. The increase was seen across both the still drinks and water (stills) and carbonates segments. £17.2m of the growth in revenue was delivered through the stills segment which was fuelled by the inclusion of a full year's trading of the Rubicon brand. Stills now account for 22.4% of our total revenue, up from 16.5% in the prior year.

Our core brands performed well, growing volume share, particularly in England and Wales. Across the U.K. our share of carbonates, excluding mixers, increased by 6% and in England and Wales share increased by 20% (Source: A C Nielsen). This was achieved whilst also delivering growth in the average price per litre paid by consumers (Source: A C Nielsen Scantrack Data to 23/01/10).

Eliminating the effect of the Rubicon acquisition and adjusting for the 53rd week, included in the prior financial year, like for like sales increased by 10.6%.

All subcategories within the product portfolio delivered year on year growth in sales revenue with the exception of water. Whilst water revenues were slightly down on the prior year, our focus on cost control and improvements to sales mix led to increased margin from the water category.

The significant corporate activity in 2008/09 related to the acquisition of Groupe Rubicon Ltd. In the financial year to 30 January 2010, our attention turned to the integration of the Rubicon business onto the A.G. BARR platform. The integration has been successfully delivered with restructuring costs of £0.1m, significantly below our original expectations. Top line growth of the Rubicon brand has been above expectation and whilst the acquisition was earnings enhancing in the prior year, we are pleased to report that the acquisition was ROIC (return on invested capital) enhancing in its first full year within A.G. BARR.

30%
decrease in net debt year on year

Margins

At the beginning of the financial year, the business faced the prospect of increasing raw material costs principally as a consequence of a weak Sterling relative to both the US Dollar and the Euro. In conjunction with the delivery of double digit sales growth, the team made strenuous efforts to protect operating margins through successful delivery of modest price increases and tight control of operating costs. This has resulted in an improvement in our gross margin from 49.9% to 51.3%.

During the year we continued to see the benefits of previous operational restructuring programmes and improvements within our manufacturing and distribution activities. The integration of the Rubicon business resulted in a number of redundancies across Finance, HR and general administrative support functions. These activities, together with general efficiency improvements, helped offset inflationary cost pressures and have allowed the Group to further invest in sales execution and brand building, without impacting operating margins.

During the year operating margins (before exceptional items) increased a full percentage point from 13.6% to 14.8%.

Interest

A net interest cost of £1.9m was reported in the financial period. This is best represented by the table below:

	£000s	£000s
Finance income		117
Finance costs		(1,624)
Interest related to Group borrowings		(1,507)
Pensions interest due on defined benefits obligation	(3,995)	
Expected return on scheme assets	3,624	(371)
Total finance cost		(1,878)

The interest cost included the full year effect of interest charges amounting to £1.6m, following the acquisition of Groupe Rubicon Ltd, offset to a small extent by £0.1m of interest income on cash balances. A further £0.4m is reported through the interest line, being the difference between interest costs associated with the defined benefit pension scheme deficit relative to the expected return on scheme assets.

In order to manage the Group's exposure to interest rate movements, the Company entered into a three year interest rate Swap with RBS during 2008. In accordance with IAS 39 we have continued to elect to hedge account for this transaction with any resulting volatility in interest movements being reflected through the balance sheet rather than through the income statement. During the year the mark to market fair value of the cash flow hedge reserve improved from £(1.4m) to £(1.0m).

Taxation

The tax charge of £6.5m represents an effective tax charge of 26.6%. The effective tax rate as reported in the accounts for the previous year was 26.4%.

Earnings per Share (EPS)

Basic EPS for the period was 46.84p, up 5.1% on the same period last year.

Dividends

The board is recommending a final dividend of 16.85p per share to give a total dividend for the year ending 30 January 2010 of 23.10p. This represents an increase of 10% compared to the prior year.

Balance Sheet Review

The Group's balance sheet remains strong with net assets increasing from £92.7m to £100.5m, mostly driven by an increase in current assets, notably cash and trade receivables.

The Group has banking facilities with RBS totalling £70.0m, of which £40.0m is a five year term loan maturing July 2013, with the balance funded by a three year revolving credit facility of £30.0m, expiring July 2011. During the financial year, a further £5.0m of debt was repaid in line with the five year facility agreement, with £8.0m due to be repaid in the financial year ending 29 January 2011.

Leverage and interest cover are comfortably within the required covenant levels.

In line with both the requirements of IAS 36 and our accounting policies, the Group undertook an impairment review of all tangible and intangible assets during the year. This review concluded that no impairment of intangible assets was required. The review did however identify a potential impairment relating to the value of the Atherton site, an asset held for sale; consequently an impairment loss of £0.5m has been recognised in the period. A further £1.0m of plant and equipment has been impaired in light of the decision to close the Mansfield site.

Capital Expenditure

Capital expenditure during the period amounted to £5.3m. This was lower than previous years and also lower than guidance. The position was impacted by the need to conclude the consultation process regarding the Mansfield site closure and the decision to proceed down the route of contract leasing of Company cars, which have traditionally been purchased. A further £2.5m of expenditure was approved by the board during the period for assets that had not been received by the year end.

The £5.3m compares very favourably with capital expenditure in the year ended 31 January 2009, which was reported at £10.6m. The latter however included the purchase of the “Campsie” warehousing site at Cumbernauld and the purchase of the Rubicon manufacturing facility and adjoining property at Tredegar. Together, these items amounted to £4.9m.

Significant projects include the purchase of a replacement tunnel pasteuriser for the canning line at Cumbernauld, expenditure to provide 500ml canning capability at Cumbernauld, initial deposits for the Cumbernauld capacity increases and commercial vehicles for the Scottish direct sales organisation. On the information technology side, expenditure has included the upgrading of our business intelligence capability through the installation of a data warehouse, further expansion of the CRM system to include the telesales operation in Scotland, an upgrade to our ERP platform and a complete refresh of our PC population.

We are entering a year of significant operational change in 2010 and based on current plans we are anticipating capital investment in 2010/11 of £11.0m. It is anticipated that there will be limited impact on the underlying 2010/11 financial performance with operating cost benefits associated with the investment feeding through in financial year 2011/12.

Thereafter, we expect capital investment to more closely match depreciation which is currently £7.5m per annum. These estimates exclude the potential sale of the Atherton and Mansfield sites together with the potential sale of any residual Mansfield plant. The estimate also excludes the potentially significant capital cost associated with the purchase of a wind turbine for the Cumbernauld site.

"We are entering a year of significant operational change in 2010 and based on current plans we are anticipating capital investment in 2010/11 of £11.0m."

Current Assets and Liabilities

Current assets increased in the period from £51.2m to £59.5m, the most significant elements being the increase in cash and cash equivalents and trade and other receivables. The current recessionary environment has required vigilant management of our working capital throughout the year.

Inventories increased by 10% to £16.0m, reflecting increased levels of trading but also a requirement to build inventory ahead of the installation of the new pasteuriser on the canning line, to take account of increasing volumes of fruit-based carbonated products. Despite this build up of inventory, the average inventory holding period reduced by three days.

Trade and other receivables increased by £3.0m as a result of higher levels of trading and the timing of the year end. In the year, average debtor days again reduced from 52 to 49 days, this represents a reduction of eight days or 14% when compared to the position two years ago.

Trade and other payables rose by £0.8m, again reflecting the timing of the year end but the position was also impacted by the timing of a supplier payment of £2.5m immediately prior to the year end. Eliminating the effect of this payment, the average payment period reduced by five days.

We are continuing to market the Atherton site which is surplus to our operating requirements.

The overall level of liabilities reduced by £2.9m, despite the inclusion of restructuring provisions of £1.9m relating to the Mansfield site closure.

Return on capital employed for the period increased to 19.2% (previously 16.0%), reflecting the increase in operating profit relative to a fairly flat asset base.

10.6%
like for like sales increase

16.0%
increase in our share of carbonates in England and Wales

£37.7m
EBITDA

Cash Flow and Net Debt

Free cash flow generated in the period was £17.9m, in line with the prior year.

Our financial position remains strong as we continue to see the benefits of improved turnover translating into improved operating profits and strong cash flows.

Throughout the year we have maintained tight controls over working capital, taxation payable has returned to more normal levels following a previous overpayment in 2008 and the Group has continued to make additional contributions to the defined benefit pension scheme of £2.6m.

The free cash flow position also includes the impact of a full year's interest costs associated with the Groupe Rubicon acquisition although this is more than offset by reduced capital expenditure which was £5.3m lower than the prior year.

As at 30 January 2010 the Group's net debt position was £22.1m, being the closing cash position of £10.9m net of the borrowings of £33.0m. This represents a net debt: EBITDA ratio of just over 0.6 times, with interest cover in excess of 19.6 times. This is a significant reduction on the prior year net debt position of £31.3m.

Exceptional Items

In January we confirmed the closure of the Mansfield production site. This is expected to take place in early 2011, with the outsourcing of a proportion of our primary logistics functions proceeding over the course of 2010. This step constitutes the final piece in the integration of the Rubicon business with the cessation of existing in-house storage and distribution operations at the Mansfield site and the exit from existing Rubicon third party logistics operations.

This significant change will coincide with a project to increase capacity at the Cumbernauld site, creating operating capacity that will absorb all current PET packaged products from the Mansfield factory and allow for projected future growth.

During the financial period ended 30 January 2010, we have provided £2.9m for exceptional charges relating to this closure, and anticipate an additional £0.5m of dual running costs in the financial year 2010/11.

A further £0.5m of exceptional charges have been recorded in the financial period, reflecting the costs incurred as part of the Rubicon integration (£0.1m), together with the well documented impact of the recession on property prices, which has led us to impair the valuation of the Atherton site, an asset currently held for sale.

Pensions

During the year, the Company continued to operate two pension plans, being the A.G. BARR p.l.c. (2005) Defined Contribution Pension Scheme and the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The latter is a defined benefit scheme based on final salary which also includes a defined contribution section for pension provision to new executive entrants. The assets of both schemes are held separately from those of the Company and are invested in managed funds.

Under IAS 19, the net pension deficit at the year end stood at just under £5.9m, representing a deterioration of £0.9m when compared to the deficit of £5.0m reported last year. The area of pensions has seen tremendous volatility during the year, with the increase in deficit largely reflecting the fall in corporate bond yields, partially offset by the higher than expected return on assets and the deficit contributions paid by the Company during the year. Future price inflation expectations are consistent with the prior year. The main section of the defined benefit scheme was closed to new entrants on 5 April 2002 and the executive section closed on 14 August 2003.

The last formal actuarial valuation was undertaken as at April 2008 and was completed during the year. The results of the valuation indicated that the deficit recovery plan was performing as expected. The pension trustees and the Company have therefore agreed to maintain the deficit contributions at the current level.

Share Price and Market Capitalisation

At a General Meeting of the Company held on 18 September 2009 the shareholders authorised the subdivision of each of the Company's existing ordinary shares into two ordinary shares of 12.5 pence nominal value each. The share subdivision doubled the number of ordinary shares in issue.

At 30 January 2010, following the subdivision, the closing share price for A.G. BARR p.l.c. was £7.92. The Group is a member of the FTSE250, with a market capitalisation of £308.0m at the period end.

During the year the Company continued to fund the purchase of shares by the trustees of the Company's various employee benefit trusts to satisfy the ongoing requirements of maturing share schemes.

Alex Short Finance Director

Key Performance Indicators

The principal key performance indicators used by management in assessing the performance of the Group, in addition to the income statement, are as follows:

Turnover growth
The increase in value of revenue recorded in the period relative to the prior period.

Average realised price
The average revenue per case sold.

Gross margin
Revenue less material costs and production related costs, divided by revenue.

Operating profit margin
Operating profit before exceptional items and before the deduction of interest and taxation, divided by revenue.

Profit margin
Operating profit before exceptional items and before the deduction of taxation, divided by revenue.

EBITDA margin
EBITDA (defined as profit on ordinary activities before tax less exceptional items, adding back interest, depreciation, amortisation and impairment) divided by revenue.

Free cash flow
Net cash flow excluding the movements in borrowings, shares, dividend payments and non cash exceptional items.

Return on capital employed / Return on invested capital
Operating profit before exceptional items as a percentage of invested capital. Invested capital is defined as period end non-current plus current assets less current liabilities excluding all balances relating to any financial instruments, interest bearing liabilities and cash or cash equivalents.

Interest cover
The ratio of EBITA (EBITDA less depreciation) relative to finance charges in respect of the relevant period.

Net debt / EBITDA
The ratio of aggregate amount of all obligations in respect of period end consolidated gross borrowings to reported EBITDA.

Market growth
A C Nielsen market growth summaries reported in terms of volume and value by major product category and geography.

Market share
A C Nielsen market share summaries reported in terms of volume and value by major brand and geography.

Market price per litre
A C Nielsen market scantrack data of retail price per litre reported by major brand and geography.

Reportable accidents
The moving average total of reportable accidents in a period together with the number of lost time accidents and near misses.

Principal Risks and Uncertainties

There is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group, which has operated throughout the financial year. This process involves quarterly assessment of the Group's risk register by the Audit Committee. In line with best practice the register includes an assessment of the impact and likelihood of each risk together with the controls in place to manage the risk.

The Group's risk management framework is designed to support this process and is the responsibility of the Finance Director. The risk framework governs the management and control of both financial and non-financial risks.

Internal audit is undertaken by an independent firm of chartered accountants who develop an annual internal audit plan having reviewed the Group's risk register and following discussions with external Auditors, management and members of the Audit Committee.

During the period the Audit Committee has reviewed reports covering the work undertaken as part of the annual internal audit plan. This has included assessment of the general control environment, identification of control weaknesses, quantification of any associated risk together with a review of the status of actions to mitigate these risks.

The Audit Committee has also received reports from management in relation to specific risk items together with reports from external Auditors, who consider controls only to the extent necessary to form an opinion as to the truth and fairness of the financial statements.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's activities also expose it to a variety of financial risks which include market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. Financial risks are reviewed and managed by the Treasury Committee whose remit and authority levels are set by the board.

The Treasury Committee's remit focuses on the unpredictability of financial markets and seeks to minimise potential related adverse effects on the Group's financial performance.

In addition to financial risks the Group's results could be materially affected by:

Risks Relating to the Group

- A decline in the sales of certain key brands
- Adverse publicity in relation to the Group or its brands
- Consolidation or reduction of the customer base
- Failure or unavailability of the Group's operational infrastructure
- Interruption in, or change in the terms of, the Group's supply of packaging and raw materials
- Failure in IT systems
- Inability to protect the intellectual property rights associated with current and future brands
- Litigation or changes in legislation including changes in accounting principles and standards

Risks Relating to the Market

- Changes in consumer preferences, perception or purchasing behaviour
- Poor economic conditions and weather
- Changes in regulatory requirements
- Actions taken by customers
- Actions taken by competitors

Corporate and Social Responsibilty

“We take our Corporate Social Responsibility very seriously and see it as a key part of the future success of our business.”

Corporate Social Responsibility is one of our seven core areas of business focus.

Our Corporate Social Responsibility activities cover five key areas:

- Environment
- Quality
- Marketplace
- Workplace
- Community

40%

reduction in energy usage since 2004

30%

reduction in CO_2 emissions from manufacturing by 2020

60%

projected electricity for Cumbernauld site generated from wind power, with zero CO_2 emissions

Corporate Social Responsibility

As CSR sponsor I am pleased to report good progress has been made against the targets identified throughout the business over this reporting period; we will be aiming to make further improvements in our performance across 2010 as we further endorse good CSR practices across all parts of the business.

We are making our internal targets more challenging each year and as a consequence our resources and efforts in this area will be scaled up accordingly to meet and exceed these challenges in the future.

Andrew Memmott
Operations Director and Chair of the Environmental Committee

Environment

Our Environmental Strategy

In 2009 our environmental plans were updated to align our strategy with the targets laid down in the British Soft Drinks Association (BSDA) Sustainability Strategy. The scope includes climate change, waste & packaging, water and transport.

Our approach is to:

- monitor, evaluate and manage the key environmental impacts of our business activities: climate change, waste, packaging design, water usage, and transport;
- set and review environmental targets locally and within our specific business goals;
- set plans to achieve these targets;
- consider all environmental impacts when making investment decisions; and
- maintaining our BS EN ISO 14001 accreditation.

Environmental Policy and ISO 14001

We are committed to the prevention of pollution and continual improvement of our environmental performance in line with all relevant environmental legislation and other self-imposed requirements.

Following the integration of the Rubicon business, our Tredegar site will be audited against the ISO 14001 standards in May 2010, aligning the site to A.G. BARR environmental goals.

> "Our environment management system extends beyond our manufacturing sites."

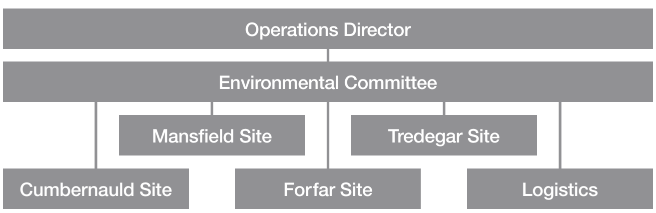
Our Environmental Targets and 2009/10 Progress Update

Objective	Target	2009/10 Progress
Achieve a 30% reduction in CO_2 emissions from manufacturing by 2020, compared to 1990 levels.	Achieve a minimum 2% year on year improvement across the manufacturing sites.	6% year on year improvement achieved.
Send zero manufacturing waste to landfill from 2015.	All manufacturing sites to achieve zero waste to landfill by 2013.	Mansfield achieved status.
Improve the sustainability of all our packaging.	Successful implementation of packaging weight reduction initiatives. Year on year increase in the use of recycled materials in our packaging materials.	2 litre and 330ml PET bottle weights reduced by 5%. 25% rPET introduced across specific brands.
Achieve a 30% reduction in waste water volumes by 2020 compared to 2007 levels.	Achieve a minimum 3% year on year improvement across the manufacturing sites.	4% year on year improvement achieved.
Reduce the external impacts of transport by 20% by 2012 compared with 2002.	Achieve a minimum 2% year on year improvement in fleet MPG performance. Implementation of a vehicle CO_2 emissions reduction programme.	2% year on year improvement achieved. 7% reduction in company car CO_2 emissions.

Environmental Organisation

The environmental committee has played an important role in developing a consistent approach to monitoring performance against our environmental targets and managing the environmental activities across the different production sites. The objective of this committee is to maintain business focus on the delivery of our environmental targets.

Quarterly updates on the progress against these targets are reported to the board of directors.



Climate Change

A.G. BARR aims to achieve a 30% reduction in CO_2 emissions from manufacturing by 2020 as compared to 1990 levels.

All sites improved their performance against this index in 2009/10 with Forfar and Mansfield production sites providing the biggest contribution with a 16% and 13% reduction respectively.

These improvements have been achieved through a combination of investment in both training and employee awareness of energy efficiency measures, together with improvements related to specific capital projects.

During 2009, energy efficient lighting and compressors have been commissioned at Forfar, and a heating conservation programme has been successfully implemented.

An energy monitoring system was installed at our Cumbernauld site, which has our largest electricity consumption. This has enabled investigation of energy usage in far greater detail and contributed to a 3% reduction in energy usage per litre of product produced.

Environmental Targets

Transport:

20%

Reduce the overall impacts of our transport by 20% by 2012 compared to 2002.

Waste:

Zero

Send zero manufacturing waste to landfill from 2015 and improve the sustainability of our packaging.

Water:

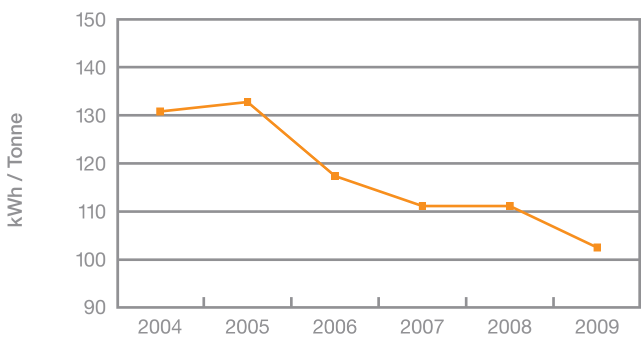
30%

Reduce our waste water volumes (i.e. water not contained in the product) by 30% by 2020 compared to 2007.

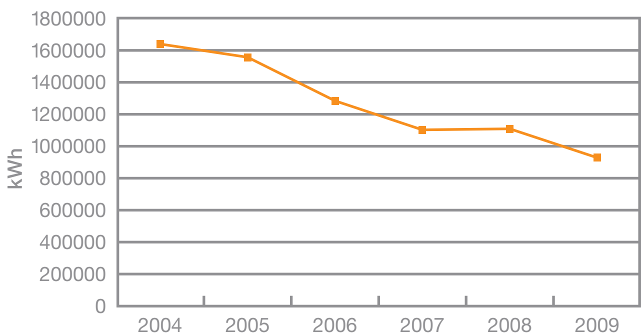
In addition Cumbernauld invested £34K retrofitting energy efficient controls to one of its three high pressure compressors used within the bottle blowing process. Once the success criteria of this initiative has been met, a roll out programme will be instigated on the remaining high pressure compressors across the business.

Our environment management system extends beyond our manufacturing sites. In 2009/10 the England direct to store delivery (EDSD) depots achieved an absolute energy reduction of 16.1%, contributing to an overall reduction in energy usage by over 40% since 2004.

Manufacturing Energy Usage:



EDSD Energy Usage:



Future Sustainable Operational Plans
In October 2008 we submitted a planning application for the installation of a 2MW wind turbine at our Cumbernauld site. Planning consent was granted in May 2009 subject to satisfactory mitigation of objections raised regarding RADAR and telecommunications issues.

Whilst working with the relevant bodies to resolve these objections, we have simultaneously erected a 60m high wind monitoring mast to collect data to better understand the wind resource at the site. In anticipation of positive outcomes to our outstanding issues we expect to proceed to full financial review of capital required and revenue savings associated with this investment in 2010.

Waste and Packaging
A.G. BARR aims to send zero manufacturing waste to landfill from 2015 and improve the sustainability of all our packaging.

Significant progress has been made over a number of years to reduce the quantity of waste we send to landfill through the introduction of waste recycling programmes.

Mansfield became the first site within the business to send zero waste to landfill; this was achieved in November 2009. The Mansfield site had regularly been achieving recycling rates of between 85% and 95% but continued to push on to the 'zero waste' target. To achieve this they send the remaining waste to a local Material Recycling Facility (MRF) who sort the waste and send only the residual un-recyclable fraction to the nearby Energy from Waste (EfW) plant. It is anticipated our other sites will achieve similar success within the next two years.

Sustainable Packaging
Our strategy to improve sustainable packaging is two fold, (i) packaging material reduction and (ii) increased use of recycled materials.

The key focus areas in 2009/10 have been overcoming technical challenges to enable us to reduce further the weight of our plastic and glass packaging. We have achieved significant steps forward and we have a weight reduction implementation programme in place with further plans to continue this progress in 2010.

Extensive internal and consumer trials have been completed with our 2 litre PET and 330ml bottles and a roll-out plan to lightweight these bottles was implemented in December. These two initiatives reduce the amount of PET used across these bottles by 5%.

The investment plans in place at Cumbernauld for 2010 allow us to continue our PET lightweighting programme. Our 2 litre, 500ml and 250ml PET bottles produced from the site will all see design changes during 2010, which will deliver a further 8% reduction in PET usage across these specific bottles.

Working closely with our packaging supplier, the Strathmore glass bottle range has been redesigned to enable a 7% weight reduction with no detected impact on the quality of packaging to consumers.

This lightweighting project will remove 252 tonnes of glass per annum, which is equivalent to 1.2 million 330ml Strathmore glass bottles. Sampling and testing of the three specific bottles is well underway and it is planned that the lightweighted designs will be introduced from May 2010 onwards.

In addition to the savings from glass lightweighting, moving Strathmore glass bottles to the returnable plastic layer pads already used in other parts of the business will remove approximately 52 tonnes of corrugate from the supply chain.

Our decision to move to a sole supply contract for our Strathmore glass bottles has allowed us to remove over 100,000 road miles per annum associated with the delivery of the glass bottles from the supply base to Forfar.

The use of recycled materials within our packaging materials has made progress in two key areas across 2009 as described below.

Trials have been successfully completed using 25% recycled PET (rPET) in our Strathmore PET range, our Tizer and Rubicon 500ml bottles and 2010 will see the continued use of rPET in these bottles whilst exploring the opportunities of further extending the use of rPET across our other bottles.

Layer pads are used within specific pallet builds to provide stability in transit during transportation to our customers. Switching to the use of recycled layer pads across all our sites has saved 235 tonnes/annum of virgin corrugate board.

To support us in improving the sustainability of our packaging we have recently become the first new Scottish signatory of WRAP's Courtauld Commitment Phase 2, supported by Zero Waste Scotland, and as such will contribute to:

- reducing the weight, increasing recycling rates and increasing the recycled content of all grocery packaging, as appropriate. The aim is to reduce the carbon impact of grocery packaging by 10% by the end of 2012, against a 2009 baseline;
- reducing U.K. household food and drink wastes by 4% by the end of 2012, based on a 2009 baseline;
- reducing grocery product and packaging waste in the supply chain by 5% by the end of 2012, against a 2009 baseline. This includes both solid and liquid wastes.

8%

planned reduction in PET usage across 2 litre, 500ml and 250ml PET bottles

1.2m

equivalent reduction in number of 330ml glass bottles through lightweighting project

1st

new Scottish signatory of the WRAP Courtauld Commitment Phase 2

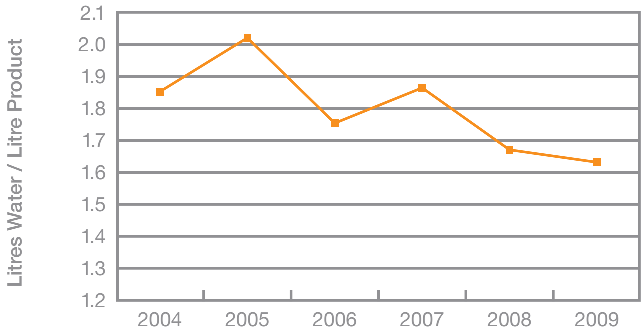
ZERO WASTE SCOTLAND

natural scotland
SCOTTISH GOVERNMENT

Water Usage
A.G. BARR aims to achieve a 30% reduction in waste water volumes by 2020 compared to 2007 levels.

Water is a precious resource and we are continually working to improve the efficiency of how we use it. The key index is the ratio between the total amount of water we use to the amount of water that is used to produce the product we fill.

Manufacturing Water Usage:



A 4% year on year improvement has been made through 2009 in this area in addition to the significant progress already made over many years. All sites have contributed to this with particular benefits being derived from enhanced borehole water controls systems at both Strathmore and Mansfield.

The Cumbernauld site currently collects the effluent discharge from the factory to allow controlled discharge from the site. 2010 will see an in depth feasibility study take place using best practice within the effluent treatment industry to develop techniques to reduce the environmental impact of this discharge. This will support the continuous improvement programmes in place to conserve water.

Sustainable Logistics
A.G. BARR aims to reduce the external impacts of transport by 20% by 2012 compared with 2002.

Our fleet of 128 vehicles serve two purposes, the 11 HGV's provide for the delivery of customer orders to their own regional distribution centres and finished stock to our own direct delivery depots in England, while 117 LGV's within our direct delivery depots service a diverse range of customers from corner shops to garage forecourts.

"We recognise that the talent and skills of our workforce are vital to the Company's continuing success."

Driver education continues to play an important part in delivering improved driving characteristics and reduced miles per gallon (MPG). This is supported by the programme of vehicle replacement which will roll on into 2010 with the delivery of at least 17 new vehicles, providing reduced emissions and improved MPG. We continue to search for improvements and efficiency gains across logistics. We are trialling an electric vehicle based at our Walthamstow site which is helping to set the potential future direction, as well as contributing to a 4.9 tonnes reduction in CO_2 emissions across the fleet.

A substantial review of our Company car provision in 2009 has seen us move from capital purchase to contract hire and has led to setting a CO_2 emissions upper limit significantly lower than the previous policy, a change that has already delivered a 7% reduction in the CO_2 emissions related to these vehicles.

Quality

Our sites continue to be monitored through certification to the Quality Management System, BS EN ISO 9001, and the British Retail Consortium's Global Food Standard is applied at all our production sites, demonstrating our commitment to food safety. Our requirements, in order to comply with both of these standards, and those of the Environmental Management Standard, BS EN ISO 14001, are documented in a single integrated system.

All food safety and quality systems depend upon identifying the risks and potential hazards. Our HACCP (Hazard Analysis and Critical Control Point) system fulfils this role. It provides clear guidance as to what needs to be specified, measured, monitored and audited. These specifications and on-line measurement data are audited daily and retained until past the end of the products' shelf lives.

We maintain a trained auditing team at each production site to ensure quality is maintained. In addition to internal audits, an annual supplier audit schedule is prepared and the team carries out detailed audits to provide an extra level of control.

After five years of continued reduction of our index of complaints per million units produced, this year has seen an slight increase in this key performance indicator (KPI). A thorough root cause analysis of the events behind this increase has been undertaken, and the system improvements implemented have strengthened our product release procedures providing the confidence that we will reverse the increase in 2010.

Procurement

We operate a consistent, clear and ethical purchasing strategy which has been developed in accordance with professional purchasing standards of integrity, professionalism, transparency and fairness.

Purchasing staff act in accordance with the personal ethical code of the Chartered Institute of Purchasing & Supply.

We seek to execute best practice in our supplier relationships, including encouraging and developing supplier operations to meet high standards.

Continuity of material supply remains a key objective and developing strong working relationships with our supply base is paramount in delivering this. Our supply strategy has been evolved carefully with appropriate consideration of risk for key materials and services where sole supply positions exist.

Our auditing programme focuses on both large and small suppliers and continues to provide assurance of their compliance to our standards both technically and in terms of ethical and social responsibility.

Our supplier approval process focuses upon the attainment of recognised quality and environmental standards as well as development of robust disaster recovery plans and appropriate human rights and labour standard policies.

We continue to require our suppliers to maintain the GM-free status of our raw materials.

Marketplace

Health and Wellbeing

All our soft drinks can be enjoyed as part of a balanced diet and a healthy lifestyle. A.G. BARR provides a comprehensive range of soft drinks to offer a wide choice of drinks for all ages.

This allows our consumers to enjoy the soft drink that suits their individual needs and tastes. Our soft drinks are available in a wide range of pack sizes both for their convenience and to help exercise portion control.

The deployment of GDA (Guideline Daily Amount) labelling on our packs provides information to consumers on the content of our drinks, enabling them to make informed choices.

Advertising

A.G. BARR fully complies with both the letter and the spirit of the codes of practices set out by the Advertising Standards Authority (ASA) in the Broadcast Committee of Advertising Practice (BCAP) codes for broadcast advertising and the Committee of Advertising Practice (CAP) code for non-broadcast advertising.

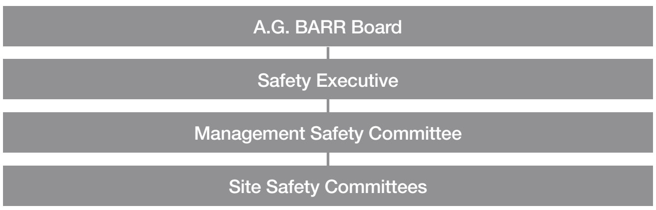
Workplace

We recognise that the talent and skills of our workforce are vital to the Group's continuing success. We aim to attract, retain and develop high calibre people, promoting a culture in which they are motivated to succeed and their performance is both recognised and rewarded. Health and Safety is a key priority for the Group, ensuring that our employees are provided with a safe and healthy working environment.

Health and Safety

Safety is led from the top with the A.G. BARR board of directors monitoring Company performance. The Safety Executive, chaired by the Finance Director and advised by the Health and Safety Manager, develops safety policies and strategy. The Management Safety Committee implements and reviews compliance with policies and procedures and the local safety committees ensure local implementation of Company safety procedures and practices.

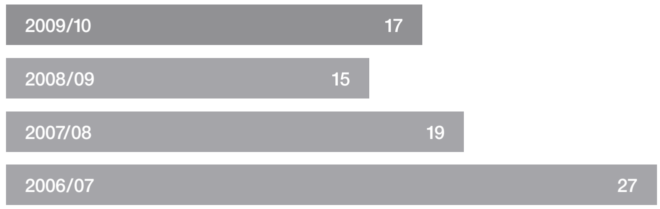
A.G. BARR Health and Safety structure



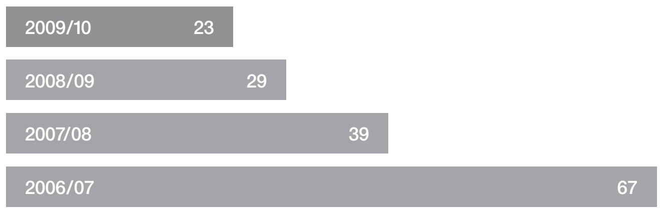
Reportable Accidents

The year to January 2010 has seen a slight increase in the number of reportable accidents to 17, with two of the accidents related to the extreme weather conditions at delivery points. The safety programmes agreed for all sites have ensured that the severity of reportable accidents continues to drop and was within the severity target set for the year.

Number of Reportable Accidents:

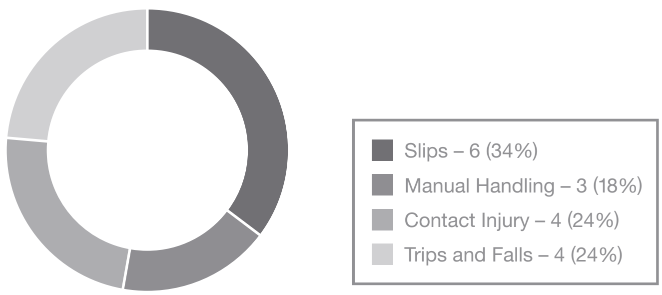


Reportable Accident Severity Rating:



To complete one of our key safety initiatives at the main site at Cumbernauld a bespoke safety DVD was produced this year for the manufacturing operation. We now have a set of safety DVDs highlighting the hazards and control measures in place for the manufacturing, logistics and delivery operations. The DVDs will complement our comprehensive safety induction to ensure we remain proactive in accident prevention.

Reportable Accident Cause:



The main type of accidents in 2009/10 were due to slip, trip and fall accidents. Although none of these types of accidents had a high severity our safety inspector and risk management process has continued to address these hazards.

66%

of employees have attended internal training programmes

5%

of employees have gained formal qualifications under our stewardship

1%

of our profits are utilised in supporting charities, good causes and community activities

Health and Safety Audits

Our audit programme is split across 17 locations and most are now in their third year of the audit cycle. All sites audited this year have managed to improve their audit score by demonstrating more effective safety leadership, following best practice risk management principles and complying with the Company safety guidance note standards.

Employees

All our people are encouraged to develop through a range of activities including project work, coaching and off the job training. Each employee has their own agreed Personal Development Plan detailing their planned learning and development activities to help them develop their potential to the full.

66% of employees have attended internal training programmes covering a wide range of topics such as Management Skills, Personal Development and Health and Safety. In addition, 21% of employees have attended external training courses with 5% of attendees gaining formal qualifications under our stewardship during the year.

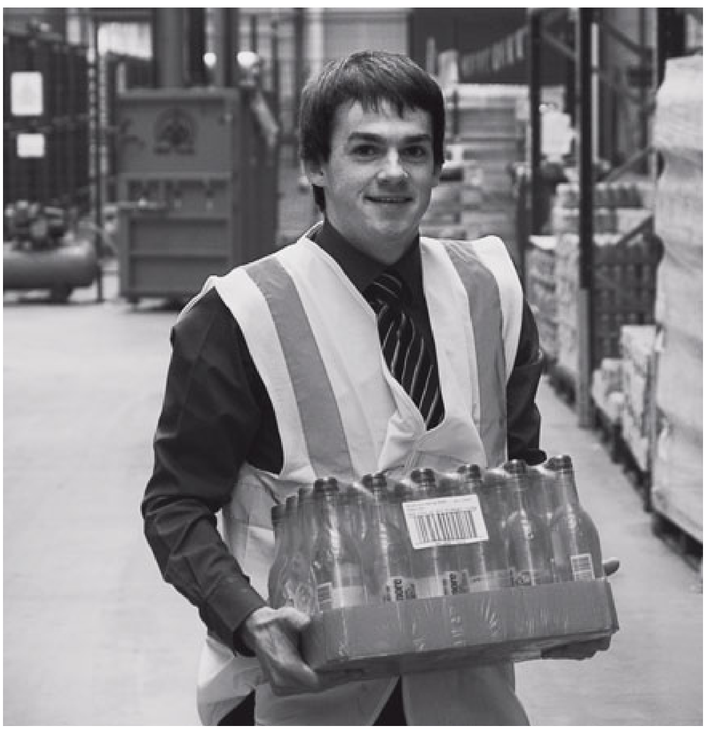
Apprenticeships

The year ahead will see the extension of our apprenticeship programme to our Strathmore facility in Forfar, building on the current apprenticeship arrangements in place at our Cumbernauld site.

Reward and Recognition

By benchmarking our pay and benefits against other companies we ensure that our reward systems are competitive. We also link business and performance to our individual reward systems, motivating our people to perform to high standards and to contribute to the business's success.

In the past year we have introduced total reward statements for all employees which bring together an individual's complete pay and benefits elements into a single, easily understood document. We continue to operate numerous share related employee benefit plans such as SAYE and AESOP which both encourage share ownership and act as a component part of the reward schemes.



The limited edition Strathmore Spring Water bottle helped raise £20,000 for The Prince's Trust.

"We continued to support the work of The Trust by investing in a number of their community programmes across the U.K."

Community

The Prince's Trust

A.G. BARR's partnership with The Trust entered its second year in 2009. The Trust helps 14 to 30 year olds get a job who are in or leaving care, struggling at school, are unemployed or have been in trouble with the law. It has become the U.K.'s leading youth charity, offering a range of opportunities including training, personal development, business start-up support, mentoring and advice.

We continued to support the work of The Trust by investing in a number of their community programmes across the U.K. with a particular focus on Scotland.

Strathmore Spring Water and The Trust teamed up to launch a competition to design an image for a limited edition 500ml Strathmore Spring Water bottle to be sold exclusively in branches of Starbucks.

This initiative raised £20,000 for The Trust, with 5p from each limited edition bottle sold being donated by us to the charity.

The competition, open to all Prince's Trust businesses, not only offered the winning entrant the chance to see their design on approximately 500,000 bottles of Strathmore Spring Water but also provided a fantastic prize of a workshop with a top design consultancy who would help to take the winning business to the next level.

The winner, Mark Notton, has launched his design business Studio2v (web address: www.studio2v.com) with the support of The Trust in the last 12 months and now has more than 25 clients and his own premises.

The Prince's Trust – helping to change young lives. For more information go to www.princes-trust.org.uk

Other Charitable Organisations

We supported a number of other large charitable organisations in 2009/10 in addition to assisting many thousands of community groups, charities and good causes with donations of Barr soft drinks products and merchandise in order to help them raise much needed funds.

During 2009/10 we contributed an equivalent of 1% profit in supporting charities, good causes and community activities, a combination of cash, product and employee time.

Prince's Trust

Community Support

Lenzie Academy, Lenzie, East Dumbartonshire

In December 2009 we signed an Enterprise in Education Partnership Agreement with Lenzie Academy, one of East Dumbartonshire's leading schools. The Partnership Agreement is part of the Scottish Government's Determined to Succeed strategy for developing enterprise in education. The strategy's aim is to instil an enterprising attitude in today's young people and A.G. BARR will now be fully involved in helping Lenzie Academy to achieve this.

Our employees are engaged in a range of learning activities with pupils including work experience placements, mock interviews, presentations from the Company's human resources and international teams together with visits to our Cumbernauld site to view the Company's state of the art manufacturing, distribution and warehousing facilities.

Ronald Hanna said at the launch of the partnership, "The Enterprise in Education Partnership is extremely worthwhile and we are delighted to be part of it. I'm impressed by the commitment of Lenzie Academy through their pupils and staff and by how much learning and fun they have extracted from the first project "The Food and Drink Challenge".

Together we have got off to a great start and we look forward to participating fully in the other projects that are planned".

Westfield Primary School, Cumbernauld

We continue working with Westfield Primary School, the primary school local to our Cumbernauld site, as part of our local partnership agreement with the school which involves our staff working with the pupils to support enterprise projects taking place within the school.

We also continue to support a number of other community organisations local to our sites.

Sporting Heroes for the Future

Since 2005 we have supported the Daily Record's Sporting Heroes for the Future campaign, which aims to support sporting talent and promote sport and health in local communities in Scotland. In 2009 we provided funding for kits and equipment to six cycling and four swimming clubs located across Scotland.

TAUT 100 helps young athletes

TAUT, in partnership with Sports Aid, invested in a scheme to help gifted young athletes' progress in their sports in 2009.

The TAUT 100 scheme, run by Sports Aid, selected 100 gifted young athletes who are just outside lottery funding. The selection criteria was based on performance and results within their sport but also ensured that a variety of sports and geographical locations were represented. From the 100 short listed athletes a monthly winner was chosen to receive a cash prize and, from the 12 monthly winners in 2009, an overall winner received a further significant cash prize.

Scottish Enterprise Project EDGE

In 2009 we again participated in "Project EDGE". Now in its fifth year, Encouraging Dynamic Global Entrepreneurs is delivered by Scottish Enterprise, bringing together students from leading Scottish Universities, fifth year school pupils from across the west of Scotland and international students from universities in the United States, Poland, Canada and China.

We hosted 12 students in two teams who worked on specific projects for both our Commercial and Operations functions.

For further information about our corporate social responsibility activities, please check the Corporate Responsibility section of our website www.agbarr.co.uk

"We aim to attract, retain and develop high calibre people, promoting a culture in which they are motivated to succeed and their performance is both recognised and rewarded."

Top left:
Ronald Hanna, Chairman of A.G. BARR with Lenzie Academy Head Teacher Roderick McLelland, Councillor Una Walker, Convener of Education from East Dunbartonshire Council and School Captains Stuart Gray and Rosie McKean.

Left:
Philip Aspinall – Badminton
TAUT 100 March 2009 winner.

Bottom left:
Roger White and Alex Short presenting the team at the Moston branch with their Investors in People award.

Board of Directors

Alex B.C. Short (42)
B.A. (Hons), ACMA
Joined the Company as finance director in June 2008.

Jonathan D. Kemp (38)
B.A. (Hons)
Joined the Company in 2003 as commercial director.

W. Robin G. Barr (72)
C.A.
Joined the Company in 1960. Appointed director in 1964 and chairman in 1978. Retired as chairman and appointed non-executive director in 2009.

Roger A. White (45)
M.A. (Hons)
Joined the Company in 2002 as managing director. Appointed chief executive in 2004.

Ronald G. Hanna (67)
C.A.
Joined the Company in 2003 as a non-executive director. Appointed chairman in 2009. Currently chairman of both Bowleven plc and Troy Income & Growth Trust plc.

Andrew L. Memmott (45)
BSc, MSc.
Joined the Company's Project Engineering Team in June 1990. Appointed operations director in 2008.

James S. Espey (66)
B. Com., M.B.A., Ph.D.
Joined the Company in 1999 as a non-executive director. Currently a director of Whyte & Mackay and The Last Drop Distillers Ltd.

Jonathan Warburton (52)
Joined the Company in 2009 as a non-executive director. Currently chairman of Warburtons Ltd and a non-executive director of Samworth Brothers Ltd.

25 Years Service Awards

Ian Johnson
Supply Chain Planning Manager

Allan Hayes
Business Development Manager

Kevin Addy
Warehouse Operative

Kevin Hodgson
Service Driver

Alan Short
Service Driver

Kate Goodwin
Business Development Executive

Stephen Thomson
Senior Sales Development Manager

Scott McDowall
Trunker Driver

Julie Sargison
Planning Manager

Lesley Taylor
Wages Clerk

Graham Widdowson
Sanitiser / Yard Chargehand

Accounts
January 2010

Directors' Report

The directors are pleased to present their report and the consolidated financial statements of the Company and its subsidiaries for the 52 weeks (2009: 53 weeks) ended 30 January 2010.

Principal activities
The Group trades principally as a manufacturer, distributor and seller of soft drinks.

Company number
The Company's registration number is SC005653.

Business review
A detailed review of the Group's activities and of future plans is contained within the Chairman's Statement on pages 2 to 3, the Business and Financial Review on pages 4 to 20 and the Corporate and Social Responsibility report on pages 21 to 34.

The information contained in those sections fulfils the requirements of the Business Review, as required by Section 417 of the Companies Act 2006, and should be treated as forming part of this Directors' report.

Results and dividends
The Group's profit after tax for the financial year ended 30 January 2010 attributable to equity shareholders amounted to £17.948m (2009: £17.075m).

An interim dividend for the current year of 6.25p (2009: 5.80p) per ordinary share was paid on 23 October 2009.

The final proposed dividend of 16.85p (2009: 15.20p) will be posted on 3 June 2010 if approved at the Company's annual general meeting ('AGM') on 24 May 2010.

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented an income statement for the Company. The Company's profit for the year was £13.348m (2009: £16.077m).

Directors
The following were directors of the Company during the financial year ended 30 January 2010:

- R.G. Hanna
- R.A. White
- A.B.C. Short
- J.D. Kemp
- A.L. Memmott
- W.R.G. Barr
- J.S. Espey
- J. Warburton (appointed 16 March 2009)

On 26 May 2009, W.R.G. Barr stepped down as executive chairman of the board and was appointed a non-executive director. R.G. Hanna, previously a non-executive director, was appointed non-executive chairman on 26 May 2009.

Subject to the Company's Articles of Association (the 'Articles') and any relevant legislation, the directors may exercise all of the powers of the Company and may delegate their power and discretion to committees.

The Articles give the directors power to appoint and remove directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the board. The Articles require directors to retire and submit themselves for election at the first AGM following appointment and to retire no later than the third AGM after the AGM at which they were last elected or re-elected.

In accordance with Article 82 of the Articles, R.G. Hanna will retire at the AGM on 24 May 2010 and, being eligible, offers himself for re-election. Following the completion of his one year contract as a non-executive director, the re-appointment of J.S. Espey on 1 April 2010 falls to be confirmed. J.S. Espey has a one year contract from his date of re-appointment. Their biographical details are set out on pages 36 and 37 of this report.

Directors' interests
The directors' interests in ordinary shares of the Company are shown within the Directors' Remuneration Report on page 52. No director has any other interest in any shares or loan stock of the Company or any Group company.

Other than service contracts, no director had a material interest in any contract to which the Company, or any Group company, was a party during the year.

Directors' third party indemnity provisions
As at the date of this report, indemnities are in force between the Company and each of its directors under which the Company has agreed to indemnify each director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out their role as a director of the Company. The directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim in relation to the Company or brought by a regulator as they are incurred provided that where the defence is unsuccessful the director must repay those defence costs to the Company. The Company's total liability under each indemnity is limited to £5.0m for each event giving rise to a claim under that indemnity. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. In addition, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

Research and development
The Group undertakes research and development activities to update and expand its range of products in order to develop new and existing products. Expenditure during the year on research and development amounted to £437,000 (2009: £262,000).

Political donations and political expenditure
Neither the Company nor any of its subsidiaries have made any political donations or incurred any political expenditure in the year.

Charitable donations

During the year the Company entered into fundraising activities for the Prince's Trust. Further details of the work are included within the Corporate and Social Responsibility Report on page 21.

The total of the Company's direct donations for charitable purposes (cash donations to charity) during the year was £169,640 (2009: £113,000). Further donations of products were made to community programmes.

Land and buildings

The directors are of the opinion that there is no significant difference between the market value and the book value of the Group's land and buildings as at 30 January 2010.

Post balance sheet events

Any post balance sheet events requiring disclosure are included in note 29 to the accounts.

Employee involvement

Using regular briefing procedures, managers keep employees at all levels informed about matters affecting the Company's policy, progress and people. Twice yearly, the briefing includes a report on trading results. In addition to this, a bi-annual internal magazine, 'The Quencher', is distributed to all employees.

Consultation with employees or their representatives takes place twice a year so that employees' views may be taken into account when the Company is making decisions that are likely to affect their interests.

All qualifying employees are entitled to join the Savings Related Share Option Scheme and the All-Employee Share Ownership Plan.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered bearing in mind the respective qualifications and abilities of the applicants concerned. In the event of employees becoming disabled every effort is made to ensure that their employment will continue. The Group's policy is that the training, career development and promotion of disabled persons are, as far as possible, identical to those of other employees.

Payment policy and practice

The Group's policy is to make payment in accordance with the terms agreed with suppliers when satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Trade payables days for the year ended 30 January 2010 were 16 days (31 January 2009: 28 days) based on the ratio of Company trade payables (note 20) at the end of the year to the amounts invoiced during the year to suppliers.

Substantial shareholdings

As at 22 March 2010, the Company had been notified under Rule 5 of the Financial Services Authority's Disclosure and Transparency Rules of the following significant holdings of voting rights in its shares. A significant shareholding is defined as 3.00% by the Financial Services Authority's Listing Rules.

	Number of ordinary shares	% of voting rights	Nature of holding
Caledonia Investments Plc	3,417,000	8.78	Direct
Lindsell Train Ltd	3,357,568	8.63	Indirect
Speirs & Jeffrey Portfolio Management Limited	2,263,540	5.82	Direct
Speirs & Jeffrey Client Nominees Limited	1,855,024	4.77	Direct

Relations with shareholders

The Company has regular discussions with and briefings for analysts and institutional shareholders. The chief executive and finance director normally meet with major shareholders twice annually and brief the next board meeting on their discussions. All shareholders, including private investors, have an opportunity to participate in questions and answers with the board on matters relating to the Company's operation and performance at the AGM.

Share capital

As at 30 January 2010 the Company's issued share capital comprised a single class of ordinary shares of 12.5 pence each. All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attaching to the shares are set out in the Articles. Note 27 to the financial statements contains details of the ordinary share capital and this note should be treated as forming part of this report.

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and, on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of AGM gives full details of deadlines for exercising voting rights in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and published on the Company's website after the meeting. Subject to the relevant statutory provisions and the Articles, shareholders are entitled to a dividend where declared and paid out of profits available for such purposes.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- those which may from time to time be applicable under existing laws and regulations (for example, insider trading laws).
- pursuant to the Listing Rules of the Financial Services Authority, whereby certain directors and employees of the Company require the approval of the Company to deal in the Company's ordinary shares and are prohibited from dealing during close periods.

At 30 January 2010 the Company had authority, pursuant to the shareholders' resolution of 26 May 2009, to purchase up to 10% of its issued share capital. This authority will expire at the conclusion of the 2010 AGM. It is proposed that this authority be renewed at the 2010 AGM, as detailed in the Notice of AGM.

Directors' Report continued

At 30 January 2010 Robert Barr Limited, as trustee of the Group Employee Benefit Trust, the Savings Related Benefit Trust and the Long Service Award Trust (the 'Trustee'), held 1.35% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. As at 30 January 2010, the trustees of the Profit Linked Share Plan (the 'PLSP Trustees') held 0.30% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. A dividend waiver is in place in respect of the Trustee's and the PLSP Trustees' holdings. The voting rights in relation to these shares are exercised by the Trustee or the PLSP Trustees, as the case may be, who may vote or abstain from voting the shares as they see fit.

Under the rules of the All-Employee Share Ownership Plan (the 'Plan'), eligible employees are entitled to acquire shares in the Company. Details of the Plan are set out on page 47. Plan shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustees'). Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustees, no vote is registered. In addition, the Trustees do not vote any unawarded shares held under the Plan as surplus assets. As at 30 January 2010 Equiniti Share Plan Trustees Limited held 1.49% of the issued share capital of the Company.

The Executive Share Option Scheme ('ESOS') was approved by shareholders at the AGM held on 19 May 2003 and amended by resolution of the shareholders at the AGM held on 26 May 2009 but to date no options have been awarded.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Change of control
As disclosed in the Directors' Remuneration Report, under certain conditions the notice period for executive directors may increase from one year to two years in the event of a takeover of or by the Company or a Company reconstruction.

All of the Company's share incentive plans contain provisions relating to a change of control of the Company. Full details of these plans are provided in the Directors' Remuneration Report on pages 47 to 52. The Company's banking facilities may, at the discretion of the lender, be repayable upon a change of control.

Articles of association
The Company's Articles may only be amended by a special resolution at a general meeting of shareholders. At the 2010 AGM, a special resolution will be put to shareholders proposing amendments to the Articles principally to give effect to certain provisions of the Companies (Shareholder Rights) Regulations 2009.

Financial risk management
Information on the exposure of the Group to certain financial risks and on the Group's objectives and policies for managing each of the Group's main financial risk areas is detailed in the Financial risk management disclosure in note 25.

Contracts of significance
There were no contracts of significance as defined by Listing Rule 9.8 subsisting during the financial year.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 4 to 13. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 14 to 20.

After making the appropriate enquiries, the directors have concluded that the Group will be able to meet its term loan obligations and will continue to generate positive free cash flow for the foreseeable future and therefore have a reasonable expectation that the Company and the Group overall have adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider it appropriate to adopt the going concern basis in preparing the annual report and accounts.

Directors' statement as to disclosure of information to auditors
So far as each director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditors are unaware. Each director has taken all steps that ought to be taken by a director to make themselves aware of and to establish that the auditors are aware of any relevant audit information.

Auditors
The Audit Committee has responsibility delegated from the board for making recommendations on the appointment, reappointment, removal and remuneration of the external auditors. During the year, the Group's external audit was tendered, as a result of which the Audit Committee recommended to the board that KPMG Audit plc be appointed as auditors of the Group. The change of external auditors was subsequently unanimously approved by shareholders at the 2009 AGM.

The auditors, KPMG Audit plc, have indicated their willingness to continue in office, and a resolution proposing their reappointment will be proposed at the 2010 AGM.

Corporate governance
The Company's statement on Corporate Governance is included in the Corporate Governance Report on pages 43 to 46 of this report.

Annual general meeting
The Company's AGM will be held at 9.30am on 24 May 2010 at the offices of KPMG, 191 West George Street, Glasgow G2 2LJ. The Notice of the AGM is set out in a separate circular which has been sent to all shareholders with this report.

By order of the board

J. A. B

J.A. Barr
Company Secretary
22 March 2010

Statement on Corporate Governance

The board

The Company is led by a strong and experienced board which brings a depth and diversity of expertise to the leadership of the Company. The board of directors (the 'board') currently has eight members, comprising four executive directors, the non-executive chairman, two independent non-executive directors and one non-independent non-executive director. Brief biographical details of the directors are set out on pages 36 and 37.

The roles of chairman and chief executive are separate and there is a clear division of responsibilities between those roles. The chairman leads the board and ensures the effective engagement and contribution of all non-executive and executive directors. The chief executive has responsibility for all Group businesses and acts in accordance with the authority delegated from the board.

The board considers that J.S. Espey is independent, notwithstanding the fact that he has served on the board for more than nine years. The board does not consider that a director's tenure necessarily reduces his ability to act independently and, following performance evaluations, believes that J.S. Espey is independent in character and judgement and that there are no relationships or circumstances which are likely to affect his judgement. The board considers that J. Warburton is independent and that the relationships and circumstances set out in provision A.3.1 of the revised Combined Code on Corporate Governance as issued by the Financial Reporting Council in June 2008 (the 'Code') do not apply. The board considers that, on appointment, the chairman was independent for the purposes of provision A.3.1 of the Code. J.S. Espey is the senior independent director.

R.G. Hanna holds directorships with a number of companies. In addition to his role as chairman of the Company, he is chairman of Bowleven plc and Troy Income & Growth Trust plc (formerly Glasgow Income Trust plc). The board does not consider that R.G. Hanna's other commitments have any impact on his ability to discharge his duties as chairman of the Company effectively.

The Articles require directors to retire and submit themselves for election at the first AGM following appointment and to retire no later than the third AGM after the AGM at which they were last elected or re-elected.

Details of directors' remuneration and interests in shares of the Company are given in the Directors' Remuneration Report on pages 47 to 52.

Role of the board

The board determines the strategic direction of the Group and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the board, including approval of the Group's annual business plan, the Group's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of Company shares, borrowing powers, appointments to the board, alterations to the memorandum and articles of association, legal actions brought by or against the Group above certain thresholds, and the scope of delegations to board committees, subsidiary boards and the management committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive directors and a management committee, which includes six senior managers as at the date of this report.

Board performance evaluation

During the year, the chairman carried out a performance evaluation of the board, the board committees and each of the directors. As in previous years, this was an internal exercise led by the chairman of the board, who conducted a detailed and comprehensive evaluation process by a combination of written survey questionnaires followed by a series of discussions. The outcome of these evaluations showed that directors were positive about the performance and process of the board and the board committees. The practice of separate Company strategy discussions outwith the normal board meeting schedule was welcomed by the directors last year and this practice has continued in the current year.

The chairman is pleased to confirm that, following formal performance evaluation of the directors, all of the directors' performances continue to be effective and the directors offering themselves for re-election at the AGM continue to demonstrate commitment to the role of director, including commitment of time for board meetings and committee meetings and any other relevant duties.

Independent professional advice

Directors can obtain independent professional advice at the Company's expense in performance of their duties as directors. None of the directors obtained independent professional advice in the period under review. All directors have access to the advice and the services of the Company Secretary. The non-executive directors have access to senior management of the business.

Training and development

On appointment to the board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Group's businesses, the risks and strategic challenges the Group faces, and the economic, competitive, legal and regulatory environments in which the Group operates. A programme of strategic and other reviews, together with other training provided during the year, ensures that directors continually update their skills, their knowledge and familiarity with the Group's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the board and committees of the board.

Statement on Corporate Governance continued

Meetings and attendance

Board meetings are scheduled to be held twelve times each year. Between these meetings, as required, additional board meetings may be held to progress the Company's business.

In advance of all board meetings the directors are supplied with detailed and comprehensive papers covering the Group's operating functions. Members of the management team attend and make presentations as appropriate at meetings of the board. The Company Secretary is responsible to the board for the timeliness and quality of information provided to it. The chairman holds meetings with the non-executive directors during the year without the executive directors being present.

Attendance at board and committee meetings in year to 30 January 2010:

	Board Maximum 15	Audit Committee Maximum 5	Remuneration Committee Maximum 4	Nomination Committee Maximum 2
Executive				
R.A. White	15	–	–	–
A.B.C. Short	15	–	–	–
J.D. Kemp	12	–	–	–
A.L. Memmott	12	–	–	–
Non-executive				
R.G. Hanna	12	2	4	2
W.R.G. Barr	14	4	4	2
J.S. Espey	11	5	4	2
J. Warburton*	8	3	4	1

* J. Warburton was appointed to the board on 16 March 2009, the Remuneration Committee on 26 March 2009, and the Audit Committee and Nomination Committee on 26 May 2009. J. Warburton could have attended a maximum of 14 board meetings, 4 Remuneration Committee meetings, 4 Audit Committee meetings and 1 Nomination Committee meeting.

Conflicts of Interest

The Articles were amended at the 2009 AGM to allow the board to authorise potential conflicts of interest that may arise from time to time, subject to certain conditions. The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. From the period since the 2009 AGM to the date of this report, these procedures have been followed and have operated effectively.

Committees of the board

The terms of reference of the principal committees of the board – Audit, Remuneration and Nomination – are available on request from the Company secretarial department.

Those terms of reference have been reviewed in the current year and are reviewed at least annually. The work carried out by the Audit and Nomination Committees in discharging their responsibilities is summarised below. The work carried out by the Remuneration Committee is described within the Directors' Remuneration Report on pages 47 to 52.

Audit Committee

The Audit Committee currently consists of three non-executive directors: W.R.G. Barr, J.S. Espey and J. Warburton (who joined on 26 May 2009). The Audit Committee is chaired by J.S. Espey.

The Audit Committee meets with executive directors and management, as well as privately with the external and internal auditors.

In the current year the Audit Committee has:

- monitored the financial reporting process;
- monitored the statutory audit of the annual and consolidated accounts;
- reviewed and advised the board on the integrity of the Group's interim and annual financial statements and announcements relating to the Group's financial performance;
- reviewed the control of the Group's financial and business risks;
- discussed and agreed the nature and scope of the work to be performed by the external auditors and internal auditors;
- reviewed the results of this audit work and the response of management;
- reviewed the effectiveness of the Group's system of internal control (including financial, operational, compliance and risk management controls) and the appropriateness of the Group's whistle-blowing procedures;
- monitored and reviewed the effectiveness of the Group's internal audit activities;
- made recommendations to the board on the appointment, reappointment, removal and remuneration of the external auditors and monitored the performance of the auditors; and
- reviewed the non-audit services provided to the Group by the external auditors and monitored and assessed the independence of both the external and internal auditors.

The Audit Committee has ensured that both the board and the external auditors have safeguards in place to prevent the compromise of the auditors' independence and objectivity. The external auditors also reported regularly to the Audit Committee on the actions that they have taken to comply with professional and regulatory requirements and current best practice in order to maintain their independence.

The Audit Committee reviews the auditors' independence annually and ensures that they comply with the Auditing Practices Board's Ethical Standards. At the year end meeting to review the annual report and accounts the Audit Committee formally considers the level of non-audit services and fees provided by the Group's auditors. The detail and level of fees are fully discussed and the Audit Committee is satisfied that there is no risk to the objectivity and independence of the external audit arising from the level of non-audit fees. Any services to be provided by the external auditors above a level set by the Audit Committee must be approved in advance by the Audit Committee.

Details of the amounts paid to the external auditors during the year for audit and other services are set out in note 2 to the financial statements. The external auditors report their audit results to the Audit Committee, including a summary of the significant accounting and auditing issues, internal control findings and a summary of audit differences identified. The Audit Committee would consider any disagreements in accounting treatment between management and the external auditors, should any arise.

At the beginning of each year, an internal control plan is developed by the internal auditors with reference to the significant risks contained within the Company risk register and identified controls. The Audit Committee receives updates on the internal control workplan regularly throughout the year.

The external auditors do not place any direct reliance on the work undertaken by the internal auditors due to the nature of the scope and the timing of their work. In addition to the standing members of the Audit Committee and representatives from the external and internal auditors, A.B.C. Short, the finance director, routinely attends.

Nomination Committee

The Nomination Committee currently consists of R.G. Hanna, W.R.G. Barr, J.S. Espey and J. Warburton (who joined on 26 May 2009). The Committee is chaired by R.G. Hanna. The Committee leads the process for making appointments to the board, ensures that there is a formal, rigorous and transparent procedure for the appointment of new directors to the board, reviews the composition of the board through a full evaluation of the skills, knowledge and experience of directors, and ensures plans are in place for orderly succession for appointments to the board and to other senior executive management positions. No external search consultancy or open advertising process was used in the appointment of J. Warburton to the board, who was identified by the Nomination Committee as a candidate who had outstanding breadth of commercial experience in the fast-moving consumer goods sector.

Treasury Committee

The Treasury Committee consists of R.A. White, A.B.C. Short and senior members of the finance and purchasing departments. The Treasury Committee reviews purchase requirements in foreign currencies and implements foreign exchange hedging to reduce the risk of foreign exchange exposure and provide certainty over the value of non-domestic purchases in the short to medium term. The Treasury Committee also uses financial instruments to hedge the Group's exposure to interest rate fluctuations. Further details of the work carried out by the Treasury Committee are contained within the Financial Review on pages 14 to 20.

Internal control

The board has overall responsibility for the Group's internal control systems and annually reviews its effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable, but not absolute, assurance against material misstatement or loss.

The board has reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Group, in accordance with the Code for the period from 31 January 2009 to the date of approval of this annual report.

No significant failings or weaknesses were identified during this review. Had any failings or weaknesses been identified then the board would have taken the action required to remedy them.

At the Audit Committee meeting on 21 January 2010, following a review and evaluation of the controls and systems in place, the Audit Committee concluded that the Group has a sound system of internal controls in place.

The board confirms that there is an ongoing process, embedded in the Group's integrated internal control systems, allowing for the identification, evaluation and management of significant business risks, as well as a reporting process to the board. The board requires the departments within the Company to undertake at least an annual review to identify new or potentially under-managed risks. The results of these reviews are reported to the board via the Audit Committee. This process has been in place throughout the current year and up to the date of the approval of this annual report and it accords with the Turnbull guidance.

Following a review of the internal control processes, further improvements were identified and have been put into place during the course of the year.

The three main elements of the Group's internal control system, including risk identification, are as follows:

The board

The board has overall responsibility for the Group's internal control systems and exercises this through an organisational structure with clearly defined levels of responsibility and authority as well as appropriate reporting procedures.

The board usually meets at twelve scheduled board meetings each year and has a schedule of matters that are brought to it, or its duly authorised committees, for decision aimed at maintaining effective control over strategic, financial, operational and compliance issues. This structure includes the Audit Committee which, with the finance director, reviews the effectiveness of the internal financial and operating control environment.

Financial reporting

There is a comprehensive strategic planning, budgeting and forecasting system with an annual operating plan approved by the board. Monthly financial information, including trading results, cash flow statements, statement of financial position and indebtedness, is reported.

The board and the management committee review their business and financial performance against the prior year's budget and forecast.

Statement on Corporate Governance continued

Audits and reviews

The key internal risks identified in the Group are subject to regular audits or reviews by the internal auditors. This role is fulfilled by an external professional services firm who are independent from the board and the Company.

The review of the internal auditors' work by the Audit Committee and monitoring procedures in place ensure that the findings of the audits are acted upon and subsequent reviews confirm compliance with any agreed action plans.

The board confirms that there has been an independent internal audit function in place for the year.

Combined Code compliance

The Company is committed to the principles of corporate governance contained in the Code. A copy of the Code is available on the Financial Reporting Council's website, www.frc.org.uk

Each of the provisions of the Code has been reviewed and, where necessary, steps have been taken to ensure that the Company is in compliance with all of those provisions as at the date of this report. The directors consider that the Company has complied throughout the year ended 30 January 2010 with the provisions set out in section 1 of the Code, except in relation to provisions A.3.2, B.1.6, B.2.1 and C.3.1.

The board comprises three independent non-executive directors and four executive directors. In addition, W.R.G. Barr is a non-executive director although he is not considered by the board to be independent. The composition of the Company's Remuneration Committee and Audit Committee does not, at present, comply with the recommendations of the Code. Following a performance evaluation, the directors believe that the board, the Remuneration Committee and the Audit Committee are currently able to discharge their respective duties and obligations successfully. The board is mindful of its obligations under the Code and regularly reviews the composition of the board and its committees to ensure that each is able to effectively and successfully discharge its duties.

Provision B.1.6 of the Code recommends that executive directors' contracts contain a maximum notice period of one year. As disclosed in the Directors' Remuneration Report, in the event of a takeover of or by the Company or a Company reconstruction the notice period of the executive directors reverts to two years in certain circumstances. The Remuneration Committee considers that, given the shareholding structure of the Company, this condition is appropriate in order to attract and retain high calibre executive directors.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Accordingly, the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

· select suitable accounting policies and then apply them consistently;
· make judgements and accounting estimates that are reasonable and prudent;
· state whether they have been prepared in accordance with IFRSs as adopted by the European Union;
· prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are set out on pages 36 and 37 of this report confirm that, to the best of their knowledge:

· the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
· the Business Review on pages 2 to 34 includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

A copy of the financial statements is placed on the Company's website, www.agbarr.co.uk. The maintenance and integrity of this website is the responsibility of the directors. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

J. A. B

J.A. Barr
Company Secretary
22 March 2010

Directors' Remuneration Report

Remuneration Committee
During the year, the Remuneration Committee (the 'Committee') comprised the following non-executive directors:

· J.S. Espey (Committee chairman)
· W.R.G. Barr (appointed 26 May 2009)
· R.G. Hanna
· J. Warburton (appointed 26 March 2009)

Remit
The Committee is responsible for determining all aspects of executive directors' remuneration and for monitoring the remuneration of senior management. The Committee is also responsible for recommending the remuneration of the chairman to the board. No director makes a decision relating to their own remuneration. Individual directors leave the meeting when their own remuneration is being discussed. The full terms of reference of the Committee are available from the Company on application to the Company secretarial department.

Advisers
The Committee has access to professional advice, both inside and outside the Company, and consults with the chief executive. During the year, advice was obtained from Mercer Limited who provided advice on retirement benefits and administered the Group's defined benefit and defined contribution pension schemes.

Remuneration policy
The ongoing policy of the Committee is to reward the executive directors in line with the current remuneration of directors in comparable businesses taking into consideration the advice of independent benefit consultants in order to recruit, motivate and retain high quality executives within a competitive marketplace.

Consistent with this policy, the benefit packages awarded to executive directors are intended to be competitive and comprise a mix of performance and non-performance related elements designed to incentivise directors and align their longer term interests with those of shareholders.

In the year to 30 January 2010, a significant proportion of the executive directors' remuneration was performance related through the annual performance bonus and share awards pursuant to the LTIP. During the year, the performance related elements of the remuneration package amounted to approximately one third of the total executives' package (2009: approximately one third).

The executive directors' remuneration consists of the following elements:

Base salary and benefits
Basic salaries and benefits in kind are reviewed within the policy each year. Basic salaries are reviewed each year to take account of movements in the marketplace and individual contribution.

Annual bonus
This scheme is available to create focus within the senior executives, including executive directors, on the annual financial performance of the Group. It is principally based on Profit Before Tax (excluding exceptional items); the Committee's view is that this is the most appropriate performance measure since it represents a key short-term operational driver of the business. A maximum of 75% of each executive director's base salary is currently payable in cash under the scheme.

There have been no changes to the policy from the preceding year and no departures from the policy in the current year. The current policy is expected to continue in place through the next financial year.

Long-Term Incentive Plan ('LTIP')
This scheme was approved by shareholders at the AGM held on 19 May 2003 and amended by resolution of the shareholders at the AGM held on 26 May 2009. It is available to reward executive directors if the average earnings per share ('EPS') of the three years running up to and including the year of calculation exceeds the average EPS of the three years preceding that period, both being adjusted for Retail Price Index, by 10% or more. No part of an award vests if EPS growth is less than 10% above RPI growth over the three year period. 20% – 99.9999% of an award vests on a sliding scale where EPS growth exceeds RPI growth by 10% or more but by less than 32.5%. 100% of an award vests where EPS growth exceeds RPI growth by 32.5% or more. The maximum value of any award of shares is 100% of basic salary.

The revised vesting conditions for the LTIP scheme, as outlined above, were approved by shareholders at the AGM on 26 May 2009. The revised vesting conditions applied to outstanding awards under the scheme as well as to new awards. The total amount which may vest under outstanding awards and the maximum potential award for each existing award holder was not altered as a result of the revised vesting conditions.

The LTIP performance conditions were chosen to align executive directors' share awards to Company performance over a three year period, thereby aligning the interests of the directors with those of the shareholders.

In addition to the above elements of remuneration, there are two further elements which are available to all qualifying employees:

All-Employee Share Ownership Plan ('AESOP')
The AESOP is HMRC approved and the executive directors participate in both sections of the scheme, which is open to all qualifying employees.

The partnership share element provides that for every three shares that a participant purchases in the Company, up to a maximum contribution of £125 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual.

There are various rules as to the period of time that the shares must be held in trust but after five years the shares can be released tax free to the participant.

The free share element allows participants to receive shares to the value of a common percentage of their earnings, related to the performance of the Group. The maximum value of the annual award is £3,000 and the shares awarded are held in trust for five years.

Directors' Remuneration Report continued

Under the terms of this scheme, the matching shares will be forfeited if the participant leaves the employment of the Company within three years of the award. All other partnership, matching and free shares must be removed from the trust if employment with the Company ceases.

Savings Related Share Option Scheme ('SAYE')
The SAYE is HMRC approved and is available to all qualifying employees, including executive directors. It is based on a five year savings contract which provides the participant with an option to purchase shares after five years at a discounted price fixed at the time the contract is taken out, or earlier as provided by the scheme rules. No performance conditions require to be met by any participant in order to exercise their option under the SAYE.

Executive Share Option Scheme 2010 ('ESOS 2010')
It is proposed that a new ESOS 2010 be adopted at the 2010 AGM, details of which are set out in the Notice of AGM.

Pension schemes
Executive directors are all members of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The scheme has a defined benefit section and a defined contribution section. The defined benefit section was closed to new entrants from 14 August 2003.

Details of the entitlements accruing to the three directors who are currently members of the defined benefit section are detailed in the table on page 51. The contributions paid to the defined contribution section in respect of three directors are disclosed on page 51.

Non-executive directors' remuneration
The remuneration of non-executive directors is determined by the board within the limits set by the Articles and reviewed annually. Non-executive directors received remuneration for their services during the year as disclosed in the table of directors' detailed emoluments on page 49. The non-executive directors do not participate in any of the Company's share option schemes, share award schemes, or bonus schemes. With the exception of W.R.G. Barr, the non-executive directors do not participate in the Company's pension schemes.

Directors' service contracts
Executive directors are appointed on rolling contracts which do not have a set termination date. An executive director's contract will terminate following either the Company or the executive director giving the other requisite notice that they wish to terminate an executive director's contract.

It is the Company's current policy that executive directors' service contracts have a notice period of not normally more than one year. The service contract for each of the executive directors provides for a notice period of one year except during the six months following either a takeover of or by the Company or a Company reconstruction. Under these conditions and certain circumstances the notice period reverts to two years for each of the executive directors. The Committee considers that, given the shareholding structure of the Company, this condition is appropriate in order to attract and retain high calibre executive directors.

Non-executive directors are appointed for an initial period of three years. It is the Company's current policy that non-executive directors may serve a maximum of three consecutive three-year terms. Thereafter, they are reappointed annually. Their service contracts are terminable by either the Company or the directors themselves upon three months' notice. The terms and conditions of appointment of the non-executive directors are available for inspection at the Company's registered office during business hours and at the AGM.

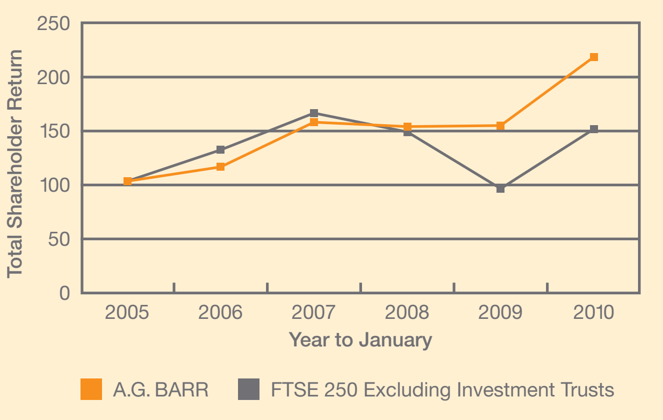
The executive and non-executive directors have no contractual entitlement to compensation payments in the event of loss of office other than those related to their period of notice.

Details of the service contracts of the executive directors and of the letters of appointment for the non-executive directors are as follows:

	Effective date of contract	Notice period required from director	Notice period required from Company
Executive			
R.A. White	30 September 2002	6 months	1 year
A.B.C. Short	28 May 2008	6 months	1 year
J.D. Kemp	11 October 2003	6 months	1 year
A.L. Memmott	1 March 2008	6 months	1 year
Non-executive			
W.R.G. Barr	26 May 2009	3 months	3 months
R.G. Hanna	26 May 2009	3 months	3 months
J.S. Espey*	1 April 2009	3 months	3 months
J. Warburton	16 March 2009	3 months	3 months

* J.S. Espey's term of appointment comes to an end on 31 March 2010. It is anticipated that J.S. Espey's appointment will be continued for a further period of one year subject to his re-election at the forthcoming AGM.

Performance review
The graph below shows the Company's Total Shareholder Return ('TSR') performance against the FTSE 250 excluding investment trusts over the past five years. In the opinion of the board, the FTSE 250 excluding investment trusts is the most appropriate index against which the TSR of the Company should be measured because it represents a broad equity market index in which the Company is a constituent member.



Directors' detailed emoluments

This section of the remuneration report is audited.

	Salary and fees £000	Benefits in kind £000	Annual bonus £000	2010 Total £000	2009 Total £000
Executive					
R.A. White	**302**	**9**	**241**	**552**	501
J.D. Kemp	**175**	**4**	**135**	**314**	298
A.B.C. Short	**194**	**11**	**150**	**355**	249
A.L. Memmott	**139**	**22**	**110**	**271**	203
Non-executive					
W.R.G. Barr	**65**	**36**	**–**	**101**	124
R.G. Hanna	**79**	**–**	**–**	**79**	35
J.S. Espey	**35**	**–**	**–**	**35**	35
J. Warburton	**31**	**–**	**–**	**31**	–
	1,020	**82**	**636**	**1,738**	1,445

Benefits in kind include the provision of a company car and fuel. No director waived emoluments in respect of the years ended 30 January 2010 or 31 January 2009. No amount was paid by way of expense allowance which was chargeable to U.K. income tax or paid to or receivable by any director in respect of qualifying services.

From April 2009 salary sacrifice was introduced by the Company. Members that joined this arrangement no longer pay contributions to the pension scheme but receive a lower taxable salary. All four executive directors participated in this arrangement from April 2009 to the year end.

W.R.G. Barr was appointed a non-executive director on 26 May 2009 after retiring from the role of executive chairman. The comparative remuneration figures for the year to 31 January 2009 have been included in the non-executive section of the table. The figures for the year to 30 January 2010 include four months' salary and benefit in kind as an executive director and his fees as a non-executive director.

AESOP free shares

The following awards were made under the AESOP free shares to the executive directors:

Director	Date of award	Share price on date of award Pence	At 31 January 2009 Number	Shares awarded Number	Shares vested Number	Shares lapsed Number	At 30 January 2010 Number	Valued vested £000	Vesting date
R.A. White	22 June 2009	629.5	–	476	(476)	–	–	3	22 June 2009
J.D. Kemp	22 June 2009	629.5	–	476	(476)	–	–	3	22 June 2009
A.L. Memmott	22 June 2009	629.5	–	476	(476)	–	–	3	22 June 2009

The share price disclosed in the AESOP free shares table is the value of the shares after the share subdivision. The number of shares awarded is double the award made on 22 June 2009 to reflect the share subdivision (note 27).

Directors' Remuneration Report continued

Directors' interests in the Long-Term Incentive Plan

Shares awarded to the executive directors under the LTIP are as follows:

Director	Year	Date of award	Restated share price on date of award Pence	Restated at 31 January 2009 Number	Shares awarded Number	Shares vested Number	Shares lapsed Number	At 30 January 2010 Number	Valued vested £000	Vesting date
R.A. White	2009	01 April 2006	509.2	39,162	–	(17,624)	(21,538)	–	108	30 April 2009
	2010	20 April 2007	666.5	33,094	–	–	–	33,094	–	30 April 2010
	2011	18 April 2008	575.0	39,552	–	–	–	39,552	–	30 April 2011
	2012	05 October 2009	861.0	–	40,501	–	–	40,501	–	30 April 2012
J.D. Kemp	2009	01 April 2006	509.2	20,938	–	(9,422)	(11,516)	–	58	30 April 2009
	2010	20 April 2007	666.5	17,694	–	–	–	17,694	–	30 April 2010
	2011	18 April 2008	575.0	22,248	–	–	–	22,248	–	30 April 2011
	2012	05 October 2009	861.0	–	22,782	–	–	22,782	–	30 April 2012
A.B.C. Short	2010	28 October 2008	559.5	20,000	–	–	–	20,000	–	30 April 2010
	2011	28 October 2008	561.5	24,720	–	–	–	24,720	–	30 April 2011
	2012	05 October 2009	861.0	–	25,313	–	–	25,313	–	30 April 2012
A.L. Memmott	2010	22 October 2008	559.5	15,000	–	–	–	15,000	–	30 April 2010
	2011	18 April 2008	575.0	16,068	–	–	–	16,068	–	30 April 2011
	2012	05 October 2009	861.0	–	18,522	–	–	18,522	–	30 April 2012

The number of shares awarded and the share price on the date of the award have been restated for each of the awards presented to reflect the share subdivision that took place during the year (see note 27). The number of shares vested and the number of shares lapsed in the year are stated as if the share subdivision had taken place on 1 February 2009.

The LTIP awards vest shortly after the relevant year end date. The award is finalised after the year end accounts are prepared and the relevant performance conditions can be measured. The vesting date disclosed has been estimated to be 30 April of the relevant year.

There have been no variations in the terms and conditions of the scheme interests in the year.

Directors' share options

The options of the executive directors, all held under the SAYE, at 30 January 2010 over the ordinary share capital of the Company were as follows:

	Restated options as at 31 January 2009 Number	Options granted during the year Number	Options exercised during the year Number	Options lapsed during the year Number	Options as at 30 January 2010 Number	Restated exercise price Pence	Market value at date of exercise Pence	Date from which exercisable	Expiry date
R.A. White	3,406	–	–	–	3,406	388	–	01 August 2010	01 February 2011
	550	–	–	–	550	488	–	01 August 2012	01 February 2013
J.D. Kemp	3,406	–	–	–	3,406	388	–	01 August 2010	01 February 2011
A.L. Memmott	3,406	–	–	–	3,406	388	–	01 August 2010	01 February 2011
	550	–	–	–	550	488	–	01 August 2012	01 February 2013

The closing share price for the Company was 792p. The highest and lowest prices during the year were 595p and 949p respectively.

The options as at 30 January 2010 and the exercise price have been restated to reflect the share subdivision that took place during the year (see note 27).

Directors' Pensions

All executive directors are members of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the 'Scheme') on a contributory basis. Their dependants are eligible for dependants' pensions and the payment of a lump sum in the event of death in service. Where the Scheme provides a pension on a defined benefit basis, Final Pensionable Salary is used to determine the director's pension entitlement. Where benefits are provided on a defined contribution basis, the benefits depend on the director's accumulated fund. Lump sum life assurance cover is provided at four times Pensionable Salary.

The pension entitlements earned by the directors during the year calculated in accordance with the requirements of the U.K. Listing Authority listing rules and the Companies Act 1995 were as follows:

	Increase in accrued pension during the year net of inflation £000	Total accrued pension entitlement at 30 January 2010 £000	Transfer value of net increase in year, net of member contributions £000	Value of accrued pension at 31 January 2009 £000	Value of accrued pension at 30 January 2010 £000	Total change in value during year, net of member contributions £000
W.R.G. Barr	7	239	136	4,273	4,381	108
R.A. White	7	53	83	485	634	144
A.L. Memmott	4	33	51	379	451	72

During the year to 30 January 2010 W.R.G. Barr retired on 30 May 2009 and elected to receive a tax free cash sum of £423,575.
The value of benefits at 30 January 2010 represents the transfer value of his accrued benefits to date of retirement.

A.L. Memmott ceased his accrual under the defined benefit plan on 1 March 2008. His accrued benefit retains a link to his final pensionable salary. The accrued pension entitlement is the amount that the director would receive if he retired at the year end.

The transfer value has been calculated on the basis of actuarial advice in accordance with the Occupational Pension Schemes (Transfer Values) Amendment Regulations 2008. The figures showing the transfer value of net increase in accrued pension include an allowance for the costs of providing death in service benefits. The change in the amount of the transfer value during the year is made up of the following elements:

(a) transfer value of the increase in accrued pension;
(b) change in the transfer value of accrued pension at the start of the year due to ageing; and
(c) the impact of any change in the economic or mortality assumptions underlying the transfer value basis.

Directors pay contributions as required by the Scheme and these amounts are offset in calculating the values shown in columns headed Transfer value of net increase in year and Total change in value in year. From April 2009 salary sacrifice was introduced. Members that joined this arrangement no longer pay contributions to the Scheme.

The transfer value of the accrued entitlements represent the value of assets that the Scheme would need to transfer to another pension provider on transferring the Scheme's liabilities in respect of the directors' pension benefits. They do not represent sums payable to individual directors and, accordingly, have been excluded from the remuneration table.

The Company paid contributions to the defined contribution section of the Scheme during the year in respect of the following members:

	Contributions paid	
	2010 **£**	2009 £
J.D. Kemp	**34,950**	24,550
A.L. Memmott	**35,367**	22,640
A.B.C. Short	**49,041**	25,333

During the year the Group introduced a salary sacrifice arrangement under which a salary reduction was made and members no longer pay contributions to the Scheme. This has resulted in an increase in the contributions paid by the Company in this year.

Directors' Remuneration Report continued

Gains made by directors

The aggregate value of gains realised on the exercise of share options and awards in the year to 30 January 2010 was £166,062 under the LTIP (31 January 2009: £840,768 under the LTIP and SAYE).

Interests in shares

The interests of directors in the ordinary share capital at 30 January 2010 are as follows:

	2010		2009	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Executive				
R.A. White	**97,255**	**–**	86,096	–
J.D. Kemp	**42,745**	**–**	36,406	–
A.B.C. Short	**6,284**	**642,983**	6,000	619,482
A.L. Memmott	**9,006**	**–**	8,246	–
Non-executive				
W.R.G. Barr	**2,504,608**	**3,377,070**	2,504,608	3,376,236
J.S. Espey	**22,000**	**–**	22,000	–
R.G. Hanna	**50,000**	**–**	50,000	–
J. Warburton	**1,500**	**–**	1,500*	–

* The beneficial shareholding for J. Warburton is his beneficial shareholding on the date of his appointment on 16 March 2009.

The 2009 interests in shares have been restated to reflect the effect of the share subdivision that took place during the year (note 27).

There have been the following changes notified in the directors' shareholdings between 30 January 2010 and 22 March 2010: A.B.C. Short an increase in beneficial holding of 8,454 shares and an increase in non-beneficial holding of 3,262 shares, R.A. White an increase in beneficial holding of 40 shares, A.L. Memmott an increase in beneficial holding of 6,350 shares and J.D. Kemp an increase in beneficial holding of 39 shares.

J. A. B

On behalf of the board
J.A. Barr
22 March 2010
Company Secretary

Independent Auditor's Report to the Members of A.G. BARR p.l.c.

We have audited the financial statements of A.G. BARR p.l.c. for the year ended 30 January 2010 set out on pages 54 to 93. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 46, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (U.K. and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

· the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 January 2010 and of the Group's profit for the year then ended;
· the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
· the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
· the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

· the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
· the information given in 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:
Under the Companies Act 2006 we are required to report to you if, in our opinion:

· adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
· the parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

· the directors' statement, set out on page 42, in relation to going concern; and
· the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Craig Anderson
Senior Statutory Auditor
for and on behalf of:

KPMG Audit Plc, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ
22 March 2010

Consolidated Income Statement

	Note	2010 Before exceptional items £000	2010 Exceptional items £000	2010 Total £000	2009 Before exceptional items £000	2009 Exceptional items £000	2009 Total £000
Revenue		**201,410**	**–**	**201,410**	169,698	–	169,698
Cost of sales		**(98,153)**	**–**	**(98,153)**	(84,962)	–	(84,962)
Gross profit		**103,257**	**–**	**103,257**	84,736	–	84,736
Operating expenses	4,5	**(73,497)**	**(3,432)**	**(76,929)**	(61,682)	130	(61,552)
Operating profit		**29,760**	**(3,432)**	**26,328**	23,054	130	23,184
Finance income	6	**117**	**–**	**117**	1,062	–	1,062
Finance costs	6	**(1,995)**	**–**	**(1,995)**	(1,037)	–	(1,037)
Profit before tax		**27,882**	**(3,432)**	**24,450**	23,079	130	23,209
Tax on profit	7	**(7,462)**	**960**	**(6,502)**	(6,134)	–	(6,134)
Profit attributable to equity holders		**20,420**	**(2,472)**	**17,948**	16,945	130	17,075
Earnings per share (p)					Restated	Restated	Restated
Basic earnings per share	8	**53.29**	**(6.45)**	**46.84**	44.22	0.34	44.56
Diluted earnings per share	8	**52.89**	**(6.40)**	**46.49**	43.74	0.34	44.08
Dividends							Restated
Dividend per share paid (p)	9			**21.45**			19.80
Dividend paid (£000)	9			**8,250**			7,604
Dividend per share proposed (p)	9			**16.85**			15.20
Dividend proposed (£000)	9			**6,559**			5,916

Statement of Comprehensive Income

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Profit after tax		**17,948**	17,075	**13,348**	16,077
Other comprehensive income					
Actuarial loss on defined benefit pension plans		**(3,498)**	(62)	**(3,498)**	(62)
Effective portion of changes in fair value of cash flow hedges		**419**	(1,374)	**419**	(1,374)
Current tax movements on items taken directly to equity		**–**	193	**–**	193
Deferred tax movements on items taken directly to equity	23	**1,322**	(63)	**1,322**	(63)
Other comprehensive income for the period, net of tax		**(1,757)**	(1,306)	**(1,757)**	(1,306)
Total comprehensive income attributable to equity holders of the parent		**16,191**	15,769	**11,591**	14,771

Statement of Changes in Equity

Group	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 31 January 2009	**4,865**	**905**	**716**	**(1,374)**	**87,553**	**92,665**
Movement in cash flow hedge	–	–	–	419	–	419
Actuarial loss on defined benefit pension plans	–	–	–	–	(3,498)	(3,498)
Deferred tax on items taken directly to equity	–	–	343	–	979	1,322
Profit for the period	–	–	–	–	17,948	17,948
Total comprehensive income for the period	–	–	343	419	15,429	16,191
Company shares purchased for use by employee benefit trusts	–	–	–	–	(1,632)	(1,632)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	772	772
Recognition of share-based payment costs	–	–	763	–	–	763
Transfer of reserve on share award	–	–	(227)	–	227	–
Dividends paid	–	–	–	–	(8,250)	(8,250)
At 30 January 2010	**4,865**	**905**	**1,595**	**(955)**	**94,099**	**100,509**
At 26 January 2008	4,865	905	964	–	78,044	84,778
Movement in cash flow hedge	–	–	–	(1,374)	–	(1,374)
Actuarial loss on defined benefit pension plans	–	–	–	–	(62)	(62)
Current tax on items taken directly to equity	–	–	–	–	193	193
Deferred tax on items taken directly to equity	–	–	(80)	–	17	(63)
Profit for the period	–	–	–	–	17,075	17,075
Total comprehensive income for the period	–	–	(80)	(1,374)	17,223	15,769
Company shares purchased for use by employee benefit trusts	–	–	–	–	(1,481)	(1,481)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	862	862
Recognition of share-based payment costs	–	–	341	–	–	341
Transfer of reserve on share award	–	–	(509)	–	509	–
Dividends paid	–	–	–	–	(7,604)	(7,604)
At 31 January 2009	4,865	905	716	(1,374)	87,553	92,665

Statement of Changes in Equity continued

Company	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 31 January 2009	**4,865**	**905**	**716**	**(1,374)**	**84,575**	**89,687**
Movement in cash flow hedge	–	–	–	419	–	419
Actuarial loss on defined benefit pension plans	–	–	–	–	(3,498)	(3,498)
Deferred tax on items taken directly to equity	–	–	343	–	979	1,322
Profit for the period	–	–	–	–	13,348	13,348
Total comprehensive income for the period	–	–	343	419	10,829	11,591
Company shares purchased for use by employee benefit trusts	–	–	–	–	(1,632)	(1,632)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	772	772
Recognition of share-based payment costs	–	–	763	–	–	763
Transfer of reserve on share award	–	–	(227)	–	227	–
Dividends paid	–	–	–	–	(8,250)	(8,250)
At 30 January 2010	**4,865**	**905**	**1,595**	**(955)**	**86,521**	**92,931**
At 26 January 2008	4,865	905	964	–	76,064	82,798
Movement in cash flow hedge	–	–	–	(1,374)	–	(1,374)
Actuarial loss on defined benefit pension plans	–	–	–	–	(62)	(62)
Current tax on items taken directly to equity	–	–	–	–	193	193
Deferred tax on items taken directly to equity	–	–	(80)	–	17	(63)
Profit for the period	–	–	–	–	16,077	16,077
Total comprehensive income for the period	–	–	(80)	(1,374)	16,225	14,771
Company shares purchased for use by employee benefit trusts	–	–	–	–	(1,481)	(1,481)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	862	862
Recognition of share-based payment costs	–	–	341	–	–	341
Transfer of reserve on share award	–	–	(509)	–	509	–
Dividends paid	–	–	–	–	(7,604)	(7,604)
At 31 January 2009	4,865	905	716	(1,374)	84,575	89,687

Statements of Financial Position

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Non-current assets					
Intangible assets	10	**76,416**	76,807	**9,881**	10,020
Property, plant and equipment	11	**55,902**	58,861	**53,790**	56,861
Financial instruments	12	**27**	33	**27**	33
Investment in subsidiaries	14	**–**	–	**61,081**	61,081
		132,345	135,701	**124,779**	127,995
Current assets					
Inventories	15	**16,041**	14,528	**11,810**	10,107
Trade and other receivables	16	**30,157**	27,139	**31,908**	25,565
Cash and cash equivalents		**10,926**	6,680	**9,804**	5,517
Assets classified as held for sale	17	**2,400**	2,864	**2,400**	2,864
		59,524	51,211	**55,922**	44,053
Total assets		**191,869**	186,912	**180,701**	172,048
Current liabilities					
Borrowings	18	**8,000**	5,000	**8,000**	5,000
Trade and other payables	20	**31,836**	30,978	**42,565**	32,432
Provisions	21	**1,962**	80	**1,962**	80
Current tax		**3,928**	2,857	**2,127**	2,077
		45,726	38,915	**54,654**	39,589
Non-current liabilities					
Borrowings	18	**24,739**	32,665	**24,739**	32,665
Deferred income	22	**76**	144	**72**	72
Financial instruments	12	**1,024**	1,477	**1,024**	1,477
Deferred tax liabilities	23	**13,940**	16,057	**1,426**	3,569
Retirement benefit obligations	26	**5,855**	4,989	**5,855**	4,989
		45,634	55,332	**33,116**	42,772
Capital and reserves attributable to equity shareholders					
Called up share capital	27	**4,865**	4,865	**4,865**	4,865
Share premium account		**905**	905	**905**	905
Share options reserve		**1,595**	716	**1,595**	716
Cash flow hedge reserve		**(955)**	(1,374)	**(955)**	(1,374)
Retained earnings (restated)		**94,099**	87,553	**86,521**	84,575
		100,509	92,665	**92,931**	89,687
Total equity and liabilities		**191,869**	186,912	**180,701**	172,048

The financial statements on pages 54 to 93 were approved by the board of directors and authorised for issue on 22 March 2010 and were signed on its behalf by:

R.G. Hanna
Chairman

A.B.C. Short
Finance Director

Cash Flow Statements

	Note	Group 2010 £000	Group 2009 £000	Company 2010 £000	Company 2009 £000
Operating activities					
Profit before tax		**24,450**	23,209	**17,987**	21,826
Adjustments for:					
Interest receivable	6	**(117)**	(1,062)	**(107)**	(1,038)
Interest payable	6	**1,995**	1,037	**2,052**	1,065
Depreciation of property, plant and equipment	11	**7,494**	7,018	**6,931**	6,697
Impairment of plant and machinery	11	**1,031**	–	**1,031**	–
Impairment of assets classified as held for sale	17	**464**	–	**464**	–
Fair value adjustment to financial instruments		**(6)**	82	**(6)**	82
Amortisation of intangible assets	10	**391**	340	**139**	255
Impairment of intangible assets	10	**–**	284	**–**	284
Share options costs		**763**	341	**763**	341
Gain on sale of property, plant and equipment		**(35)**	(13)	**(30)**	(13)
Government grants written back	22	**(68)**	(28)	**–**	–
Operating cash flows before movements in working capital		**36,362**	31,208	**29,224**	29,499
(Increase)/decrease in inventories		**(1,889)**	1,038	**(1,703)**	2,175
(Increase)/decrease in receivables		**(3,234)**	1,976	**(6,559)**	83
Increase/(decrease) in payables		**2,863**	(468)	**12,102**	2,880
Net decrease in retirement benefit obligation		**(3,003)**	(2,996)	**(3,003)**	(2,996)
Cash generated by operations		**31,099**	30,758	**30,061**	31,641
Tax on profit paid		**(6,226)**	(2,142)	**(5,412)**	(1,711)
Net cash from operating activities		**24,873**	28,616	**24,649**	29,930
Investing activities					
Refund of payment for/(acquisition) of subsidiaries	19	**216**	(58,694)	**216**	(60,876)
Acquisition of intangible assets		**–**	(140)	**–**	(140)
Purchase of property, plant and equipment		**(5,358)**	(10,639)	**(5,049)**	(10,553)
Proceeds on sale of property, plant and equipment		**62**	161	**85**	138
Interest received		**114**	1,041	**104**	1,017
Net cash used in investing activities		**(4,966)**	(68,271)	**(4,644)**	(70,414)
Financing activities					
New loans received		**5,000**	54,500	**5,000**	54,500
Loans repaid		**(10,000)**	(16,500)	**(10,000)**	(16,500)
Bank arrangement fees paid		**–**	(366)	**–**	(366)
Purchase of financial instrument		**–**	(114)	**–**	(114)
Purchase of Company shares by employee benefit trusts		**(1,632)**	(1,482)	**(1,632)**	(1,482)
Proceeds from disposal of Company shares by employee benefit trusts		**772**	862	**772**	862
Dividends paid		**(8,250)**	(7,604)	**(8,250)**	(7,604)
Interest paid		**(1,551)**	(860)	**(1,608)**	(888)
Net cash used in financing activities		**(15,661)**	28,436	**(15,718)**	28,408
Net increase/(decrease) in cash and cash equivalents		**4,246**	(11,219)	**4,287**	(12,076)
Cash and cash equivalents at beginning of period		**6,680**	17,899	**5,517**	17,593
Cash and cash equivalents at end of period		**10,926**	6,680	**9,804**	5,517

Accounting Policies

General information

A.G. BARR p.l.c. ('the Company') and its subsidiaries (together 'the Group') manufacture, distribute and sell soft drinks.

The Group has manufacturing sites in the U.K. and sells mainly to customers in the U.K. but does have some international sales.

The Company is a public limited company incorporated and domiciled in Scotland. The address of its registered office is Westfield House, 4 Mollins Road, Cumbernauld G68 9HD.

The Company has its primary listing on the London Stock Exchange.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated and parent Company financial statements of A.G. BARR p.l.c. have been prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the EU. They have been prepared under the historical cost convention.

The directors have adopted the going concern basis in preparing these accounts for the reasons set out in note 31.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the accounting policies on page 65.

The directors have taken advantage of the exemption available under s.408 of the Companies Act 2006 and have not presented an income statement for the Company.

Interpretations effective in 2010

The Group has adopted the following new and amended IFRSs in the financial statements:

- **IFRS 7 Financial instruments – Disclosures (amendment) (effective 1 January 2009)**
  The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- **IAS 1 (revised) Presentation of financial statements (effective 1 January 2009)**
  The revised standard has resulted in a number of changes in presentation and disclosure, most significantly changing the title of the Statement of Recognised Income and Expense to the Statement of Comprehensive Income, changing the title the Balance Sheet to Statement of Financial Position and the introduction of the Statement of Changes in Equity as a primary statement. None of these changes has affected earnings per share.

- **IFRS 2 (amendment) Share-based payment (effective 1 January 2009)**
  This amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features, along with market based vesting conditions, would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment has not had a material impact on the Group or Company's financial statements.

- **IFRS 8 Operating Segments (effective 1 January 2009)**
  IFRS 8 requires the Group to determine and present operating segments based on the information that internally is provided to the Management Committee, who is the Group's chief operating decision maker. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects there is no impact on earnings per share.

Accounting Policies continued

Interpretations effective in 2010 but not relevant to the Group
The following standards are mandatory for accounting periods beginning on or after 1 January 2009 but have had no impact on the Group:

- IAS 23 (Amendment) Borrowing costs
- Amendments to IAS 32 Financial instruments: Presentation and IFRS 7 Financial instruments: Disclosures
- Amendments to IAS 32 and IAS 1 – Puttable financial instruments and obligations arising on liquidation
- IAS 39 (Amendment) Financial instruments: Recognition and measurement: Eligible Hedged Items
- IFRIC 13 Customer loyalty programmes
- IFRIC 16 Hedges of a net investment in a foreign operation

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group
The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning after 1 January 2010 unless otherwise stated, but the Group has not early adopted them. They will be applied from 31 January 2010 and are not expected to have a material effect on the Group's financial statements:

- IAS 27 (revised) Consolidated and separate financial statements (effective from 1 July 2009)
- IFRS 3 (revised) Business combinations (effective for accounting periods beginning on or after 1 July 2009)
- IFRIC 17 Distribution of non-cash assets to owners (effective on or after 1 July 2009)
- IFRIC 18 Transfer of assets to customers

Changes in accounting polices

Company shares held by employee benefit trusts
The retained earnings figure at 31 January 2009 has been restated to include the value of the Company's own shares held for use by employee benefit trusts. Previously the purchased value of the shares held by the employee benefit trusts was disclosed as a separate line on the statement of financial position (previously known as the balance sheet). The inclusion of the balance within retained earnings is to bring the reporting in to line with common practice. The restatement has reduced the retained earnings figures and previously presented own shares held figure as follows:

	As at 30 January 2010 £000	As at 31 January 2009 £000
Reduction in Company shares held by employee benefit trusts	**3,885**	3,258
Reduction in retained earnings	**3,885**	3,258

Given that the adjustment affects only revenue reserves the directors consider that the presentation of a restated opening comparative statement of financial position is not necessary.

Earnings per share
A share subdivision of the Company's issued and to be issued share capital was approved at a general meeting on 18 September 2009. This resulted in double the number of shares being in issue after the subdivision.

As a result of the change in the number of shares in issue and in line with the requirements of IAS 33 Earnings per share, the earnings per share figures for the year to 31 January 2009 have been restated as if the subdivision had taken place at 28 January 2008, the first day of that financial year.

Consolidation – Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Currently there are no minority interests in any of the entities within the Group. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue recognition

Revenue is the net invoiced sales value exclusive of value added tax of goods and services supplied to external customers during the year. Sales are recorded based on the price specified in the sales invoices, net of any agreed discounts.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount can be measured reliably. Sales related discounts and rebates are calculated based on the expected amounts necessary to meet the claims of the Group's customers in respect of these discounts and rebates.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the management committee (as chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the management committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment reporting for the Group is made to the gross profit level for the operating segments but no segment reporting is made for further expenditure or for the assets and liabilities of the Group. The assets and liabilities of the Group are reported as Group totals and no reporting of these balances is recorded at a segment level. As a result all of the Group's assets and liabilities are unallocated items and no reconciliation of segment assets to the Group's total assets is prepared.

Foreign currency translation

(a) Functional and presentation currency items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in £ Sterling which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in the same line in which the transaction is recorded.

Exceptional items

As permitted by IAS 1 Presentation of financial statements, an item is treated as exceptional if it is considered unusual by its nature and scale and is of such significance that separate disclosure is required for the financial statements to be properly understood.

Accounting Policies continued

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment charges. Impairment charges on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

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

Brands

Separately acquired brands are recognised at cost at the date of purchase. Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands acquired separately or through a business combination are assessed at the date of acquisition as to whether they have indefinite life. The assessment includes whether the brand name will continue to trade and the expected lifetime of the brand. All brands acquired to date have an indefinite life. The brands are reviewed annually for impairment, being carried at cost less accumulated impairment charges.

The fair value of a brand at the date of acquisition is based on the Relief from Royalties method which is a valuation model based on discounted cash flows.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

The closing balance in the current year represents the carrying value of the customer relationships acquired during the acquisitions of the Strathmore Water business and Groupe Rubicon Limited.

The fair value of the customer relationships at the acquisition date is based on the Multiple Excess Earnings Method ('MEEM') which is a valuation model based on discounted cash flows. The useful lives of customer relationships are based on the churn rate of the acquired portfolio and are up to 10 years corresponding to a yearly amortisation of between 10% and 33%.

Water rights

Water rights represent the cost of purchasing the water rights at Pitcox. This is the source of the Findlays Mineral Water. As the rights give indefinite access to the water source the rights have been given an indefinite life and are tested annually for impairment and are carried at cost less accumulated impairment losses.

Property, plant and equipment

Land and buildings comprise mainly factories, distribution sites and offices. All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost to the residual values of the related assets using the following rates:

- Buildings 1%
- Leasehold buildings Term of lease
- Plant, equipment and vehicles 10% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administration expenses in the income statement.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group has two properties accounted for under an operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Non-current assets classified as held for sale
Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Financial instruments
Classification
The Group classifies its financial instruments in the following categories:

· at fair value through profit or loss
· loans and receivables

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are derivatives designated as such on initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as they all have a maturity less than 12 months after the year end date.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Recognition and measurement
Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing the asset.

Financial assets carried at fair value through profit or loss are initially recognised at fair value with related transaction costs expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group assesses at each year end date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within administration expenses in the period in which they arise.

Impairment testing of trade receivables is described in note 16.

Non-derivative financial liabilities
Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group's non-derivative financial liabilities comprise borrowings and trade and other payables. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Derivative financial instruments and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group has entered into an interest rate hedge on the loan liability. This has been designated as a cash flow hedge.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of the derivative instrument used for hedging purposes are disclosed in note 12. Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as non-current when the remaining hedged item is more than 12 months and as current when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within administration expenses.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within Finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within administration expenses. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

Accounting Policies continued

Inventories
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. This includes an appropriate share of overheads based on normal operating activity.

Trade receivables
Trade receivables are recognised initially at fair value. As trade receivables are not interest bearing subsequent measurement is at initial fair value less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated cash flows. The carrying amount of the asset is reduced through the use of a bad debt provision account and the amount of the loss is recognised in the income statement within administration expenses. When a trade receivable is uncollectable it is written off against the bad debt provision.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Company shares held by employee benefit trusts
Share capital is purchased to satisfy the liability of various employee share schemes and is held in trust. The amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Purchased shares are classified as Company shares held by employee benefit trusts and presented as a deduction from retained earnings.

Trade and other payables
Trade and other payables are not interest bearing and are stated at cost.

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified according to the repayment terms of the facility. All payments due within 12 months of the year end date are classified as current liabilities.

Deferred income
Government grants in respect of capital expenditure are treated as deferred credits and a proportion of the grants based on the depreciation rate for the related property, plant and equipment is credited each year to the income statement.

Current and deferred income tax
Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is charged in the income statement except where it relates to tax on items recognised directly in equity, in which case it is charged to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

The following temporary differences are not provided for:

- the initial recognition of goodwill;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Where the carrying value of the asset is to be recovered through both use and subsequent disposal, a single tax base is attributed to that asset resulting in a single temporary difference being recognised.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits
Retirement benefit plans
The Group operates three pension schemes as detailed in note 26. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

Defined contribution pension plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Obligations for contributions are recognised as an expense in the income statement as they fall due. The Group has no further payment obligations once the contributions have been paid.

Defined benefit pension plans
A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the year end date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan are recognised in full in the year in which they occur through the Consolidated Statement of Changes in Equity.

Share-based compensation
The Group issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non market-based vesting conditions) at the grant date. The fair value determined at the grant date of the equity settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using the Black-Scholes pricing model.

The Group also provides employees with the ability to purchase the Company's ordinary shares at a discount to the current market value through the employees' payroll. The Group records an expense as the shares are purchased by the employee. The fair value of the share-based payments is charged to the income statement and credited to the share options reserve.

At each year end date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share options reserve.

On exercise the fair value is credited to retained reserves from the share options reserve and any proceeds from the exercise are credited to retained earnings.

Profit-sharing and bonus plans
The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments.

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions
A provision is recognised if, as the result of a past event, the Group has a present or legal constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

A restructuring provision is recognised when the Group has approved a detailed and formal restructuring plan which has been either announced or has commenced. Future operating costs are not provided for.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Key judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Due to the nature of estimation the actual outcomes could differ from those estimates.

Management have made the following judgements in applying the Group's accounting policies:

Interest rate swaption and cash flow hedge (note 12)
The Group measures the interest rate swaption contract and the cash flow hedge contract at fair value at each balance sheet date. The fair value represents the net present value of the difference between the projected cash flows at the swap contract rate and the relevant interest rate for the period from the balance sheet date to expiry date of the contract. The calculation uses estimates of present value and future interest rates.

Retirement benefit obligations (note 26)
The determination of the defined benefit pension scheme obligation is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions.

Impairment of goodwill and intangible assets with indefinite lives (note 10)
Goodwill and intangible assets with indefinite lives must be tested for impairment each year under IAS 36 Impairment of assets. Determining whether there is any impairment requires an estimation of the value in use of the cash-generating units to which the goodwill or intangible asset has been allocated.

Value in use calculations require estimating the future cash flows expected to arise from the cash-generating unit along with a suitable discount rate in order to calculate present value.

Share-based payment costs (note 28)
The Group makes estimations and judgements in the valuation of share-based payments. The assumptions made at the date of granting the options include the dividend yield and the expected outcome of meeting performance criteria. Due to the size of the balances involved any variations to the estimates will not have a significant effect on the costs recognised in the financial statements.

Fair value estimation
The carrying values of trade payables and trade receivables less impairment provisions are assumed to approximate their fair values.

Notes to the Accounts

1 Segment reporting

The management committee has been identified as the chief operating decision-maker. The management committee reviews the Group's internal reporting in order to assess performance and allocate resources. The management committee has determined the operating segments based on these reports.

The management committee considers the business from a product perspective. This has led to the operating segments identified in the table below. The performance of the operating segments is assessed by reference to their gross profit.

12 months ended 30 January 2010	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	155,706	45,168	536	201,410
Gross profit	88,867	13,931	459	103,257

12 months ended 31 January 2009	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	141,368	27,945	385	169,698
Gross profit	77,178	7,251	307	84,736

There are no intersegment sales. All revenue is from external customers.

Other segments represent income from water coolers for the Findlays 19 litre water business, rental income for can vendors and other soft drink related items such as water cups.

The gross profit from the segment reporting is reconciled to the total profit before income tax as shown in the consolidated income statement.

All of the assets of the Group are managed by the management committee on a central basis rather than at a segment level. As a result no reconciliation of segment assets to the total assets figure on the statement of financial position has been disclosed for any of the periods presented.

Each of the following items are included in the reportable segments costs and no adjustments are required in arriving at the costs included in the consolidated primary statements:

	2010 £000	2009 £000
Capital expenditure	5,358	10,639
Depreciation and amortisation	7,885	7,358
Impairment of intangible assets	–	284
Impairment of plant and equipment	1,031	–
Impairment of assets classified as held for sale	464	–

Capital expenditure comprises cash additions to property, plant and equipment (note 11). The capital expenditure in the year to 31 January 2009 includes additions resulting from acquisitions through business combinations (note 19).

The operating segments include segments which have been aggregated in accordance with IFRS 8.

Geographic segments

The Group operates predominately in the U.K. with some worldwide sales. All of the operations of the Group are based in the U.K.

	2010 £000	2009 £000
U.K.	199,397	168,161
Rest of the world	2,013	1,537
	201,410	169,698

All of the assets of the Group are located in the U.K.

Major customers

No single customer accounts for 10% or more of the Group's revenue in either of the periods presented.

2 Profit before tax

The following items have been included in arriving at profit before tax:

	2010 £000	2009 £000
Depreciation of property, plant and equipment	7,494	7,018
Profit on disposal of property, plant and equipment	(35)	(13)
Impairment of assets classified as held for sale	464	–
Fair value movements of financial instruments	(6)	82
Foreign exchange losses recognised	237	146
Research and development costs	437	262
Impairment of inventories	34	701
Amortisation of intangible assets	391	340
Impairment of intangible assets	–	284
Cost of inventories recognised in cost of sales	98,153	84,962
Government grants released	(68)	(28)
Operating lease rentals payable – property	307	197
Operating lease rentals payable – motor vehicles	18	–
Trade receivable (impairment reversal)/impairment	(91)	333
Share-based payment costs	763	341

Included within Administration expenses is the auditor's remuneration, including expenses for audit and non-audit services.

The cost includes services from the Company's auditor and its associates:

	2010 £000	2009 £000
Statutory audit services		
Fees payable in respect of the audit of parent Company and consolidated accounts	70	79
Audit of the Company's subsidiaries pursuant to legislation	5	33
Non-audit services		
Other services pursuant to legislation	18	24
All other services	5	–
Tax services	84	77
	107	101
Fees in respect of the Group's pension plans		
Audit	12	10

Notes to the Accounts continued

3 Employees and directors

	2010	2009
Average monthly number of people employed by the Group (including executive directors)		
Production and distribution	**758**	748
Administration	**189**	147
	947	895

Staff costs for the Group for the year

	2010 £000	2009 £000
Wages and salaries	**27,153**	26,783
Social security costs	**2,558**	2,478
Share-based payments	**763**	341
Pension costs – defined contribution plans	**801**	650
Pension costs – defined benefit plans	**1,378**	604
	32,653	30,856

4 Net operating expenses before exceptional items

	2010 £000	2009 £000
Distribution costs	**48,706**	39,967
Administration costs	**24,791**	21,715
	73,497	61,682

5 Exceptional items

	2010 £000	2009 £000
Impairment of assets classified as held for sale	464	–
Redundancy cost for Group reorganisation	84	–
Redundancy provision/(release) of provision for production site closure	1,820	(130)
Environmental provision for site closure	66	–
Impairment of plant related to production site closure	998	–
	3,432	(130)

An impairment charge of £464,000 has been recognised in the year for the write down of the Atherton production site which is held as an asset available for sale. The site has continued to be marketed for sale in the year to 30 January 2010 and the latest offers have indicated that the market value of the site was less than the carrying value in the statement of financial position. As a result of this difference the carrying value has been written down to the market value.

During the year to 30 January 2010 the Group incurred £84,000 in relation to redundancy costs for the reorganisation following the acquisition of Groupe Rubicon Limited in the year to 31 January 2009.

During the year to 30 January 2010 the Group announced the future closure of its Mansfield production site. This has resulted in the recognition of a provision of £1,820,000 (note 21) in respect of the anticipated redundancy costs relating to the closure. These costs are anticipated to be incurred over the 18 months to 31 July 2011 when the site is expected to cease production. The exceptional credit of £130,000 included within the exceptional items for the year to 31 January 2009 is the release of a restructuring provision (see note 21) that is no longer required in relation to the Atherton site, currently classified as an asset available for sale.

A further £66,000 (note 21) of environmental obligations have been included in the exceptional costs for the year to 30 January 2010 relating to work that must be completed before the Group can leave the site.

As part of the closure plans for the Mansfield site a review has been carried out of the plant and equipment held at the site. Whilst the site will continue to manufacture in the coming year plant and equipment has been identified as having a net book value in excess of its recoverable amount. This has resulted in an impairment charge being made for £998,000 to reduce the plant and equipment to its recoverable amount.

6 Finance income

	2010 £000	2009 £000
Interest receivable	117	976
Net finance income relating to defined benefit plan	–	86
	117	1,062

Finance costs

	2010 £000	2009 £000
Interest payable	(1,550)	(1,006)
Net finance charge relating to defined benefit plan	(371)	–
Amortisation of loan arrangement fees	(74)	(31)
	(1,995)	(1,037)

Notes to the Accounts continued

7 Taxation

Group	2010 Before exceptional items £000	2010 Exceptional items £000	2010 Total £000	2009 Before exceptional items £000	2009 Exceptional items £000	2009 Total £000
Current tax						
Current tax on profits for the year	**7,238**	**(24)**	**7,214**	5,700	–	5,700
Adjustments in respect of prior years	**83**	**–**	**83**	(587)	–	(587)
Total current tax expense	**7,321**	**(24)**	**7,297**	5,113	–	5,113
Deferred tax						
Origination and reversal of temporary differences (see note 23)	**606**	**(936)**	**(330)**	1,021	–	1,021
Adjustments in respect of prior years	**(465)**	**–**	**(465)**	–	–	–
Total deferred tax expense	**141**	**(936)**	**(795)**	1,021	–	1,021
Total tax expense	**7,462**	**(960)**	**6,502**	6,134	–	6,134

In addition to the current tax expense charged to profit a current tax credit of £nil (2009: £193,000) has been recognised directly in equity. The credit in 2009 was in respect of share-based payments. A deferred tax credit of £1,322,000 (2009: charge of £63,000) has been recognised in equity (note 23).

The tax on the Group's profit before tax differs from the amount that would arise using the weighted average tax rate applicable to the profits of the consolidated Group as follows:

	2010 £000	2009 £000
Profit before tax	**24,450**	23,209
Tax at 28%	**6,846**	6,499
Tax effects of:		
Items that are not deductible in determining taxable profit	**168**	561
Deferred tax movement as a result of a change in tax rates	**–**	64
Net pension deduction	**–**	(18)
Share option permanent difference	**(212)**	(255)
Group relief	**–**	(144)
Interest rate hedge	**–**	29
Marginal relief	**–**	(1)
Current tax adjustment in respect of prior years	**83**	(587)
Deferred tax adjustment in respect of prior years	**(465)**	–
Other differences	**82**	(14)
Total current tax expense	**6,502**	6,134

The weighted average effective tax rate was 26.6% (2009: 26.4%).

8 Earnings per share

Basic earnings per share have been calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of shares in issue during the year, excluding shares held by the employee share scheme trusts.

	2010	Restated 2009
Profit attributable to equity holders of the Company (£000)	**17,948**	17,075
Weighted average number of ordinary shares in issue	**38,318,076**	38,319,120
Basic earnings per share (pence)	**46.84**	44.56

The weighted average number of ordinary shares in issue and the diluted weighted average number of ordinary shares in issue have been restated for the year to 31 January 2009 following the share subdivision that took place during the year to 30 January 2010. This is in line with the requirement of IAS 33 Earnings per share.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2010	Restated 2009
Profit attributable to equity holders of the Company (£000)	**17,948**	17,075
Weighted average number of ordinary shares in issue	**38,318,076**	38,319,120
Adjustment for share options	**283,115**	417,268
Diluted weighted average number of ordinary shares in issue	**38,601,191**	38,736,388
Diluted earnings per share (pence)	**46.49**	44.08

9 Dividends

	2010 per share	Restated 2009 per share	2010 £000	2009 £000
Paid final dividend	15.20p	14.00p	5,837	5,373
Paid interim dividend	6.25p	5.80p	2,413	2,231
	21.45p	19.80p	8,250	7,604

The dividend figures per share for the year to 31 January 2009 have been restated to take into account the share subdivision that took place during the year to 30 January 2010 (note 27). This share subdivision has had no impact on the total dividend paid by the Company.

The directors have proposed a final dividend in respect of the year ended 30 January 2010 of 16.85p per share amounting to a dividend of £6,559,000. It will be paid on 4 June 2010 to shareholders who are on the Register of Members on 7 May 2010. This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements in line with the requirements of IAS 10 Events after the Balance Sheet Date.

Notes to the Accounts continued

10 Intangible assets

Group	Goodwill £000	Brands £000	Customer relationships £000	Water rights £000	Total £000
Cost					
At 26 January 2008	1,917	7,390	1,000	742	11,049
Acquisitions recognised through business combinations	21,354	42,986	2,532	–	66,872
Adjustments to cost	3	(100)	–	–	(97)
At 31 January 2009 and At 30 January 2010	23,274	50,276	3,532	742	77,824
Amortisation and impairment losses					
At 26 January 2008	–	–	393	–	393
Amortisation for the year	–	–	340	–	340
Impairment recognised in the year	–	–	–	284	284
At 31 January 2009	–	–	733	284	1,017
Amortisation for the year	–	–	391	–	391
At 30 January 2010	–	–	1,124	284	1,408
Carrying amounts					
At 30 January 2010	**23,274**	**50,276**	**2,408**	**458**	**76,416**
At 31 January 2009	23,274	50,276	2,799	458	76,807

Customer relationships were intangible assets recognised on the acquisition of the Strathmore Water business and Groupe Rubicon Limited. The amortisation charge represents the spreading of the cost over the expected period and have a further estimated life of two and nine years respectively.

Company	Goodwill £000	Brands £000	Customer relationships £000	Water rights £000	Total £000
Cost					
At 26 January 2008	1,917	7,390	1,000	742	11,049
Adjustments to cost	3	(100)	–	–	(97)
At 31 January 2009 and At 30 January 2010	1,920	7,290	1,000	742	10,952
Amortisation and impairment losses					
At 26 January 2008	–	–	393	–	393
Amortisation for the year	–	–	255	–	255
Impairment recognised in the year	–	–	–	284	284
At 31 January 2009	–	–	648	284	932
Amortisation for the year	–	–	139	–	139
At 30 January 2010	–	–	787	284	1,071
Carrying amounts					
At 30 January 2010	**1,920**	**7,290**	**213**	**458**	**9,881**
At 31 January 2009	1,920	7,290	352	458	10,020

Customer relationships were intangible assets recognised on the acquisition of the Strathmore Water business. The amortisation charge represents the spreading of the cost over the expected period and has a further estimated life of two years.

The amortisation costs for the year have been included in the administration costs for the two years presented.

10 Intangible assets (continued)

Impairment tests for goodwill and brands
For impairment testing, goodwill and brands are allocated to the cash-generating unit ('CGU') representing the lowest level at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each CGU are:

At 30 January 2010	Goodwill £000	Brands £000	Water rights £000	Customer lists £000	Total £000
Rubicon operating unit	**21,036**	**42,986**	**–**	**2,195**	**66,217**
Strathmore operating unit	**1,902**	**7,000**	**–**	**213**	**9,115**
Findlays operating unit	**–**	**–**	**458**	**–**	**458**
Taut operating unit	**318**	**–**	**–**	**–**	**318**
Vitsmart operating unit	**18**	**290**	**–**	**–**	**308**
Total	**23,274**	**50,276**	**458**	**2,408**	**76,416**

At 31 January 2009	Goodwill £000	Brands £000	Water rights £000	Customer lists £000	Total £000
Rubicon operating unit	21,036	42,986	–	2,447	66,469
Strathmore operating unit	1,902	7,000	–	352	9,254
Findlays operating unit	–	–	458	–	458
Taut operating unit	318	–	–	–	318
Vitsmart operating unit	18	290	–	–	308
Total	23,274	50,276	458	2,799	76,807

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management which cover a three year period. Cash flows beyond the three years are extrapolated using the growth rates stated below:

	2010			2009		
Key assumptions	Gross margin %	Growth rate %	Discount rate %	Gross margin %	Growth rate %	Discount rate %
Rubicon operating unit	**40.46**	**2.25**	**8.66**	38.18	2.25	8.63
Strathmore operating unit	**32.10**	**–**	**8.66**	30.01	–	8.63
Findlays operating unit	**55.00**	**(4.00)**	**8.66**	46.90	(4.00)	8.63
Taut operating unit	**35.00**	**2.25**	**8.66**	33.33	2.25	8.63

The Rubicon operating unit can be further allocated across carbonates and still drinks when determining the CGU required for impairment testing. No impairment was identified through this allocation.

The budgeted gross margin is based on past performance and management's expectation of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax.

The discount rate reflects management's estimate of pre-tax cost of capital. The estimated pre-tax cost of capital is a benchmark for the Group provided by an independent third party with an additional risk premium of 2% added to reflect the risk relating to individual brands.

Advertising and promotional costs are included in the breakdown using latest annual budgets for the year to 29 January 2011 and projected costs thereafter.

Sensitivity analysis was carried out on the above calculations to review possible levels of impairment after adjusting discount rates. At a discount rate of 10% none of the CGUs were impaired.

The impairment of the water rights in the year to 31 January 2009 arose following declining volumes in the sales of Findlays water. The decline was anticipated following the decision to change the focus for the Pitcox production site to the filling of 19 litre water containers. No impairment of any other assets relating to the Pitcox operation was required. No other class of asset other than the water rights was impaired.

Notes to the Accounts continued

11 Property, plant and equipment

Group	Land and buildings Freehold £000	Long leasehold £000	Plant, equipment and vehicles £000	Assets under construction £000	Total £000
Cost or deemed cost					
At 26 January 2008	27,090	545	68,989	768	97,392
Additions	5,190	–	4,856	1,303	11,349
Transfer from assets under construction	51	–	1,659	(1,710)	–
Acquired through acquisition of business	–	–	1,353	–	1,353
Disposals	–	–	(2,706)	–	(2,706)
At 31 January 2009	32,331	545	74,151	361	107,388
Additions	56	–	1,919	3,709	5,684
Transfer from assets under construction	31	–	433	(464)	–
Transfer of assets between categories	262	–	(262)	–	–
Disposals	–	–	(1,866)	–	(1,866)
At 30 January 2010	**32,680**	**545**	**74,375**	**3,606**	**111,206**
Depreciation					
At 26 January 2008	2,344	338	41,337	–	44,019
Amount charged for year	315	75	6,628	–	7,018
Disposals	–	–	(2,510)	–	(2,510)
At 31 January 2009	2,659	413	45,455	–	48,527
Amount charged for year	346	75	7,073	–	7,494
Transfer of assets between categories	222	–	(222)	–	–
Impairment of assets	–	–	1,031	–	1,031
Disposals	–	–	(1,748)	–	(1,748)
At 30 January 2010	**3,227**	**488**	**51,589**	**–**	**55,304**
Net book value					
At 30 January 2010	**29,453**	**57**	**22,786**	**3,606**	**55,902**
At 31 January 2009	29,672	132	28,696	361	58,861

11 Property, plant and equipment (continued)

Company	Land and buildings Freehold £000	Long leasehold £000	Plant, equipment and vehicles £000	Assets under construction £000	Total £000
Cost or deemed cost					
At 26 January 2008	27,053	394	67,131	768	95,346
Additions	5,190	–	4,439	1,303	10,932
Transfer from assets under construction	51	–	1,659	(1,710)	–
Disposals	–	–	(2,470)	–	(2,470)
At 31 January 2009	32,294	394	70,759	361	103,808
Additions	28	–	1,217	3,701	4,946
Transfer from assets under construction	13	–	451	(464)	–
Transfer of assets between categories	262	–	(262)	–	–
Disposals	–	–	(1,348)	–	(1,348)
At 30 January 2010	**32,597**	**394**	**70,817**	**3,598**	**107,406**
Depreciation					
At 26 January 2008	2,340	223	40,032	–	42,595
Amount charged for year	314	69	6,314	–	6,697
Disposals	–	–	(2,345)	–	(2,345)
At 31 January 2009	2,654	292	44,001	–	46,947
Amount charged for year	343	69	6,519	–	6,931
Transfer of assets between categories	222	–	(222)	–	–
Impairment of assets	–	–	1,031	–	1,031
Disposals	–	–	(1,293)	–	(1,293)
At 30 January 2010	**3,219**	**361**	**50,036**	**–**	**53,616**
Net book value					
At 30 January 2010	**29,378**	**33**	**20,781**	**3,598**	**53,790**
At 31 January 2009	29,640	102	26,758	361	56,861

At 30 January 2010 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £4,012,000 (2009: £143,000).

Included in the impairment of assets is a charge of £33,000 for equipment that had become obsolete. This has not been included in the exceptional costs as the equipment does not form part of the equipment used at the Mansfield site.

Notes to the Accounts continued

12 Financial instruments

The financial instruments held by the Group and Company are categorised in the following tables:

Group At 30 January 2010	Loans and receivables £000	Assets at fair value through profit and loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	27	27
Trade and other receivables	30,157	–	30,157
Cash and cash equivalents	10,926	–	10,926
Total	41,083	27	41,110

Group At 31 January 2009	Loans and receivables £000	Assets at fair value through profit and loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	33	33
Trade and other receivables	27,139	–	27,139
Cash and cash equivalents	6,680	–	6,680
Total	33,819	33	33,852

Company At 30 January 2010	Loans and receivables £000	Assets at fair value through profit and loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	27	27
Trade and other receivables	31,908	–	31,908
Cash and cash equivalents	9,804	–	9,804
Total	41,712	27	41,739

Company At 31 January 2009	Loans and receivables £000	Assets at fair value through profit and loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	33	33
Trade and other receivables	25,565	–	25,565
Cash and cash equivalents	5,517	–	5,517
Total	31,082	33	31,115

12 Financial instruments (continued)

Group At 30 January 2010	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	33,000	33,000
Derivative financial liabilities	1,024	–	1,024
Trade and other payables	–	28,914	28,914
Total	1,024	61,914	62,938

Group At 31 January 2009	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	38,000	38,000
Derivative financial liabilities	1,477	–	1,477
Trade and other payables	–	28,249	28,249
Total	1,477	66,249	67,726

Company At 30 January 2010	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	33,000	33,000
Derivative financial liabilities	1,024	–	1,024
Trade and other payables	–	39,644	39,644
Total	1,024	72,644	73,668

Company At 31 January 2009	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	38,000	38,000
Derivative financial liabilities	1,477	–	1,477
Trade and other payables	–	29,903	29,903
Total	1,477	67,903	69,380

The trade and other payables figure presented excludes other taxes and social security costs as statutory liabilities do not fall under the definition of a financial instrument. Trade and other payables are detailed in note 20.

The hedging derivative is an interest rate swap and is accounted for under hedge accounting. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months. At 30 January 2010 and 31 January 2009 the financial instrument liability represented an interest rate swap relating to the outstanding borrowings at that date. The balance of the swap was classified as a non-current asset in line with the expected maturity of the borrowings (see note 18).

No ineffectiveness from the interest rate swap was recognised in the income statement during the year.

The notional principal amounts of the outstanding interest rate swap contracts at 30 January 2010 were £25,830,000 (31 January 2009: £29,250,000). The fixed interest rate was 4.57% and the floating rate was LIBOR. Gains and losses recognised in the cash flow hedge reserve on interest rate swap contracts as of 30 January 2010 will be continuously released to the income statement until the repayment of the bank borrowing (see note 18).

Notes to the Accounts continued

12 Financial instruments (continued)

As the closing interest rate swap for both periods presented here is a liability there is no credit risk at the reporting date.

Cash and cash equivalents held by the Group have an original maturity of three months or less. The carrying amount of these assets approximates to their fair values.

Fair value hierarchy

IFRS 7 requires all financial instruments carried at fair value to be analysed under the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data

All financial instruments carried at fair value are Level 2:

	2010 £000	2009 £000
Derivative financial assets	27	33
Derivative financial liabilities	(1,024)	(1,477)

Fair values of financial assets and financial liabilities

The table below sets out the comparison between the carrying amounts and fair values of all of the Group's financial instruments with the exception of trade and other receivables and trade and other payables.

Financial assets	Book value 2010 £000	Fair value 2010 £000	Book value 2009 £000	Fair value 2009 £000
Current assets				
Cash and cash equivalents	10,926	10,926	6,680	6,680
Swaptions	27	27	33	33
Total financial assets	10,953	10,953	6,713	6,713

Financial liabilities	Book value 2010 £000	Fair value 2010 £000	Book value 2009 £000	Fair value 2009 £000
Current liabilities				
Borrowing	8,000	8,000	5,000	5,000
Non-current liabilities				
Borrowings	25,000	24,281	33,000	33,012
Financial instruments	1,024	1,024	1,477	1,477
Total financial liabilities	34,024	33,305	39,477	39,489

The fair value of the current trade and other receivables and the current trade and other payables approximate their book value as none of the balances are interest bearing.

13 Financial assets at fair value through profit or loss

Group	2010 £000	2009 £000
Swaption	**27**	33

The swaption is an option to enter into an interest rate swap in two years. The swaption was purchased for £114,500 during the previous year and has been valued at its market value at 30 January 2010 and 31 January 2009. The fair value of the swaption is taken to be its market value.

Changes in fair values of financial assets at fair value through profit or loss are included within administration expenses within the income statement.

14 Investment in subsidiary undertakings

Company	2010 £000	2009 £000
At start of year	**61,081**	205
Additions in year	**–**	60,876
At end of year	**61,081**	61,081

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid.

The principal subsidiaries are as follows:

Principal subsidiaries	Principal activity	Country of incorporation	Country of principal operations
Barr Leasing Limited	Central commercial activities	England	U.K.
Findlays Limited	Natural mineral water bottler	Scotland	U.K.
Rubicon Drinks Limited	Manufacture and distribution of soft drinks	England	U.K.
Taut (U.K.) Limited	Marketing of sports drinks	England	U.K.

A.G. BARR p.l.c. holds 100% of the equity and votes of the subsidiaries. All of the subsidiaries have the same year end as A.G. BARR p.l.c. and have been included in the Group consolidation. The companies listed are those which materially affect the profit and assets of the Group. A full list of the subsidiaries will be annexed to the next annual return of A.G. BARR p.l.c. to be filed with the Registrar of Companies.

15 Inventories

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Returnable containers	**717**	688	**685**	642
Materials	**4,565**	4,037	**1,841**	845
Finished goods	**10,759**	9,803	**9,284**	8,620
	16,041	14,528	**11,810**	10,107

At 30 January 2010 and 31 January 2009 there were no inventories included in the closing balance that were acquired as part of the business combinations made in the year to that date. As such none of the acquired inventories are valued at sales value less costs to sell.

Notes to the Accounts continued

16 Trade and other receivables

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Trade receivables	**28,008**	25,064	**28,008**	21,260
Less: provision for impairment of receivables	**(687)**	(778)	**(687)**	(633)
Trade receivables – net	**27,321**	24,286	**27,321**	20,627
Other receivables	**536**	635	**160**	154
Prepayments and accrued income	**2,300**	2,218	**2,130**	2,135
Amounts due by subsidiary companies	**–**	–	**2,297**	2,649
	30,157	27,139	**31,908**	25,565

The fair values of the trade and other receivables are taken to be their book values less any provision for impairment as there are no interest bearing debts. The amounts due by subsidiary companies are fully recoverable.

Based on past experience the Group believes that no impairment allowance is necessary in respect of trade receivables not past due. 98% (2009: 98%) of the closing trade receivables balance relates to customers that have a good track record with the Group.

The maximum exposure for both the Group and the Company to credit risk for trade receivables at the reporting date by type of customer was:

	Group		Company	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Major customers	**24,565**	21,621	**24,565**	17,817
Direct to store customers	**3,443**	3,443	**3,443**	3,443
Total	**28,008**	25,064	**28,008**	21,260

The Group's and Company's most significant customer, a U.K. major customer, accounts for £3,690,000 of the trade receivables carrying amount at 30 January 2010 (2009: £3,070,000).

The figures included in the following analysis for the rest of this note exclude the amounts due by subsidiary companies.

The ageing of the Group's trade receivables and their related impairments at the reporting date for the Group was:

Group	**Gross 2010 £000**	**Impairment 2010 £000**	Gross 2009 £000	Impairment 2009 £000
Not past due	**27,098**	**–**	23,382	(66)
Past due 0 to 30 days	**401**	**(178)**	947	(118)
Past due 31 to 60 days	**119**	**(119)**	186	(45)
Past due 61+ days	**390**	**(390)**	549	(549)
Total	**28,008**	**(687)**	25,064	(778)

The ageing of the Company's trade receivables and their related impairments at the reporting date for the Company was:

Company	**Gross 2010 £000**	**Impairment 2010 £000**	Gross 2009 £000	Impairment 2009 £000
Not past due	**27,098**	**–**	20,324	(66)
Past due 0 to 30 days	**401**	**(178)**	470	(118)
Past due 31 to 60 days	**119**	**(119)**	19	(10)
Past due 61+ days	**390**	**(390)**	447	(439)
Total	**28,008**	**(687)**	21,260	(633)

16 Trade and other receivables (continued)

The carrying amount of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
Group and Company	2010 £000	2009 £000	2010 £000	2009 £000
U.K. Sterling	**29,914**	27,139	**29,368**	22,916
US Dollars	**46**	–	**46**	–
Euro	**197**	–	**197**	–
	30,157	27,139	**29,611**	22,916

Movements in the Group and Company provisions for impairment of trade receivables were as follows:

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
At start of year	**778**	445	**633**	445
Net provision (utilised)/charged during the year	**(91)**	333	**54**	188
At end of year	**687**	778	**687**	633

The provision allowance in respect of trade receivables is used to record impairment losses unless the Group and Company are satisfied that no recovery of the amount owing is possible. At that point the amounts are considered irrecoverable and are written off against the trade receivable directly. Where trade receivables are past due an assessment is made of individual customers and the outstanding balance. No provision is required in respect of amounts owed by subsidiary companies.

The creation and release of the trade receivables provision has been included within administration expenses in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The credit quality of the holder of the Cash at bank is AA(-) rated (2009: AA(-) rated).

17 Assets classified as held for sale

	Group		Company	
	2010 £000	2009 £000	2010 £000	2009 £000
Opening land and buildings	**2,864**	2,864	**2,864**	2,864
Opening plant	**–**	46	**–**	–
Opening balance	**2,864**	2,910	**2,864**	2,864
Impairment of property during the year	**(464)**	–	**(464)**	–
Disposal of plant in year	**–**	(46)	**–**	–
Closing land and buildings	**2,400**	2,864	**2,400**	2,864

The Atherton production site was closed during the year to 26 January 2008. The land and buildings were classified as an asset held for sale. The carrying value of the asset has been reduced to the current market value following a number of offers made to the Group during the year to 30 January 2010 and on the basis of a formal independent valuation.

Despite the downturn in the property market, management are confident based on indicators from interested parties that they will be able to dispose of the property for proceeds in excess of the carrying value within 12 months of the year end.

There are no other assets or liabilities associated with the non-current assets held for sale other than a government grant of £59,000 held in respect of the Atherton site (see note 22).

Notes to the Accounts continued

18 Borrowings

All of the Group's borrowings are denominated in U.K. Sterling.

Group and Company	2010 £000	2009 £000
Current		
Bank borrowings	8,000	5,000
Non-current		
Bank borrowings	25,000	33,000
Total borrowings	33,000	38,000

A bank arrangement fee of £366,000 was incurred in arranging the borrowing facility. This is being amortised to the income statement over the expected duration of the loan of five years. The amortisation charge is included in the finance costs line in the income statement.

	2010 £000	2009 £000
Non-current bank borrowings	25,000	33,000
Unamortised arrangement fee	(261)	(335)
Non-current bank borrowings disclosed in the statement of financial position	24,739	32,665

Bank borrowings are secured by the entire net assets of the Group.

The movements in the borrowings are analysed as follows:

	2010 £000	2009 £000
Opening loan balance	38,000	–
Borrowings made	5,000	54,500
Repayments of borrowings	(10,000)	(16,500)
Closing loan balance	33,000	38,000

The carrying amounts and fair value of the borrowings are as follows:

	Carrying amount		Fair value	
	2010 £000	2009 £000	2010 £000	2009 £000
Current	8,000	5,000	8,000	5,000
Non-current	25,000	33,000	24,281	33,012
Total borrowings	33,000	38,000	32,281	38,012

For the current borrowings the impact of discounting is not significant as the borrowings will be paid within 12 months of the year end date. The carrying amount approximates their fair value.

The fair values of the non-current borrowings are based on cash flows discounted using the current variable interest rate charged on the borrowings of 1.17% and a discount rate of 3%.

The borrowings are scheduled to be repaid over the next three-and-a-half years under a payment schedule agreed with the lender. The amounts due to be paid within one year are disclosed as current within the table above.

The maturity profile of the borrowings are as follows:

	2010 £000	2009 £000
Less than one year	8,000	5,000
One to five years	25,000	33,000
	33,000	38,000

19 Business combinations

Both Groupe Rubicon Limited and Taut International Limited combinations detailed below were made in the year to 31 January 2009. There were no business combinations in the year to 30 January 2010.

(a) Groupe Rubicon Limited

On 29 August 2008 the Group acquired 100% of the share capital of Groupe Rubicon Limited, a manufacturer and distributor of branded exotic juice drinks.

The acquisition had the following effect on the Group's assets and liabilities at the acquisition date:

	Acquiree's carrying amount £000	Fair value adjustment £000	Fair value £000
Rubicon brand	–	42,986	42,986
Customer relationships	–	2,532	2,532
Property, plant and equipment	1,353	–	1,353
Inventory	3,305	164	3,469
Trade debtors	2,897	14	2,911
Other debtors	162	–	162
Deferred tax asset/(liability)	165	(12,745)	(12,580)
Cash and cash equivalents	2,162	–	2,162
Trade creditors	(1,060)	–	(1,060)
Tax	(635)	–	(635)
Social security and other tax	(357)	–	(357)
Accrued expenses	(1,043)	–	(1,043)
Deferred government grants	(100)	–	(100)
Net assets acquired	6,849	32,951	39,800
Goodwill arising on acquisition			21,036
Total consideration, satisfied by cash			60,836

The total consideration for the acquisition of Rubicon included professional fees of £1,239,000. The above provisional values were included in the Group financial statements for the year to 31 January 2009. There have been no fair value adjustments in the 12 months from the date of acquisition and the above figures are the final fair values for the acquisition.

The balance of £216,000 due to be refunded from the vendor of Groupe Rubicon Limited at 31 January 2009 following the finalisation of the net assets acquired was received in the year to 30 January 2010.

(b) Taut International Limited

On 28 January 2008 the Group acquired 100% of the share capital of Taut International Limited, a group of companies specialising in the marketing of sports drinks. The consideration was £1. A further £40,000 was incurred on legal fees.

The acquisition had the following effect on the Group's assets and liabilities at the acquisition date:

	Acquiree's carrying amount £000	Fair value adjustment £000	Fair value £000
Property, plant and equipment	17	(17)	–
Inventory	64	(21)	43
Trade and other receivables	97	(33)	64
Cash and cash equivalents	20	–	20
Trade and other payables	(381)	(24)	(405)
Net liabilities acquired	(183)	(95)	(278)
Goodwill arising on acquisition			318
Total consideration, satisfied by cash			40

Taut (U.K.) Limited is a trading subsidiary of Taut International Limited. Taut (U.K.) Limited formed part of the acquisition detailed above. It has tax losses of approximately £4,457,000. Under IFRS 3 a deferred tax asset should be recognised if A.G. BARR p.l.c. can use the unrelieved tax losses. At the date of approval of these statements A.G. BARR p.l.c. was unable to conclude with reasonable certainty that the tax losses can be utilised and therefore the Group has not recognised a deferred tax asset at the balance sheet date in respect of these losses. The unrecognised deferred tax asset would be approximately £1,248,000.

Notes to the Accounts continued

20 Trade and other payables

	Group		Company	
	2010 £000	2009 £000	**2010 £000**	2009 £000
Trade payables	**4,644**	7,848	**4,618**	7,545
Other taxes and social security costs	**2,922**	2,729	**2,921**	2,529
Accruals	**24,270**	20,401	**24,121**	19,188
Amounts due to subsidiary companies	**–**	–	**10,905**	3,170
	31,836	30,978	**42,565**	32,432

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 January 2010	**Less than one year £000**	**Greater than one year £000**	**Total £000**
Borrowings	**8,369**	**25,439**	**33,808**
Trade payables	**4,644**	**–**	**4,644**
Accruals	**24,270**	**–**	**24,270**
Financial instruments	**1,007**	**503**	**1,510**
	38,290	**25,942**	**64,232**

At 31 January 2009	Less than one year £000	Greater than one year £000	Total £000
Borrowings	5,112	35,291	40,403
Trade payables	7,848	–	7,848
Accruals	20,401	–	20,401
Financial instruments	675	1,013	1,688
	34,036	36,304	70,340

As trade and other payables are non-interest bearing fair value is taken to be book value. Disclosures relating to borrowings are included in note 18.

21 Provisions

	Group		Company	
	2010 £000	2009 £000	**2010 £000**	2009 £000
Opening provision	**80**	284	**80**	284
Provision created during the year	**1,886**	–	**1,886**	–
Provision utilised during the year	**–**	(74)	**–**	(74)
Provision released during the year	**(4)**	(130)	**(4)**	(130)
Closing provision	**1,962**	80	**1,962**	80

The opening provision relates to the remaining expected restructuring costs, including consulting fees and employee termination costs following the announcement made in the year to 27 January 2007 to close the Atherton factory. The remaining provision is expected to be utilised when the site is sold.

The provision created in the year to 30 January 2010 is in respect of the closure of the Mansfield production site. The provision is for the expected restructuring costs, including consulting fees, employee termination costs and environmental costs. The employee termination costs are based on a detailed plan agreed between management and employee representatives. The closure and restructuring are expected to be complete by 31 July 2011. The closure date has not yet been fixed and production is expected to continue at Mansfield through the year to 29 January 2011. The whole provision has been disclosed as a current liability as the majority of the provision is expected to be utilised in the year to 29 January 2011.

22 Deferred income

	Group		Company	
	2010 £000	2009 £000	**2010 £000**	2009 £000
At beginning of year	**144**	72	**72**	72
Acquired through business combination (note 19)	**–**	100	**–**	–
Credit to income statement	**(68)**	(28)	**–**	–
At end of year	**76**	144	**72**	72

The deferred income balance acquired in the year to 31 January 2009 is a government grant acquired as part of the Groupe Rubicon acquisition (see note 19). All of the grants are being released over the expected lifetime of the assets that they were used to purchase.

Included in the closing balance is £59,000 (2009: £59,000) of a government grant received in respect of the Atherton production site. Until the Atherton site was classified as an asset classified as held for sale the grant was amortised to the income statement over the expected life of the site. The amortisation ceased at the date that the site was classified as held for sale as the site was no longer being depreciated. The balance will be released to the income statement when the site is sold. The grant is not repayable to its issuer.

23 Deferred tax assets and liabilities

Group	Retirement benefit obligations £000	Share-based payments £000	Total deferred tax asset £000	Accelerated tax depreciation £000	Total deferred tax liability £000	Net deferred tax liability £000
At 26 January 2008	2,242	386	2,628	(5,021)	(5,021)	(2,393)
Charge to the income statement (note 7)	(863)	(50)	(913)	(108)	(108)	(1,021)
Credit/(charge) to equity	17	(80)	(63)	–	–	(63)
Deferred tax liability recognised on acquisition	–	–	–	(12,580)	(12,580)	(12,580)
At 31 January 2009	1,396	256	1,652	(17,709)	(17,709)	(16,057)
(Charge)/credit to the income statement (note 7)	(737)	141	(596)	1,391	1,391	795
Credit to equity	979	343	1,322	–	–	1,322
At 30 January 2010	**1,638**	**740**	**2,378**	**(16,318)**	**(16,318)**	**(13,940)**

Company	Retirement benefit obligations £000	Share-based payments £000	Total deferred tax asset £000	Accelerated tax depreciation £000	Total deferred tax liability £000	Net deferred tax liability £000
At 26 January 2008	2,242	386	2,628	(5,016)	(5,016)	(2,388)
Charge to the income statement	(863)	(50)	(913)	(205)	(205)	(1,118)
Credit/(charge) to equity	17	(80)	(63)	–	–	(63)
At 31 January 2009	1,396	256	1,652	(5,221)	(5,221)	(3,569)
(Charge)/credit to the income statement	(737)	141	(596)	1,417	1,417	821
Credit to equity	979	343	1,322	–	–	1,322
At 30 January 2010	**1,638**	**740**	**2,378**	**(3,804)**	**(3,804)**	**(1,426)**

No deferred tax asset is recognised in the statement of financial position for unused capital losses of £1,895,000 (2009: £1,908,000).

A further deferred tax asset of £1,248,000 (2009: £1,248,000) has not been recognised in respect of acquired tax losses in Taut (U.K.) Limited, a subsidiary of Taut International Limited (see note 19).

Notes to the Accounts continued

24 Lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows for the Group and Company:

	2010 £000	2009 £000
No later than one year	**599**	343
More than one year but not more than five years	**1,449**	197
Due beyond five years	**757**	–
Total lease commitments	**2,805**	540

During the year the Company entered into an operating lease for its Company car fleet. This has resulted in a decrease in capital expenditure during the year and an increase in the lease commitments.

25 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance department under policies approved by the board of directors. The Group finance department identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

In addition treasury matters are dealt with by the Treasury Committee.

Market risk

Foreign exchange risk

The Group operates internationally. The Group primarily buys and sells in U.K. Sterling but does have some purchases and sales denominated in US Dollars and Euros. For the year ended 30 January 2010 if Sterling had weakened/strengthened by 10% against the US dollar or Euro, with all other variables held constant, there would have been a negligible effect on post tax profit (31 January 2009: negligible impact on post tax profit).

The Group periodically enters into forward option contracts to purchase Euros for known capital purchases where the value and volume of the purchase is known.

Price risk

The Group is not exposed to equity securities price risk because no such investments are held by the Group. The Group is not exposed to commodity price risk.

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group manages its cash flow interest rate risk by covering a significant proportion of its exposure using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to major and direct to store customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If major customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control processes assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to direct to store customers are settled in cash or through invoicing.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining sufficient cash reserves and the availability of borrowing facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flows. This is carried out at a Group level and involves projecting cash flows for capital expenditure and considering the level of liquid assets necessary to meet these.

Capital risk management

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

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the Group to grow, whilst operating with sufficient headroom within its bank covenants.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group has a number of options available to it including modifying dividend payments to shareholders, returning capital to shareholders or issuing new shares. In this way, the Group balances returns to shareholders between long-term growth and current returns whilst maintaining capital discipline in relation to investing activities and taking any necessary action on costs to respond to the current environment.

The Group monitors capital on the basis of the net debt/EBITDA ratio. Net debt is calculated as being the net of cash and cash equivalents, interest bearing loans and borrowings. The net debt position is discussed in the Financial Review on pages 14 to 20. The net debt/EBITDA ratio enables the Group to plan its capital requirements in the medium term. The Group uses this measure to provide useful information to financial institutions and investors. The Group believes that the current net debt/EBITDA ratio provides an efficient capital structure and an acceptable level of financial flexibility.

For the year ended 30 January 2010 the net debt/EBITDA ratio was 0.6 times (2009: 1.0 times).

The Group monitors capital efficiency on the basis of the return on capital employed ratio ('ROCE').

26 Retirement benefit obligations

During the year the Company operated three pension schemes. The two main schemes are the A.G. BARR p.l.c. (2005) Defined Contribution Scheme and the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The latter is a defined benefit scheme based on final salary which also includes a defined contribution section for the pension provision to new executive entrants.

The Company also operated a Group Personal Pension scheme for a limited number of Rubicon employees.

The assets of the schemes are held separately from those of the Company and are invested in managed funds. Full valuations of these schemes were conducted as at 1 April 2008 using the attained age method.

The total assets of the schemes at valuation were £59,963,000.

The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate, rate of inflation, real salary growth (above inflation) and life expectancy. For the purposes of the 1 April 2008 valuation it was assumed that the investment return would be 1.85% per annum higher than the growth in pensionable pay. In the period after retirement it was assumed that the investment return would be 0.6% per annum higher than the increase in pensions.

The deficit as at 1 April 2008 determined using the above assumptions was £10,300,000.

The valuation used for the defined benefit scheme has been based on market conditions as at the Company year end. The full actuarial valuation carried out at 1 April 2008 was updated to 30 January 2010 by a qualified independent actuary.

Notes to the Accounts continued

26 Retirement benefit obligations (continued)

Defined benefit scheme

The Group operates a funded defined benefit scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits based on final pensionable pay. No other post-retirement benefits are provided.

The amounts recognised in the statement of financial position are as follows:

Group and Company	2010 £000	2009 £000
Present value of funded obligations	**74,217**	62,102
Fair value of scheme assets	**(68,362)**	(57,113)
Liability recognised in the statement of financial position	**5,855**	4,989

The amounts recognised in the income statement are as follows:

	2010 £000	2009 £000
Interest on obligation	**3,995**	3,855
Expected return on scheme's assets	**(3,624)**	(3,941)
Net finance expense/(income) relating to defined benefit scheme (note 6)	**371**	(86)
Current service cost	**1,007**	690
Total cost recognised in the income statement	**1,378**	604

The current service charge has been included within administration costs in the income statement.

Changes in the present value of the defined benefit obligation are as follows:

	2010 £000	2009 £000
Opening defined benefit obligation	**62,102**	65,970
Service cost	**1,007**	690
Interest cost	**3,995**	3,855
Actuarial losses/(gains)	**9,388**	(6,454)
Members' contributions	**167**	551
Benefits paid	**(2,328)**	(2,462)
Premiums paid	**(114)**	(48)
Closing defined benefit obligation	**74,217**	62,102

In the year to 31 January 2009 the premiums paid were impacted by a fee paid by A.G. BARR p.l.c. on behalf of the scheme.

Changes in the fair value of the scheme's assets are as follows:

	2010 £000	2009 £000
Opening fair value of scheme assets	**57,113**	57,961
Expected return	**3,624**	3,941
Actuarial gains/(losses)	**5,890**	(6,516)
Employer's contributions	**4,010**	3,686
Members' contributions	**167**	551
Benefits paid	**(2,328)**	(2,462)
Premiums paid	**(114)**	(48)
Closing defined benefit obligation	**68,362**	57,113

In April 2009 salary sacrifice was introduced. Members who joined this arrangement no longer pay contributions to the scheme. This has resulted in an increase in employer's contributions and a decrease in members' contributions in the year to 30 January 2010.

26 Retirement benefit obligations (continued)

The analysis of the movement in the statement of financial position is as follows:

	2010 £000	2009 £000
Opening net liability	**(4,989)**	(8,009)
Total expense recognised in the income statement	**(1,378)**	(604)
Employer's contributions	**4,010**	3,686
Net actuarial losses recognised in the year	**(3,498)**	(62)
Closing net liability	**(5,855)**	(4,989)

Cumulative actuarial gains/(losses) are as follows:

	2010 £000	2009 £000
Cumulative amount at start of year	**2,439**	2,501
Actuarial losses recognised in the year	**(3,498)**	(62)
Cumulative amount at end of year	**(1,059)**	2,439

Actual return on scheme assets	2010 £000	2009 £000
Actual return on scheme assets	**9,514**	(2,575)

Principal assumptions **Financial assumptions**	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Discount rate	**5.70%**	6.50%	5.90%	5.10%	4.90%
Expected return on scheme assets	**6.25%**	6.70%	6.70%	5.80%	6.50%
Future salary increases	**4.75%**	4.75%	4.65%	4.15%	4.00%
Inflation assumption	**3.50%**	3.50%	3.40%	2.90%	2.75%

To develop the expected long-term rate of return on assets assumptions, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation and reduced to reflect estimated investment management expenses, to develop the expected long-term rate of return on assets assumptions for the portfolio. This resulted in the selection of an assumption of 6.23% for the year ending 29 January 2011 (6.25% for the year ending 30 January 2010).

Notes to the Accounts continued

26 Retirement benefit obligations (continued)

Mortality assumptions

The mortality tables adopted in finalising the fair value of the liabilities is PA92 (Year of birth) mc + 2 years.

The fair value at the year end dates is analysed as follows:

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Equities	**42,521**	32,783	38,834	34,578	27,605
Bonds	**21,739**	18,333	13,331	13,412	13,923
Cash	**4,102**	5,997	5,796	4,401	6,481
Total market value of scheme assets	**68,362**	57,113	57,961	52,391	48,009

The history of the scheme is as follows:

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Defined benefit obligation	**(74,217)**	(62,102)	(65,970)	(68,475)	(64,257)
Scheme assets	**68,362**	57,113	57,961	52,391	48,009
Deficit	**(5,855)**	(4,989)	(8,009)	(16,084)	(16,248)

Sensitivity review

The sensitivity of the overall pension liability to changes in the weighed principle assumptions is:

	Change in assumption	**Impact on overall liabilities**
Discount rate	Increase/decrease by 0.25%	Decrease/increase liabilities by £3.1m
Rate of inflation	Increase/decrease by 0.25%	Increase/decrease liabilities by £1.7m
Real salary growth (above inflation)	Increase/decrease by 0.25%	Increase/decrease liabilities by £0.9m
Life expectancy	Increase/decrease by 1 year	Increase/decrease liabilities by £1.9m

The Group expects to pay £4.1m of contributions to the defined benefit scheme in the year to 29 January 2011, being £1.4m of future service contributions and £2.7m of deficit recovery contributions.

The pension costs for the defined contribution schemes are as follows:

	2010 £000	2009 £000
Defined contribution costs	**801**	650

27 Share capital

Group and Company	2010 Shares	2010 £	2009 Shares	2009 £
Authorised ordinary shares of 12.5p (2009: 25p) each	–	–	24,000,000	6,000,000
Issued and fully paid	**38,922,926**	**4,865,366**	19,461,463	4,865,366

The Company has one class of ordinary shares which carry no right to fixed income.

On 18 September 2009 a general meeting passed a resolution to subdivide the Company's issued and to be issued share capital. Each ordinary share of 25 pence was subdivided into two ordinary shares of 12.5p each. The subdivision doubled the number of ordinary shares in issue and the board believes that the subdivision will improve liquidity and marketability of the ordinary shares.

At the annual general meeting held on 26 May 2009, the shareholders passed a resolution amending the Company's Articles of Association with effect from 1 October 2009. From this date onwards, the Company was no longer required to have an authorised share capital, in accordance with the Companies Act 2006. As a result, the 2010 authorised ordinary shares figure is nil.

During the year to 30 January 2010 the Company's employee benefit trusts purchased 199,939 (2009: 124,576) shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and included within retained earnings. At 30 January 2010 the shares held by the Company's employee benefit trusts represented 607,047 (2009: 296,229) shares at a purchased cost of £3,885,450 (2009: £3,257,607).

The number of shares purchased in the year to 31 January 2009 and held at that date have been restated to reflect the share subdivision that took place in the year to 30 January 2010. The restatement reflects the position as if the share subdivision had taken place on 27 January 2008.

28 Share-based payments

As disclosed in the Directors' Remuneration Report the Group runs a number of share award plans and share option plans:

- Savings Related Share Option Scheme which is open to all employees
- AESOP awards that are available to all employees
- LTIP options which are granted to executive directors

The share subdivision that was approved on 18 September 2009 resulted in doubling the number of options outstanding at that date and halving the fair value of those options. The net result of these two changes had no impact on the charge recognised in the income statement or the share-based payment balances included in the statement of financial position.

Savings Related Share Option Scheme ('SAYE')

All SAYEs outstanding at 30 January 2010 and 31 January 2009 have no performance criteria attached other than the requirement for the employee to remain in the employment of the Company and to continue contributing to the plan. Options granted under the SAYE must be exercised within six months of the relevant award vesting date.

The SAYE is open to all qualifying employees in employment at the date of inception of the scheme. Options are normally exercisable after five years from the date of grant. The price at which options are offered is not less than 80% of the average of the middle-market price of the five dealing days immediately preceding the date of invitation.

Notes to the Accounts continued

28 Share-based payments (continued)

The movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2010		2009	
	Options	Average exercise price in pence per share	Restated options	Restated average exercise price in pence per share
At start of the year*	**613,762**	**438p**	686,296	436p
Forfeited	**(10,380)**	**471p**	(50,984)	409p
Exercised	**(5,416)**	**399p**	(21,550)	328p
At end of the year	**597,966**	**438p**	613,762	438p

* Following the share subdivision (see note 27) that occurred during the year the opening number of options has been doubled. The figures for the opening, forfeited and exercised options represent the share option movements had the share subdivision taken place on 27 January 2008. This disclosure has been made to ease the understanding of the movements in the options at the year end.

None of the options listed above were exercisable at the respective year end dates. The outstanding options at the year end had exercise prices of £3.88 and £4.88 (2009: £3.88 and £4.88).

The weighted average share price on the dates that options were exercised in the year to 30 January 2010 was £7.21.

The weighted average remaining contractual life of the outstanding share options at the year end is 2 years (2009: 3 years).

LTIP

During the year an award of shares was made to the executive directors as disclosed in the Directors' Remuneration Report. The weighted average fair value of the share awards made during the period was determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	05 October 2009
Number of instruments granted	107,118
Share price at date of grant	861p
Contractual life in years	3
Dividend yield	3.25%
Expected outcome of meeting performance criteria (at grant date)	70%
Fair value determined at grant date	781p

AESOP

As described in the Directors' Remuneration Report there are two elements to the AESOP.

The partnership share element provides that for every three shares that a participant purchases in A.G. BARR p.l.c., up to a maximum contribution of £125 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual. There are various rules as to the period of time that the shares must be held in trust but after five years the shares can be released tax free to the participant.

The second element of free shares allows participants to receive shares to the value of a common percentage of their earnings, related to the performance of the Group. The maximum value of the annual award is £3,000 and the shares awarded are held in trust for five years.

29 Subsequent events

As disclosed in note 9 the directors propose that a final dividend of 16.85p per share will be paid to shareholders on 4 June 2010.

30 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Details of transactions between the Company and related parties are as follows:

	Sales and goods of services		Purchase of goods and services	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Rubicon Drinks Limited	**4,503**	695	**2,518**	2,518
Taut (U.K.) Limited	**20**	356	**–**	–
Findlays Limited	**–**	–	**242**	242
Barr Leasing Limited	**–**	–	**215**	215

The amounts disclosed in the table below are the amounts owed to and due from subsidiary companies that are trading subsidiaries. The difference between the total of these balances and the amounts disclosed as Amounts due by subsidiary companies (note 16) and Amounts due to subsidiary companies (note 20) are balances due by dormant subsidiary companies.

	Amounts owed by related parties		Amounts due to related parties	
	2010	2009	**2010**	2009
	£000	£000	**£000**	£000
Rubicon Drinks Limited	**–**	926	**8,122**	1,800
Taut (U.K.) Limited	**1,090**	668	**–**	–
Findlays Limited	**–**	–	**1,282**	965
Barr Leasing Limited	**285**	–	**–**	296

Included in the balance due to Rubicon Drinks Limited is a loan of £2,420,000 (2009: £1,800,000). The loan was made during the year to 31 January 2009. The interest charged on the loan is 1.5% above the Bank of England base rate.

Compensation of key management personnel

The remuneration of the executive directors and other members of key management (the management committee) during the year was as follows:

	2010	2009
	£000	£000
Salaries and short-term benefits	**1,800**	2,095
Pension and other costs	**213**	278
Share-based payments	**24**	955
	2,037	3,328

Retirement benefit plans

The Group's retirement benefit plans are administered by an independent third party service provider. During the year the service provider charged the Group £381,829 (2009: £505,249) for administration services in respect of the retirement benefit plans. At the year end £nil (2009: £nil) was outstanding to the service provider on behalf of the retirement benefit plans.

31 Going concern

The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements. The statement of financial position shows net assets of £100,509,000 and the Company has sufficient reserves to continue making dividend payments. The liquidity and cash generation for the Group has continued to be very strong with the Group's net debt position decreasing from £31,320,000 at 31 January 2009 to £22,074,000 at 30 January 2010.

Review of Trading Results

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Revenue	**201,410**	169,698	148,377	141,876	129,760
Operating profit before exceptional items	**29,760**	23,054	20,389	18,334	16,940
Exceptional items	**(3,432)**	130	(468)	(2,761)	(533)
Operating profit after exceptional items	**26,328**	23,184	19,921	15,573	16,407
Interest receivable	**117**	1,062	924	1,158	1,557
Interest payable	**(1,995)**	(1,037)	(12)	(377)	(583)
Interest	**(1,878)**	25	912	781	974
Profit before tax	**24,450**	23,209	20,833	16,354	17,381
Tax on profit	**(6,502)**	(6,134)	(3,995)	(3,163)	(5,128)
Profit after tax	**17,948**	17,075	16,838	13,191	12,253
Earnings per share on issued share capital	**46.11**	43.87	43.26	33.89	31.48
Dividends recognised as an appropriation in the year	**21.45**	19.80	17.88	16.13	19.63

The earnings per share figures for 2006 to 2009 have been restated to allow for the effect of the share subdivision that took place in the year to 30 January 2010.

created by Navyblue

A.G. BARR p.l.c.
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD

01236 852400
www.agbarr.co.uk

Registered Office
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD

Secretary
Julie A. Barr, M.A. (Hons.)
L.L.B. (Dip.), M.B.A.

Auditors
KPMG Audit plc
191 West George Street
Glasgow
G2 2LJ

Registrars
Equiniti Ltd
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Registered Number
SC005653