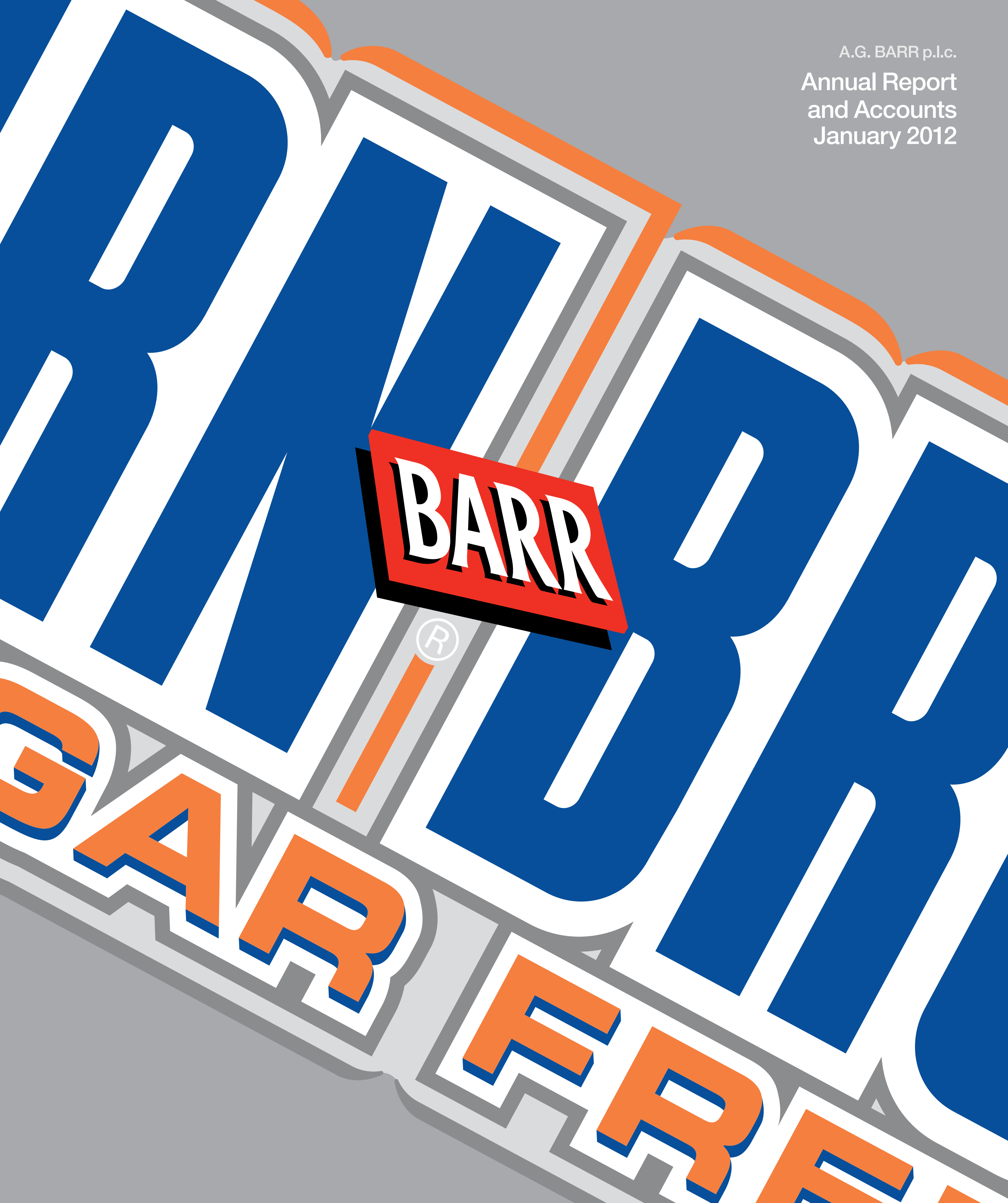


A.G. BARR p.l.c.

Annual Report and Accounts January 2012

We are a branded soft drinks business making, marketing and selling some of the U.K.'s best loved soft drinks brands. We have been investing in and building our brands for over 100 years and continue to develop our business to meet consumers' continually evolving needs.

Growing our brands across the U.K.

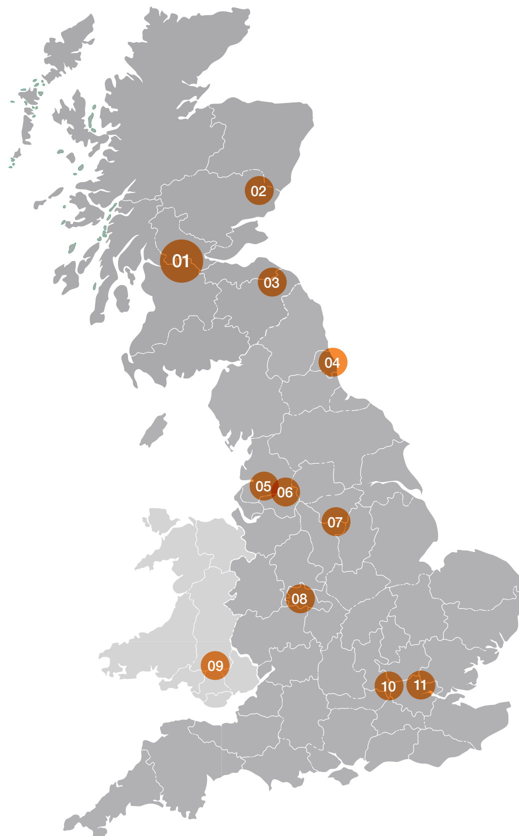
Head Office
01 Cumbernauld

Regional Office
05 Middlebrook
10 Wembley

Sales Branch
04 Newcastle
06 Moston
07 Sheffield
08 Wednesbury
11 Walthamstow

Factory
01 Cumbernauld
02 Forfar
03 Pitcox
09 Tredegar

Distribution Depot
01 Cumbernauld



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

Partnership Brands
Orangina, Rockstar, Snapple.

Key facts

195m
Litres of IRN-BRU sold in the year – equivalent of 10 cans per person in the U.K.

6.6%
Turnover increase

£20.2m
Free cash flow

£6.7m
Net debt

We are A.G. BARR

Our objective is to deliver long term sustainable value in all we do. To do this, the building blocks are:

- Understanding real consumer needs and tastes such that we build brands and develop innovations to satisfy them
- Focusing on our core brands
- Delivering excellence in execution
- Driving efficiency across the supply chain
- Developing the team
- Building long lasting customer relationships
- We do the right thing

Building brands that consumers love.

Strong business fundamentals allow us to focus on growth

Our business is financially well positioned to grow. We operate within an expandable consumption market with powerful brands, differentiated products and important positions within our core consumers' repertoires.

Our business model allows us to focus on creating and delivering value in all we do. By owning our brands, being asset backed, with multiple routes to market, and having a strong execution culture, we seek to outgrow the market as well as build our business.

Consumer insight drives our business

Our aim is to understand real consumer needs and tastes. Our consumer base is growing in number, location and diversity. We aim to build long term relationships with all our consumers through our brands by appealing to both traditional and new tastes as well as by bringing exciting innovation to the market.

We believe people want choice and we aim to build brands and develop innovation which meets this need.

Focus on core brands

We have developed a wide brand portfolio and believe in offering choice. We have directed much of our efforts to focus on our core brand offerings – IRN-BRU, BARR and our exotic brands Rubicon and KA.

By focusing our efforts on these core brands, we have been able to speed up the development of this group of brands and bring better quality, better supported communication and improved innovation to market. We believe our core brands will drive our long term business growth.

Excellence in execution

Turning plans into actions as efficiently and effectively as possible is a key factor in our success. From factory operations to activity at the point of consumer purchase we aim to excel in the execution of our plans. We have invested significantly in our customer facing teams to ensure our brand led activity is activated in all channels creating interest, excitement and visibility in our brands and helping to leverage the consumer marketing campaigns which drive brand awareness.

Efficiency across the supply chain

To ensure we can compete in today's market place we must strive for efficiency across our full supply chain. We invest in all areas of efficiency from the sourcing of materials across the globe, the design of our packaging materials through to our manufacturing and distribution facilities across the U.K.

Envisaged, enabled, energised team

Throughout our business we rely on both individual and team performance; our aim is to build competency, capability and leadership across the business. The pace of growth and change in our markets demands much of everyone and we will continue to invest in developing all our people as well as encouraging people to successfully use their initiative.

Long lasting customer relationships

Building long lasting relationships with customers in all channels across all our key markets is central to building our business for the long term. Our aim is to understand all our customers' businesses and work in collaboration with them to find winning consumer propositions but to do so in a practical, fun and profitable way.

Doing the right thing

Our Corporate Responsibility (CR) actions across the environment, people, consumers and community are a big part of our business. We believe that how we act reflects who we are. Our aim is to ensure we always 'Do the Right Thing' across the business.

We are providing support and guidance but also autonomy to individuals, teams and sites across the business to ensure they can 'Do the Right Thing' every day.

Building Brands.
Increasing choice.
Creating value.
Rubicon

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Chairman's Statement
Ronald G. Hanna, Chairman

I am pleased to report another excellent financial performance in what has been a challenging year. The business has delivered further growth in revenue, volume and profit in a climate of continued economic uncertainty. The additional pressure of significant increases in raw materials costs has required strenuous management efforts to minimise the impact on margins. Despite these challenges, profit before tax and exceptional items increased by 6.2% reflecting the positive sales performance of our core brands and continued focus on cost control. Underlying earnings per share increased by 9.1% to 66.84p.

In the year under review, sales continued to outperform the soft drinks market and grew 6.6% to £237.0m (2011: £222.4m).

Throughout the year, we have continued to invest in building our brands and driving innovation to meet consumers' needs. Operationally, much of our attention has been on the completion of our production investment at Cumbernauld and its full commissioning. Following some difficulties related to late commissioning across the summer, I am pleased to advise that our Cumbernauld site is now performing well.

In this fast moving business and in this difficult environment our management teams have been very focussed on delivering bottom line performance.

Future Prospects

We remain committed to our strategy of profitably building brands and ensuring that we have an efficient asset base capable of supporting the Group's future growth ambitions. In late 2011, we announced our intention to invest in additional production capacity in the south of the U.K. We can confirm that we are currently in advanced discussions with a developer to construct a new production and warehousing facility at Magna Park in Milton Keynes.

The U.K. economic outlook remains difficult. While we need to remain flexible, our fundamental objectives and approach remain constant – to drive value, improve efficiency, compete effectively at the point of purchase as we build awareness and distribution of our brands further across the market. To achieve this, we will continue to develop our organisation, capability, people and asset base.

The business is in good shape and our balance sheet and finances are strong despite the difficult macro-economic environment. As before we believe that, the combination of well invested iconic brands, together with motivated teams across the business, will enable us to achieve further growth, both in the immediate and longer term.

"The business is in good shape and our balance sheet and finances are strong despite the difficult macro-economic environment."

Dividend

The board is pleased to recommend a final dividend of 20.65p to give a total dividend for the year of 27.95p per share, a full year increase of 10.0% on the prior year.

Ronald G. Hanna
Chairman

66.84p

Underlying earnings per share increased by 9.1% to 66.84p.

£237.0m

Sales continued to outperform the soft drinks market and grew 6.6% to £237.0m.

Highlights for 2012
Another solid performance

Financial

Total turnover versus the comparable period up 6.6% at £237.0m (2011: £222.4m).

Profit on ordinary activities before tax, excluding exceptional items, increased by 6.2% to £33.6m (2011: £31.6m).

Basic earnings per share (pre exceptional) increased by 9.1% to 66.84p (2011: 61.24p).

Free cash flow in the period of £20.2m.

Net debt reduced to £6.7m.

Operational

The IRN-BRU brand grew its revenue by 2.7%, with increased marketing investment in particular in the North of England growing revenue by 13%.

All core brands performed well, with exotic brands, Rubicon and KA, delivering a combined 15.7% year on year revenue growth.

Successful closure and sale of Mansfield site and disposal of Atherton site in year. Completion of capacity extension at Cumbernauld achieved.

Total dividend for the year of 27.95p per share (2011: 25.41p), an increase of 10.0%.

6.6%
Turnover increase

£20.2m
Free cash flow

£6.7m
Net debt

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

Year	Value
2012	6.6%
2011	10.4%

Gross Margin

Year	Value
2012	50.6%
2011	51.6%

Operating Profit Margin

Year	Value
2012	14.1%
2011	14.7%

Profit Margin

Year	Value
2012	14.2%
2011	14.2%

EBITDA Margin

Year	Value
2012	17.2%
2011	18.2%

Free Cash Flow (£m)

Year	Value
2012	20.2
2011	15.7

Return on Capital Employed

Year	Value
2012	22.8%
2011	21.4%

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

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

Market Price per Litre 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.

Rubicon Mango Light launch

In April 2011, new low calorie Rubicon Mango Light was launched. The new lighter option has 70% less calories and no added sugar.

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Business Review
Roger White,
Chief Executive

"Our growth performance in the 52 weeks to 28 January 2012 is pleasing given tough comparatives in the first half of the year and relatively poor summer weather... Despite these challenges we have accelerated our growth, with sales in the second half of the year growing at twice the rate of the first half."

Rubicon signs up as cricket partner with the ECB

We continued the development of Rubicon's association with cricket in 2011 with the sponsorship of the FriendsLife t20 competition, supported by coverage on Sky Sports.

BRU-JET promotion

IRN-BRU rewarded its drinkers with a phenomenal summer promotion, giving away 100 seats aboard BRU-JET – taking lucky winners to soak up the sun in Tenerife.

Business Review

In the 52 weeks to 28 January 2012, A.G. BARR has grown revenue and volume ahead of the soft drinks market to produce a strong profit performance despite operating in a challenging environment. Turnover grew by 6.6%, taking sales revenue to £237.0m. This represents an organic growth of 27.6% over the last three years.

Cost inflation accelerated at the end of 2010 and into 2011/12, which created margin challenges for consumer goods businesses including the soft drinks sector. A.G. BARR has risen to this challenge by driving costs out wherever possible, employing appropriate risk management processes and increasing prices to ensure that margins are protected from the full impact of significantly increased raw material costs.

Pre-tax profits, excluding exceptional items, increased by 6.2% to £33.6m reflecting the benefits of sales volume and value enhancing revenue growth and strong cost containment measures.

We delivered growth across both the carbonates and stills segments. Our performance was particularly encouraging in stills, which grew revenue by 9.4% against a market performance of 3.8%. This was primarily driven by growth and innovation in our exotic juice drinks brands – Rubicon and KA. Our strategy of concentrating investment around the core brands IRN-BRU, Barr, Rubicon and KA continues to set our trading agenda, drive our executional plans and focus our consumer and customer activities.

Our growth performance in the 52 weeks to 28 January 2012 is pleasing given tough comparatives in the first half of the year and relatively poor summer weather, as well as increasing levels of competitor promotional activity. Across the summer months, our ability to compete in this environment was hampered by the previously reported operational challenges specifically related to the performance at our Cumbernauld production facility, where the final stages of new line commissioning were delivered late.

Despite these challenges, we have accelerated our growth, with sales in the second half of the year growing at twice the rate of the first half. The business responded well to the operational difficulties experienced across the summer months and has now fully recovered with the Cumbernauld facility producing in line with and in some instances ahead of our original output expectations.

We finish this financial year in an even stronger financial position – our balance sheet is in good shape, with net debt of £6.7m, a decrease of £9.9m on the prior year. In addition, our financial strength is further underpinned by our robust pension position which following the recent triennial valuation will lead to a cessation of the £2.7m per annum deficit reduction payments previously paid, therefore improving our operating cash flow further in the financial year 2012/13.

The board has proposed a final dividend of 20.65p per share, which represents an increase in total dividend of 10.0% on the previous year, reflecting the continued financial strength of the business and the board's confidence in its future prospects.

The Market

The U.K. take home soft drinks market, as measured by Nielsen continued to demonstrate its resilience and saw volume growth of 1% in the year to 28 January 2012 making this the third consecutive year of positive volume growth. The rate of growth in the market slowed down last year with the combined impact of poor weather across the summer and changing consumer purchasing habits driven by increasingly stretched household budgets.

Carbonates continued to drive the category as a whole, growing by 3.3% in volume terms and by a significant 9.1% in value terms. All sub-sectors of carbonates performed well, with the driving forces continuing to be cola; and the energy category, which grew by 13.1% in volume terms and 16.4% in value terms. Still drinks by contrast were down 1.3% in volume terms although 3.8% up in value terms. Fruit juice, fruit drinks and dilutes were all negative in volume terms although positive in value terms. Sports drinks and water were both positive in terms of both volume and value.

In the U.K. grocery market, soft drinks, despite headwinds, was the fastest growing major category across much of the year. Looking forward, we forecast that the soft drinks market will continue to gain both customer and consumer support in 2012, suggesting that growth in the overall market is likely to continue albeit at the lower end of long term volume performance.

Strategy

Our strategy is designed to deliver long term sustainable growth in value and relies on the continued development of the following:

- Core brands and markets;
- Brand portfolio;
- Route to market;
- Partnerships;
- Efficient operations;
- People development; and
- Sustainability.

IRN-BRU Irish league Cup
In a two year deal IRN-BRU became an official partner of the Irish FA and the official sponsor of the Irish League Cup which is now known as The IRN-BRU League Cup in 2011. The sponsorship will help IRN-BRU to build further brand awareness and consumer recognition in Ireland and beyond.

IRN-BRU's phenomenal summer
IRN-BRU ran a phenomenal programme of activity to celebrate summer in Scotland, led by its new, high impact TV commercial. The £3 million integrated campaign began in April with a 12 week heavyweight TV schedule.

Our business model – brand owners with a full service multi channel asset backed operation – gives us real competitive advantage. We are close to our consumers, customers and the market and can move quickly to take advantage of opportunities whilst seeking to minimise risk in all that we do.

Core Brands, Markets and Innovation

Our core brands continue to drive growth for the Company. Over the 2011/12 financial year we have seen balanced growth across our key geographical markets, with growth in Scotland of 3.4% and growth in England and Wales of 8.4%. Our continued marketing and brand development activities in the north of England delivered growth of 13.0% in the last year, as our core brands became more firmly established with consumers in this important area of geographical focus.

We made good progress across both of our major reporting segments, carbonates and still drinks (including water), with continued growth in volume and value in both segments. In the period, we have taken further steps through innovation and growth in penetration and distribution of our still brands to ensure we have an increasingly balanced portfolio. Our revenue growth in carbonates was 5.8% and in stills was 9.4%, resulting in stills (including water) accounting for 23.0% of our total sales mix.

The market for stills declined in volume terms but grew by 3.8% in revenue terms. Our key still brands performed exceptionally well in the period, outperforming the market in both volume and value terms. The exotic brands, Rubicon and KA, delivered a combined 15.7% year on year revenue growth. Within this performance we benefited from the highly successful launch of the KA brand into still drinks at the end of Q1 2011 thereby following a similar strategy to the Rubicon brand, which was originally launched as a carbonated drink and a number of years later successfully transitioned to a still and carbonated brand. KA is now successfully straddling both these sub-sectors. The combination of authentic flavours, striking packaging and an increasingly wide range of brand loyal consumers has allowed KA, as a brand in its entirety, to grow by an impressive 66.6% in the period.

IRN-BRU:

IRN-BRU performance was particularly strong in the second half of the year – growing sales by over 7% to end the full year with growth of 2.7%. After a slow start to 2011, impacted by significant competitor promotional activity to which we chose not to respond, IRN-BRU delivered growth in regular, Sugar Free and through its first ever limited edition – Fiery IRN-BRU. IRN-BRU maintained its leading position in the Scottish

We made good progress across both of our major reporting segments, carbonates and still drinks, with continued growth in volume and value in both segments.

market, supported by a brand building programme designed to further drive loyalty and build brand affinity. The year started with the successful re-branding of Diet IRN-BRU to IRN-BRU Sugar Free. During the course of the year, a real highlight was the television backed on-pack ‘BRU-JET’ promotion, which saw consumers being given the chance to win seats on our very own chartered flight and an all inclusive holiday. The brand continued to make good progress in the north of England as we moved into the second year of our regional growth strategy. In this region, IRN-BRU grew revenue by 13%, with notable success in the impulse channel where IRN-BRU’s share of flavoured carbonates increased to 11.5%. In support of our growth ambitions, we invested further in the brand through television and outdoor advertising, as well as through further leverage of our successful sponsorship with Rugby League and our continued association with Rugby League on Sky Television.

In the second half of 2011 we launched the first ever limited edition IRN-BRU product – Fiery IRN-BRU, which sold over 3.5m units and helped to further build IRN-BRU brand equity. In addition to our product innovation, the IRN-BRU brand has increased innovation in consumer communication with the use of the digital communication platform, which expanded significantly over the course of 2011/12. We have always endeavoured to ensure that the IRN-BRU brand maintains its relevance to consumers and communicates through a wide range of mediums and technologies. 2011/12 saw a step change for the brand in our use of digital technology to meet our objectives. Across the year, we invested in a range of digital activities for the brand which now has a presence across all key social media sites, including Facebook, Twitter and YouTube. Going forward, we will continue to develop our use of new and emerging technology to ensure IRN-BRU is at the very forefront of consumer communication platforms.

Rubicon:

Rubicon continued to grow as distribution and awareness levels developed. Rubicon grew in every region across the U.K. – posting a total growth of 6.9%, with core Rubicon, excluding the Sun Exotic sub brand, growing at 9%. Our long term brand development ambitions were supported by a full year of marketing activities, in particular, through the use of a broad promotional campaign based on cricket to build brand awareness. The combination of cricket sponsorship, on-pack offers associated with cricket and the use of key Rubicon brand ambassadors, Muttiah Muralitharan and Graeme Swann, proved to be a successful mix of brand building activity. Innovation also played its part in further building the Rubicon brand, with the successful launch of Rubicon light and additional pack/flavour extensions.

Our combination of exotic brands now give us a differentiated and powerful growth opportunity to build on in future years.

Rockstar

The Rockstar portfolio was strengthened with the addition of Rockstar Xdurance, ideal for consumers seeking an extra boost ahead of activity or exertion, and Rockstar Pink, the first energy drink to be targeted specifically at women.

Barr brands:

The Barr range of traditional flavoured carbonates grew by over 12%, with distribution gains, innovation and further growth in the north of England all reinforcing the +80% growth achieved in the previous three years. The range continues to develop, with the launch of new flavour Appleade during 2011 and the focus on Cola in the impulse channel, including the use of the 500ml can format all of which continue to support the development of the brand. The Barr brand will remain a key source of growth into the future, as we seek to exploit further the positioning of the brand as one of quality and value.

Innovation 2012:

Our brand portfolio, which covers all sub-sectors of the soft drinks category, with the exception of dairy, provides us with a strong platform for growth throughout the U.K. and within many of the growing and diverse communities across the country. Our core brands are also growing in terms of consumer awareness and developing a meaningful position within many consumers' soft drinks repertoires. Our objective of building our brands for the long term is backed up by our innovation pipeline, where much of the output from our efforts throughout 2011 will come to market across the course of the 2012/13 financial year. Our development plans include further focus on our exotics portfolio and will include format and flavour developments, as well as the exciting initial steps to take the Rubicon brand outside its core soft drinks position. Following a considered development process, we will launch Rubicon into the frozen category in March 2012 with a range of Rubicon tub ice creams for the take home market and frozen 'push–ups' for impulse consumption. We believe this will further support the long term development of the brand by delivering a new way for consumers to enjoy the delicious exotic flavours and taste of the Rubicon brand. This will be done via outsourced production but all commercial activities including marketing and selling will be carried out by A.G. BARR.

Route to Market

We have continued to develop our organisation and competency to build on the strength of our diverse route to market. The retail market has fragmented further rather than consolidated over the past 12 months, with shoppers increasingly purchasing from a variety of outlets. The well documented growth in discounters and the increasingly important value retailers channel, as well as a competitive impulse market and highly promotionally driven multiple retailers' environment, all require our focus. We have further organised our business to respond to changes in shopper habits and this, together with our relentless focus on execution in combination with improving systems and processes, give us the ability to compete for every consumer sale across all key channels both now and in the future.

Fiery IRN-BRU
For just ten weeks from September, IRN-BRU was given an injection of fire, with the launch of its first ever limited edition – Fiery IRN-BRU.

Cricket World Cup Rubicon sponsorship
Rubicon sponsored Sky Sports coverage of the 2011 ICC World Cup (19 February to 3 April). The £2 million investment saw Rubicon idents aired throughout Sky's coverage and the brand also had a huge online presence via Sky's associated websites.

Partnerships

We have worked hard with our franchise partners to deliver our key objectives across the 2011/12 financial year.

Rockstar grew by 18.7% in the period, ahead of a buoyant carbonated energy market which grew by 16.4%. The Rockstar brand benefited from further innovation and a great rate of sale across its distribution base. The combination of the brand's consumer position and market leading innovation coupled with our strong executional capabilities gave the brand great growth momentum, especially in the second half of the year. The launch of the 'Xdurance' range in late 2011 and planned format developments for 2012 will ensure that we can continue to deliver strong growth in this increasingly important sector of the category. In the final quarter of 2011 we also agreed to the March 2012 launch of Barr Strike energy drink, with our energy partner Rockstar, enabling us to compete more aggressively in the mid tier, smaller format size sector of the energy market.

The Orangina brand continued to make good progress with its agreed value based strategy and celebrated 75 years as a successful brand in 2011.

Our export business delivered further good performance, growing by 13.4% in the period. We are pleased to have agreed a new long term contract with PepsiCo for the manufacture and distribution of IRN-BRU across Russia. We have experienced continued growth in sales of Rubicon across Europe and Scandinavia and we plan to further step up growth in our export business across 2012, building on the solid platform which currently exists.

Efficient Operations

The underlying growth momentum of our brands and the additional impact of increasing numbers of formats and related levels of packaging complexity, in addition to the relentless drive for efficiency meant that 2011/12 was a challenging year from an operational perspective. The planned closure of our Mansfield site in March 2011 and its subsequent sale was successfully achieved. The completion of our capacity extension at Cumbernauld and the full commissioning of the equipment proved to be somewhat more challenging than we initially forecast. The combination of late delivery of equipment and commissioning challenges in relation to production packaging equipment in tandem with the increased complexity of our production requirements led to capacity shortfalls and consequential cost inefficiencies across the summer of 2011. The team worked hard to minimise the effect on both customers and from a financial perspective, however our performance was inevitably impacted. We have learned numerous lessons and, importantly, we made very good progress across the final quarter of the year to improve our outputs, planning and customer service levels. We are pleased to report that the Cumbernauld site's performance is now meeting and in some cases exceeding our output expectations and helping to support the growth we anticipate looking forward.

During the course of the year we also made good progress across our supply chain to improve flexibility, capacity and efficiency.

British Asian Trust

Rubicon cricket ambassador Muttiah Muralitharan and British Asian Trust ambassador Dimitri Mascarenhas helped deliver a £10,000 donation from Rubicon Exotic Juice Drinks to The British Asian Trust at the Finals day of the FriendsLife t20 in August. As part of the Rubicon Love Cricket campaign, Rubicon pledged to donate £250 for every wicket taken by two of the top bowling stars in this year's FriendsLife t20.

IRN-BRU extends sponsorship
A.G. BARR has agreed an extended deal with the Rugby Football League which will see IRN-BRU remain as the official soft drink of Rugby League and Super League until the end of the 2013 season.

Capital Plans

Our growth trajectory and brand development plans mean we now have the confidence, opportunity and requirement to invest in the long term provision of additional capacity to support the future growth of the business. We announced our intention to invest in production facilities in the south of the U.K. in late 2011 and can now confirm that we are currently in detailed discussions with developers Gazeley UK Limited regarding the development of a production and warehouse facility to be constructed at Magna Park, Milton Keynes. The new site will initially support a canning facility and then PET capacity and it is anticipated that the site will be operational in the summer of 2013. Currently we envisage leasing the land and buildings and investing c£20m in the equipment and fit out. This is a significant investment which the board believes will support the future growth potential of the business and will allow us to maintain, develop and support the successful business model that we currently operate.

People and Sustainability

The team at A.G. BARR have faced numerous challenges across the financial year 2011/12 – it has been a tough year with substantial cost headwinds, operational difficulties and a testing consumer and trade environment. It is therefore a huge credit to everyone that we have continued to deliver against our expectation of growth in sales and profit at the same time as we continued to invest in future innovation and growth in our brands, assets and people.

We have also invested in building the organisation and developing teams across the business. We achieved our Investors in People (IIP) status across the Company in 2010 and have developed this further, with several sites moving from bronze accreditation to silver, reflecting the improvement actions which have taken place across the business.

Our health and safety performance has continued to improve over the year. The development of a safety culture across the business has progressed further, with notable success in our direct sales teams and continued strong positive performances across our operational base. We have also initiated a wide-ranging external benchmarking approach to safety and expect to see more improvements in this area in coming years.

Our focus on corporate responsibility has increased across the past 12 months. The roll out of our ‘Do the Right Thing’ programme across all of our sites has built on the strong momentum of previous years. This performance and our future plans are stronger than ever before and are fully covered in the corporate social responsibility report.

Summary

We are operating in a challenging consumer environment where confidence remains fragile. However, the soft drinks market remains a robust and growing sector.

Orangina celebrates 75th anniversary with grand tour of France promotion
To celebrate the fact that Orangina was 75 years young in 2011, consumers were given the chance to win a once in a lifetime holiday in France, the home of Orangina. Limited edition packaging, featuring iconic Orangina imagery by French painter Bernard Villemot, also appeared on special promotional packs.

Our growth trajectory and brand development plans mean we now have the confidence, opportunity and requirement to invest in the long term provision of additional capacity to support the future growth of the business.

We have once again successfully increased our share of this growth category, outperforming the market.

The belief in our brands' growth potential is supported by our continued investment in long term consumer equity building activity, innovation and our plans to invest in additional operating capacity to support this growth.

The financial position of the Group is robust and will afford us the potential to further develop our business where opportunities arise. The immediate focus for the business is to deliver on our organic growth plans to provide consumers with great tasting brands that offer choice and value across the category and in all key channels.

Despite the challenges faced in our market, we remain confident that our proven operating model and our strong platform for growth will continue to allow us to execute our strategy of building long term sustainable value.

Roger White
Chief Executive

IRN-BRU and the Scottish Football League
IRN-BRU continues to sponsor the SFL, with the relationship going from strength to strength.

Jorge Lorenzo
Rockstar entered the world of MotoGP racing in dramatic fashion with the sponsorship of world champion Jorge Lorenzo.

Financial Review
Alex Short, Finance Director

Overview

Profit before tax for the financial year ended 28 January 2012 is reported at £35.4m, an increase on the prior year of 16.4%. The reported position includes a net exceptional credit of £1.9m; excluding exceptional items, profit before tax increased to £33.6m, an increase of 6.2% on the prior year. This is a very encouraging result given the tough comparative prior year trading position, which saw an increase in turnover of 10.4% and an associated increase in profit before tax and exceptional items in excess of 13%.

Our business continues to develop upon strong foundations. In the financial period A.G. BARR continued to outperform the U.K. soft drinks market. Within the context of a low growth retail environment, suppressed consumer confidence, significant competitor activity and some operational challenges, A.G. BARR achieved full year sales of £237.0m, an increase of 6.6% (£14.6m) on the prior year. The core brands all performed well, growing particularly strongly within the north of England.

We have maintained our focus on delivering sales fundamentals, secured sales growth from our core brands, extended our penetration across new and existing distribution channels and introduced several new and exciting product developments.

Despite increasing commodity costs our margins have been resilient, we have delivered strong cash flows and have once again increased investment behind our brands, infrastructure and internal capability.

Our balance sheet strength has improved, with the business generating a return on capital employed of 22.8% (prior year 21.4%). Redundant assets have been sold, strong cashflow has reduced the net debt position in line with expectations and our small pension deficit is very manageable.

Segment Performance

During the financial period we delivered growth across both the carbonated and still drinks segments, overall turnover increased by £14.6m.

Our carbonates segment delivered volume growth of 3.5% with value growing more strongly at 5.8%. In absolute terms the increase in carbonates equated to additional turnover of £10.0m, delivered through distribution increases across all our core brands.

We significantly outperformed the stills market delivering a year on year volume increase of 2.9% with turnover increasing by 9.4%, an increase of £4.7m. Rubicon performed well in the face of strong prior year comparative performance and after significant retail pricing increases following the sharp rise in the cost of fruit pulp. During the year we reviewed the promotional programme for the brand, reinforcing distribution within the impulse channel and growing awareness of the brand through its continued association with cricket. However, by far the biggest success story during the year was the launch of KA stills which has added greatly to our exotic offering.

Across all segments our key brands delivered growth with one exception, being the sales of 19 litre water under the Findlays brand name. Sales of this brand declined during the year following a review of the water cooler route to market and the subsequent decision to manage the brand for profit rather than volume, reinforcing our decision to impair the brand value in the prior year.

"The Group has delivered performance ahead of a robust soft drinks market, delivering growth in volume, turnover and profit. Our strong operating margins have been resilient."

Margins

The volatile economic environment continued throughout the year and there are few signs of this abating. The impact of increased VAT, poor consumer confidence and a low growth retail environment has led to a change in consumer purchasing behaviour, with value being a clear motivator. Promotion across branded products has increased and combined with commodity cost inflation the impact has been to squeeze margins.

We have endeavoured to mitigate this impact by delivering price increases across our portfolio and managing raw material cost inflation through a series of operational and financial hedging activities, tight cost control and capital investment programmes focused at delivering improved efficiencies.

Overall like for like (net of volume growth) our cost of goods increased by 5.5%. Whilst price increases were secured, increases in the cost of sugar, fruit pulp and PET, together with a changing mix associated with still products growing at a faster rate than carbonates, led to a reduction in gross margin of 100 basis points. Gross margins (pre exceptional items) reduced from 51.6% to 50.6%. Carbonates gross margins were more resilient at 56.8% (previously 57.4%), whilst stills margins declined from 30.8% to 29.2% as the increased cost of fruit pulp fed through to a higher cost of goods.

In the year ahead we expect input cost inflation to once again be in the region of 4-5%. Current market pricing for PET is flat year on year, fruit pulp costs are lower but the cost of sugar continues to trend upwards.

£35.4m

Profit before tax increased 16.4% to £35.4m.

22.8%

Return on capital employed.

We continue to manage the risks associated with our basket of commodity based items closely through a number of risk management activities and have appropriate levels of cover in place for the year ahead, which we manage through our commodity and treasury committees.

During the year we continued to drive the benefits of previous operational restructuring programmes and improvements within our manufacturing and distribution activities. In 2011 these equated to reduced material requirements through light weighting of PET bottles, improved energy efficiency and following the cessation of manufacturing at Mansfield, a reduction in staffing of circa 35 people. 2011 was not however without its operational challenges.

Whilst the investment at our Cumbernauld facility implemented at the end of 2010 delivered tangible manufacturing filling and labelling speed improvements, installation of end of line packing equipment was delayed until the third quarter of 2011. Additional levels of 'dual running' were required as we outsourced production to meet our required levels of customer service. The incremental cost of procuring this production has been treated as an exceptional cost within the financial period although we have not sought to estimate the negative impact that the associated internal inefficiencies had on margins.

Despite the various headwinds during the year the Group has not deviated from its strategy of continuing to invest and develop the business. The Group continued to invest further in sales execution and brand building activities and is continuing to develop organisational capabilities across central functions.

An operating profit of £33.4m (before exceptional items) was reported during the year, representing an increase of 2% on the prior year. Reported operating margins reduced from 14.7% to 14.1%.

Profit before tax of £33.6m (before exceptional items) was reported being an increase on the prior year of 6.2%, reflecting net finance income of £0.2m compared to a prior year net interest cost of £1.1m.

EBITDA (pre exceptional items) of £40.7m was generated in the period, with a reduced EBITDA margin of 17.2%, previously 18.2%.

Interest

A net interest income of £0.2m was reported in the financial period, £1.3m higher than the prior year. This is best summarised in the table below:

	£000s	£000s
Finance income		59
Finance costs		(744)
Interest related to Group borrowings		(685)
Pension interest on defined benefits obligation	(4,357)	
Expected return on scheme assets	5,234	
Finance income related to pension plans		877
Total finance income		**192**

Finance income has benefited from the net expected return on scheme assets relative to the interest costs associated with the defined benefit pension scheme deficit of £0.9m.

The cash interest cost includes the full year interest charges of £0.7m, offset to a small extent by £0.1m of interest income on cash balances. The reduced level of interest costs, when compared to the previous year, reflects the lower level of Group borrowings during the financial period and the unwinding of an interest rate hedge in July 2011, with interest costs reverting to a prevailing floating rate at that time. Given the low level of net debt, the expected short term outlook on interest rate movements and the anticipated level of future free cash generation, the Group has not undertaken any further interest rate hedging activity.

The Group continues to operate its banking facilities through RBS and has facilities totalling £30.0m, of which £15.0m is the outstanding balance on a five year term loan maturing in July 2013, £10.0m is available through a three year revolving credit facility expiring in March 2014 and the balance being a £5.0m annual overdraft facility.

During the financial year borrowings of £10.0m were repaid in line with the five year facility agreement, with a further £10.0m due to be repaid in the financial year ending January 2013.

Taxation

The tax charge of £7.3m represents an effective tax rate of 20.5%. The effective tax rate, as reported in the accounts for the previous year was 25.8%. The reduction results from a tax credit relating to the sale of properties together with the beneficial impact on deferred tax following the enactment of the 25% corporation tax rate, a 2% reduction from the prior year rate, combined with the reduced corporation tax rate applied to this year's profits.

Earnings Per Share (EPS)

Basic EPS for the period was 73.43p, up 24.8% on the same period last year. Underlying EPS (i.e. excluding exceptional items) at 66.84p represents an increase of 9.1% on the prior year, benefiting from the reduced tax rate in the year.

Dividends

The board is recommending a final dividend of 20.65p per share to give a total dividend for the year ending 28 January 2012 of 27.95p. This represents an increase of 10% compared to the prior year. Over the past five years dividends have increased by 47% with a total of £41.6m having been paid to shareholders representing an average payout ratio of 40% of basic EPS.

Balance Sheet Review

The Group's balance sheet has continued to strengthen during the year, with net assets increasing from £116.7m to £127.0m. This has mostly been driven by a reduction in current and non-current liabilities, notably reduced trade and other payables, reduced borrowings and lower deferred tax liabilities.

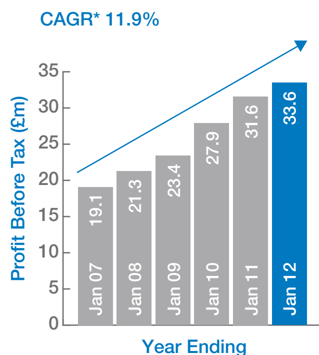
Three themes emerge from a review of the Group's balance sheet. During the year redundant assets have been sold making the asset base more effective, our ratio of net debt to EBITDA of only 0.2 times has reduced in line with expectation and our defined benefit pension deficit at £0.4m is very manageable.

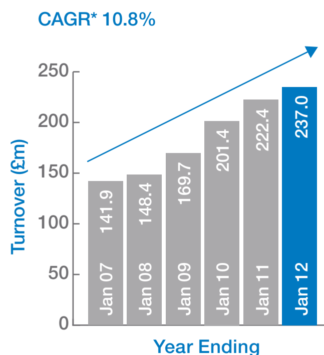
Return on capital employed for the period increased to 22.8% (previously 21.4%), reflecting the increase in pre exceptional profit of 6.2% relative to a slightly reduced asset base.

Non Current Assets

The residual value of intangible assets of £74.6m relates to the carrying value of the Strathmore and Rubicon brands, goodwill and customer lists. This has reduced by £0.3m from the prior year, reflecting the amortisation of Groupe Rubicon acquired customer lists which now have a residual life of seven years. In line with the relevant accounting standard intangible assets' values were tested for impairment at the end of the year. The test concluded considerable headroom was available with no impairment necessary. Property, plant and equipment reduced by £3.7m in the year to £54.9m. Whilst £6.6m of capital expenditure was undertaken during the period, this was offset by £3.3m of disposals, following the closure and subsequent sale of the Mansfield site and a further £7m of normal depreciation. The majority of capital expenditure was invested in plant and equipment at Cumbernauld, commercial vehicles and commercial assets, which included branded vending machines and branded chiller equipment.

In the forthcoming year we anticipate normal capital expenditure to be circa £10.0m. Included within this estimate is £2.0m for a proposed head office extension, £1.7m for IT related investment, which includes the first phase of an ERP replacement project, installation and commissioning of an effluent treatment plant and various infrastructure and normal operations based replacement projects. It is now unlikely that we will be progressing with the outright purchase of a wind turbine, however, the Group is committed to embracing sustainable energy sources and reducing CO_2 emissions and is currently reviewing alternative routes that will optimise the use of capital.





* Compound Annual Growth Rate

In addition to our normal capital investment programme we have announced further details of the planned production and distribution facility to be located in the south of England. At this stage we have not concluded our discussions with developers however we envisage leasing the associated land and buildings whilst incurring an incremental £20.0m on plant and equipment over the next five year period. £2.1m of related capital expenditure is expected to fall in 2012/13.

Finally, within non-current assets, a retirement benefit surplus of £2.1m reported at the prior year end has reversed into a modest non-current pension liability of £0.4m.

Current Assets and Liabilities

Current assets remained flat over the period at £66.8m (previously £66.6m). A reduction of inventories together with the sale of the Atherton site, an asset previously classified as held for sale, offset an increase in trade receivables. The increase in receivables reflected strong trading over the Christmas and New Year period but also reflected the timing of the year end being the 28th of the month, with receivables not becoming due until after the year end date. The average number of trade receivable days has increased from 53 to 57. We have experienced some ageing of the overdue debt position and a provision for the impairment for receivables has been increased to take account of this. Cash balances were broadly flat at £8.3m.

Whilst inventories reduced by 8.8% from the prior year, they continue to be relatively high in order to support ongoing operational requirements. The average inventory holding period equates to 59 days. Prior to the year end, the Group began to increase inventories of canned products and mango pulp to benefit from reduced prices associated with the new harvest.

Current Liabilities

Current liabilities have reduced by £3.8m, to £45.8m, of which £3.3m related to the reduction in trade and other payables. The average time taken to settle trade payables has increased by 6 days to 28 days. Other current liabilities have remained broadly in line with the prior year, with the exception of an outstanding Mansfield redundancy provision which has reduced from £0.8m to £0.1m.

Non Current Liabilities

The £12.4m reduction in non-current liabilities relates mostly to the reduction in borrowings of £10.0m, with the balance being movements in deferred tax liabilities.

Cash Flow and Net Debt

Our financial position has continued to improve as we have delivered growth in underlying trading performance, carrying that through to improved operating profits and strong cashflow generation, yielding a positive impact on the overall net debt position.

Whilst the timing of the year end, being two trading days before the month end, impacted the collection of receivables, a free cash flow of £20.2m was generated in the period (previously £15.7m). The free cashflow benefited from reduced capital expenditure of £6.9m (previously £9.8m) which itself was offset by the proceeds from the sale of both the Mansfield and Atherton properties and some associated plant.

The free cashflow generation facilitated a £10.0m dividend payment, additional pension deficit recovery contributions of £2.7m and funded the purchase of £2.0m (net) of shares on behalf of various employee benefit trusts to satisfy the ongoing requirements of new and maturing share schemes. In addition, a further £10.0m repayment was made towards the 5 year term loan.

As at 28 January 2012, the Group's closing net debt position stood at £6.7m, being the closing cash position of £8.3m, net of the borrowings of £15.0m. This represents a net debt: EBITDA ratio of just over 0.2 times and reflects a reduction of 59.5% on the prior year net debt position of £16.6m.

Exceptional Items

An exceptional credit of £1.9m was reported during the year, reflecting two major pieces of activity. A net £0.6m of exceptional charges were incurred as we finalised the closure and sale of the production and distribution facility at Mansfield, offset by an exceptional credit of £2.5m following completion of a pension increase exchange exercise.

During the year the Group incurred 'dual running' costs as we were required to outsource some PET production volume to an external party at a cost of £0.9m. The required capacity is now on stream and the Group now has sufficient operating capacity at Cumbernauld to absorb all current PET packaged products from the Mansfield factory and allow for projected future growth. These 'dual running' costs were offset by a £0.5m pension curtailment credit following the departure of Mansfield employees from the business. A minor gain on the sale of the Mansfield asset and other provision releases netted to an overall charge of £0.6m.

Also during the year in conjunction with the Pension Trustees, the Group undertook a pension increase exchange exercise. This exercise involved offering current pensioner and retiring members of the defined benefit pension scheme an opportunity to receive a one-off increase to their pension in the short term, in return for giving up future inflationary non statutory increases on that part of their pension. The offer was made in order to provide current pensioner and retiring members of the Scheme with greater flexibility and choice over their pension payments, whilst also managing the Scheme's funding position and the risks associated with its pension liabilities more effectively. The impact on the pension scheme has been to reduce future liabilities by £2.6m which, in line with IAS 19, has been transacted as a one-off credit through the income statement.

Pensions

The Company has 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 executive entrants. The assets of both schemes are held separately from those of the Company and are invested in managed funds. 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 area of pensions has again seen tremendous volatility, with asset values being impacted by substantial falls in the equity markets and liabilities increasing on the back of historically low gilt yields, themselves distorted by quantitative easing.

Under IAS 19 the pension surplus of £2.1m recognised at the end of January 2011 has reduced to a small deficit of £0.4m at the year end.

Asset values have increased by 4.3% to £82.9m, mostly attributable to company contributions of £3.9m, with a smaller than expected return on assets broadly covering benefits paid. However, despite the benefit of the combined pension curtailments of £3.1m, liabilities increased by 7.7% to £83.3m, the most significant aspect being the impact of reduced bond yields and increases in assumed life expectancy. Life expectancy at 65 for a female currently aged 45 is now assumed to be 91.5 years. Changes in actuarial assumptions have increased liabilities by £6.2m.

More important is the result of the latest triennial valuation undertaken as at April 2011 which is now complete. The result of this exercise, which at best reflects a moment in time of the health of the scheme, highlighted a defined benefit scheme that was £2.3m in surplus, sufficient to cover 103% of the scheme's liabilities. This has in no small part been achieved through the payment of additional company contributions of £9.9m since April 2008.

Following these results, the pension scheme trustees and the Company have agreed to cease the pension deficit recovery payments, the intention being, until at least the next triennial valuation. These payments historically amounted to £2.7m per annum. The focus moving forward will be to continue the work undertaken during the last financial year to review the underlying investment strategy whilst continuing to seek to reduce the underlying risk associated with the scheme.

Summary

In summary, the Group has delivered performance ahead of a robust soft drinks market, increasing market penetration and continuing to build brand equity. Against a tough environment the Group has delivered volume, turnover and profit growth and our strong operating margins have been extremely resilient. Free cashflow has increased enabling a reduction in borrowings, whilst increasing dividends by 10%. Our balance sheet strength has improved with redundant assets sold, return on capital employed is increasing and our net debt is at very low levels. Our pension deficit is very manageable and the cessation of deficit recovery payments will further boost future cashflow, helping to fund future developments. This is a very strong financial base upon which to develop the business.

Share Price and Market Capitalisation

At 28 January 2012 the closing share price for A.G. BARR p.l.c. was £12.30, an increase of 6% on the closing January 2011 position. The Group is a member of the FTSE250, with a market capitalisation of £478.8m at the period end.

Alex Short
Finance Director

Historic share price for the last six years

Principal Risks and Uncertainties

The Group's risk management framework is designed to support the process for identifying, evaluating and managing risk. The risk framework, which is the responsibility of the Finance Director, governs the management and control of both financial and non-financial risks.

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 regular 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 principal risks and corresponding mitigation set out below represent the principal uncertainties that may impact the Group's ability to effectively deliver its strategy in the future.

Risks Relating to the Group

Risk	Impact	Mitigating Actions
A decline in the sales of certain key brands, a deterioration in the relationship with a specific customer or a consolidation or reduction of the customer base.	A decline in sales of key brands or a failure to renew trading agreements on favourable terms could have an adverse impact on the Group's sales and operating profits.	The Group offers a range of brands that it manufactures and distributes through a cross section of trade channels and retailers. Performance is monitored closely by the board and management committee. This includes monitoring and tracking of metrics which review brand equity strength, together with monitoring of financial and operational performance. The Group focuses heavily on delivering high quality products and invests heavily in building brand equity. Regular contact is maintained with all of the Group's customers and members of the senior management team meet with customers throughout the year.
Adverse publicity in relation to the Group or its brands.	Adverse publicity in relation to the Group or its brands could have an adverse impact on the Group's reputation, sales and operating profits.	It remains the Group's policy to ensure that employees operate within the boundaries of compliance in the areas of legislation, health and safety and ethical working standards and these are continually reviewed by the board and management committee. Within the Group there is a clearly defined and communicated Corporate Social Responsibility Policy. Quality standards, both at our sites and those of suppliers, are well defined, implemented and measured.
Failure or unavailability of the Group's operational infrastructure.	The Group would be affected if there was a catastrophic failure of its major production or distribution facilities which led to a loss in capacity or capability.	Assets within the Group are proactively managed whether this be intangible brand assets, plant and equipment, people or IT systems. Robust disaster recovery and incident management plans exist and are formally tested. Contingency measures are in place and are regularly tested.
Interruption in, or change in the terms of, the Group's supply of packaging and raw materials.	The packaging and raw material components that the Group uses for the production of its soft drink products are largely commodities that are subject to price and supply volatility that could have an adverse impact on the Group's sales and operating profits.	The Group adopts centralised purchasing arrangements to ensure the best possible terms are negotiated. Contingency measures exist and are tested regularly. Supplier performance is reviewed on a monthly basis and audits are undertaken for major suppliers. Overall commodity 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 the cost of supply and seeks to minimise potential related adverse effects on the Group's financial performance through either forward purchasing or hedging known commodity requirements.
Failure of Information Technology systems.	The maintenance and development of Information Technology systems may result in systems failures which may adversely impact the Group's ability to operate.	IT assets within the Group are proactively managed and procedures exist that support rapid and clean recovery. Robust disaster recovery and incident management plans exist and are formally tested. Contingency measures are in place and are regularly tested.
Inability to protect the intellectual property rights associated with current and future brands.	Failure to maintain the Group's intellectual property rights could result in the value of our brands being eroded.	The Group invests considerable effort in proactively protecting the intellectual property rights associated with its current and future brands, through trademark registration and legal enforcement as and when required.

Principal Risks and Uncertainties
Continued

Risks Relating to the Group Continued

Risk	Impact	Mitigating Actions
Financial Risks.	The Group's activities expose it to a variety of financial risks which include market risk (including medium term movements in exchange rates, interest rate risk and commodity price risk), credit risk and liquidity risk. In the poor economic climate the risk of customer insolvency is increased.	Financial risks are reviewed and managed by the Treasury Committee whose remit and authority levels are set by the board. The Treasury Committee seeks to minimise adverse effects on the Group's financial performance through hedging known currency exposures whilst reviewing the appropriateness of the interest rate hedging policy throughout the year. The Group's finance team reviews cashflow forecasts throughout the year, with headroom against banking covenants assessed regularly. The finance team uses external tools to assess credit limits offered to customers, manages trade receivable balances vigilantly and takes prompt action on overdue accounts.
Change programmes may not deliver the benefits intended.	A number of change programmes designed to improve the effectiveness and efficiency of the end to end operating, administrative and financial systems and processes continue to be undertaken. There is a risk that these programmes will not fully deliver the expected operational benefits within the timescales expected. There is also the risk that the change programmes lead to disruption to production, administrative and financial processes and could impact customer service or operating margins.	Appropriate governance structures are put in place to provide the required structures and frameworks to supervise, monitor, control, direct and manage change programmes. These structures review the scope, project plan, resources and monitor progress against set deliverables. External support is utilised when the Group is unable to support the project solely from internal resources.
Increasing funding needs or obligations in respect of the Group's pension scheme arrangements.	The triennial valuation of the Group's defined benefit pension scheme may highlight a worsening funding position that requires the Group to invest additional cash contributions to meet future liabilities.	The Group's Finance team works closely with the Pension Trustees to ensure that an appropriate Investment Strategy is in place to fund future pension requirements at acceptable risk levels.

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.

Risks Relating to the Market

Risk	Impact	Mitigating Actions
Changes in consumer preferences, perception or purchasing behaviour.	Consumers may decide to purchase and consume alternative brands or spend less on soft drinks.	The Group offers a range of branded products across a range of flavours, subcategories and geographies which offer choice to the end consumer. Changing consumer preferences are reviewed annually by the board with reference to external research.
Changes in regulatory requirements.	Changing legislation may impact our ability to market or sell certain products or could cause the Group to incur additional costs or liabilities that could adversely affect its business.	The Group proactively engages with the relevant authorities, including the British Soft Drinks Association, The Food Standards Agency and the General Counsel of Scotland to ensure full participation in the future development of and compliance with relevant legislation. It remains the Group's policy to ensure that employees are aware of their responsibilities under all applicable regulatory requirements. Formal training sessions are undertaken throughout the year.
Potential impact of taxation changes.	Changes to legislation may vary the taxation levels associated with the sale or consumption of soft drinks which could impact sales and operating profits.	The impact of changes to the taxation legislation is reviewed regularly. The Group will seek to remain commercially competitive by passing on any resulting cost differential through price amendments to customers.

Launch of KA Stills

In 2011, we strengthened the KA portfolio by launching a new range of Still Juice drinks in the brand's top selling carbonated flavours of Pineapple, Black Grape and Fruit Punch. The KA brand is already one of the U.K.'s fastest-growing soft drinks and the stills launch has boosted this position further.

In this section:

Corporate Social Responsibility
Page 28

Corporate Social Responsibility

Corporate Responsibility ('CR') is an integral part of A.G. BARR's business. Our CR strategy covers four key areas: Environment, People, Consumers and Community.

Andrew Memmott,
Operations Director

During the year, structures have been put in place to cascade CR principles across all business areas and to embed them in decision-making. These include the formation of the CR Steering Committee sponsored by Andrew Memmott, Operations Director, and an Environmental Committee to prioritise activities in this key area.

In 2011 we announced our 'Do the Right Thing' employee engagement programme, which has been successfully introduced. Over the last year, four chosen internal Corporate Responsibility Champions rolled out the programme to all of our sites. This raised awareness and encouraged employee participation in initiatives across the four key areas of the 'Do the Right Thing' CR programme.

Board Sponsor Operations Director
CR Steering Group Marketing, Customer Management, Quality, HR & Supply Chain
CR Champions Environment, People, Consumers, Community

Plans have been drawn up and actioned to further increase engagement throughout 2012 and beyond.

The following is a review of our four key focus areas:

(1) Our Environment

A.G. BARR recognises the impact its business has on the environment. Our Environmental Committee comprises of representatives from our manufacturing and logistics sites and plays a key role in monitoring performance against our environmental targets and implementing environmental initiatives across the Group.

Operations Director Andrew Memmott			
Environmental Committee			
Cumbernauld Site	**Tredegar Site**	**Forfar Site**	**Logistics**

Progress against our environmental targets is reported to the board of directors on a quarterly basis.

As part of our 'Do the Right Thing' employee engagement programme an internal marketing campaign was launched.

Progress against environmental targets during 2011/12

Our commitment to sustainable growth and development is embedded in the culture of A.G. BARR and our environmental targets are aligned to those included in the British Soft Drinks Association's ('BSDA') sustainability strategy.

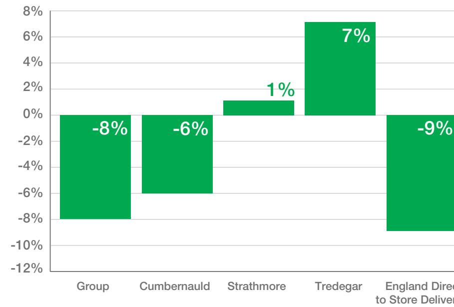
In December 2011, the BSDA updated the environmental targets set out in its sustainability strategy to ensure they remained challenging; as a consequence we have subsequently revised the following environmental objective:

- Achieve a 35% reduction in manufacturing CO_2 emissions by 2020 compared to 2002 levels.

Energy Stewardship

We have made excellent progress over the last year by reducing the energy used across the Group by 8%.

Energy reduction kgCO_2/tonne 2011 v 2010



Following the installation of new bottle blowing equipment at our Cumbernauld manufacturing site, we have reduced our bottle blowing pressures, delivering a 400,000kWh saving in electricity consumption.

Aligned to the new bottle blowers, we extended our use of inverter controls to a second high pressure compressor used in the bottle blowing process, saving a further 225,000kWh in electricity consumption.

Energy consumption has increased at our Tredegar manufacturing site, driven by a change to the shift patterns of the site engineering resource.

The installation of new energy efficient lighting at the Cumbernauld site has started to show significant energy savings and is forecast to reduce energy usage by at least 160,000kWh across 2012.

Our distribution depots in England have continued to make year on year absolute reductions in their energy usage, reporting a 9% decrease compared to 2010.

During 2011, over £72,000 of capital was assigned to projects where the sole rationale was to reduce the energy consumption at the relevant site.

It is now unlikely that we will progress the outright purchase of a wind turbine. However, the Group is committed to embracing sustainable energy sources and reducing CO_2 emissions and is currently reviewing various options which will optimise the use of capital.

Strategic Objective	A.G. BARR 2011/12 Target	2011/12 Progress
Achieve a 30% reduction in manufacturing CO_2 emissions by 2020 compared to 1990 levels.	Achieve a minimum 2% year on year improvement across manufacturing sites.	c8% decrease in manufacturing CO_2 emissions.
Achieve a 30% reduction in waste water volumes by 2020 compared to 2007 levels.	Achieve a minimum 3% year on year improvement across manufacturing sites.	5% decrease in total water used but a 2% increase in water used per litre of product produced.
Send zero manufacturing waste to landfill by 2015.	All manufacturing sites to achieve zero waste to landfill by 2013.	97% of manufacturing waste diverted from landfill in 2011.
Improve the sustainability of our packaging.	Successfully implement packaging weight reduction initiatives.	Packaging weight reduction initiative at Forfar implemented.
Reduce the external impact of transport by 20% by 2012 compared to 2002.	Achieve a minimum 2% year on year improvement in fleet MPG performance.	0.72% decrease in MPG.
	Implement a vehicle CO_2 emission reduction programme.	

Corporate Social Responsibility
Continued

15 year service awards

Harry Bell
Nicholas Bell
William Brock
Thomas Burrows
Joseph Cherry
Andrew Grant
Samuel Haston
John Lloyd
Paul Morrison
Stuart Peach
Denise Sheldon
Linda Taylor

Water Management

Total water used per litre of product produced increased by 2.3% across our manufacturing sites last year due to increased usage of the pasteuriser on the can line at the Cumbernauld site and a change to the plant cleaning regimes at our Forfar manufacturing site. Despite these operational changes we remain on track to achieve our objective to reduce waste water volumes by 30% compared to 2007 levels by 2020. We have reduced our total water consumption by 5% year on year and now consume 14% less water than in 2007.

Waste Management

Significant progress was made towards achieving our target of zero manufacturing waste to landfill by 2013.

This has been achieved by re-negotiating the general waste contract at our Cumbernauld site to ensure that all residual un-recycled waste goes through a Materials Recycling Facility to capture any recyclable fractions which were not segregated on site.

Case Study: Strathmore Water

- Reduction of 86 tonnes in plastic usage
- Reduction of 61 tonnes in corrugated packaging usage
- Increase in logistic efficiencies
- 8.3% reduction in office energy usage

The Forfar site has benefited from a £225,000 investment to support sustainable growth of our bottled water business. We continued our programme of bottle light weighting during 2011 focusing on our Strathmore water brand. The PET bottle range was re-designed, resulting in a significant reduction in the weight of the bottles, shown below.

This bottle light weighting, together with a series of initiatives to reduce the weight of the shrink film used to pack the cases, resulted in a saving of 86 tonnes of plastic or 342 tonnes of CO_2 equivalent*.

The light weighting programme for the Strathmore brand will continue in 2012, with further reductions being planned in relation to the 330ml still, 500ml still and 1.5L still PET bottles. It is anticipated that these initiatives will produce an additional reduction of 35 tonnes of PET upon implementation.

Our Strathmore 330ml PET bottle was introduced into the product range during 2011, replacing the Strathmore 250ml PET bottle and allowing us to offer a larger portion size to our consumers without utilising incremental manufacturing resources.

Percentage weight reduction by Strathmore bottle format

*1 tonne of PET = 4.19 tonnes of CO_2 equivalent and 1 tonne of PE = 2.7 tonnes of CO_2 equivalent * Source: Methodology for assessing the climate change impacts of packaging optimisation under Courtauld Commitment Phase 2, December 2010

Renewable Packaging
The FSC logo (left) can now be used on juice cartons for our Rubicon, Sun Exotic and KA ranges, while the film logo now appears on the new 330ml x 8 can multipacks.

Working closely with our glass suppliers, we have successfully moved to returnable secondary packaging for the glass bottle deliveries to our Forfar site. This has allowed us to remove c61 tonnes of corrugated packaging waste from our supply chain.

The logistics and customer service team have collaborated with our key water customers to consolidate orders and increase load fill. This team worked closely with Matthew Clark, a key distribution of Strathmore products to the Hotel, Restaurant and Catering section, to increase vehicle fill when delivering direct to their Birmingham, York, Shepton and Runcorn Distribution Centres ('DCs') direct from Ballindarg, our warehouse facility in Forfar, and particularly when delivering the smaller drops required by their Dundee DC.

Where possible, these are planned on a consolidation basis with our own fleet or a smaller delivery vehicle from our fleet is used, contributing to a more efficient logistic operation from our Ballindarg distribution site.

Investing in the refurbishment of the office facilities at our Forfar site has delivered an 8.3% reduction in office energy usage.

Renewable packaging

As part of our continuing commitment to provide consumers with information about the recyclability of our packs, we have adopted the new film logo, introduced by the British Retail Consortium, as part of its On Pack Recycling Label Scheme. This means that the film used for our can and PET multipacks can now be recycled alongside carrier bags at the sites of retailers who support this scheme. The first range to feature the logo will be the new 330ml x 8 can multipacks, which will be in-store from March 2012.

In 2011 we started to switch the paper used for juice cartons for our Rubicon, Sun Exotic and KA range to a Forest Stewardship Council (FSC) certified source. The final 1L packs will be moved to the FSC material in February 2012, with the FSC logo starting to appear on-pack from March 2012.

Transport impact

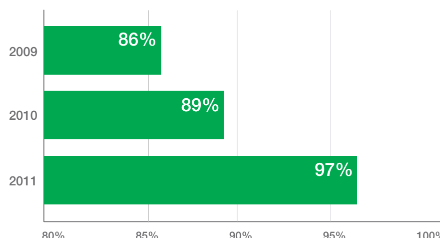
2011 has seen a continuation of both the sales truck and Company car fleet replacement policy. A total of 14 sales vehicles were replaced, extending our use of Euro5 compliant engines and automatic gearboxes within the vehicle fleet. This programme will continue throughout 2012 with the purchase of a further 14 vehicles. A total of 34 Company cars were replaced during 2011, with an average 23% improvement in the associated engine CO_2 emissions.

Our Walthamstow distribution fleet, which services London, comprises low emission zone (LEZ) compliant vehicles.

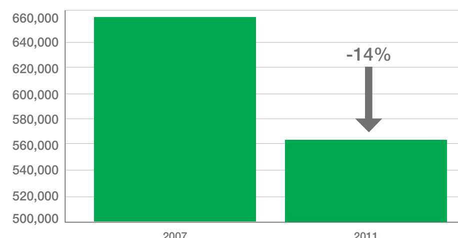
Further progress has been made in the reduction of road miles attributed to delivering packaging materials to our sites. In-house bottle sleeving capabilities were introduced at our Cumbernauld manufacturing site, reducing associated deliveries by 85% or the equivalent of 34,500 road miles.

Throughout 2011 we have continued to utilise the rail freight option wherever possible when moving product from our Cumbernauld site to our distribution hub in England.

% Waste recycled (excludes waste water)



Water consumption (m³)



25 year service awards

April Byrne
Marie Clements
Martin Daly
Paul Deane
David Gifford
William Jackson
Michelle Mennell
Stephen Nixon
Robert Porter
David Scaife
Dean Scott

Left: Investors in People
Employees at Moston pictured with their Silver Status IIP certificate.

Right: Forfar IIP Silver
Employees at our Forfar site are presented with their IIP Silver certificate by Jonathan Kemp, Commercial Director.

(2) Our People

Our goal is to make A.G. BARR a great place to work both now and in the future.

- Investor in People Silver status achieved at our Moston, Middlebrook and Forfar sites
- Communication Teams established at all our sites
- Reward and development platform strengthened

Investors in People

Investors in People ('IIP') helps organisations improve performance and realise objectives through the management and development of their people.

In 2010, A.G. BARR achieved the prestigious IIP Bronze recognition. This external assessment has allowed us to benchmark our performance, as well as identifying areas for further improvement. We have continued to work with IIP in 2011 and our Middlebrook, Moston and Forfar sites have achieved Silver Status, having made excellent progress with their development plans. We will continue to work with IIP, with a further four sites due to be re-assessed against the standard in 2012.

Communication Teams

Over the past year we have consolidated our Joint Consultation and Communication Teams across the whole business. The teams, comprising representatives from all job levels, meet on a quarterly basis at all our sites and have proved to be invaluable in terms of improving communication and generating important feedback.

This forum allows us to communicate business information on a more local and personal basis, as well as giving our people the opportunity to air their views, suggest new and better ways of working and propose improvements to their working environments.

Reward and Development

In 2011 we took the opportunity to review our job evaluation system and introduced a simpler and refreshed model. This exercise involved extended benchmarking to ensure that, as our business grows, our reward systems continue to attract, motivate and retain the best employees. The new model also allows us to clearly articulate the levels of skill and competence demonstrated by our teams across the Company and provides us with an excellent platform to build strengthened development and career pathways to help our people grow their capability and improve their performance.

Health and Safety

Improving safety standards is a top priority at A.G. BARR. Safety is led from the top by the Health & Safety Executive team, which comprises the Executive Directors, chaired by the Finance Director and supported by the Health & Safety Manager. This team agrees safety policy and ensures all safety teams implement best safety practice at all our sites.

A.G. BARR undertook a benchmarking exercise in 2011, consulting eight blue chip companies to identify best in class safety standards. Following this, an action plan was put in place to implement best in class safety improvements across the A.G. BARR business.

We have changed our visual safety standards as a result of the benchmarking exercise, with the emphasis shifting towards identifying and communicating hazards in order to improve safety standards in high risk areas of the business.

At our operational sites we aim to segregate people and vehicles, however, in some instances our logistics and production employees necessarily work in close proximity to powered trucks. Our new visual standards help to communicate the ‘one metre rule’, our minimum safe working distance from any powered truck.

Our commitment to ensuring key personnel are trained in safety continued in 2011, with 10 employees successfully completing the NEBOSH (National Examination Board for Occupational Safety and Health) certificate.

Excellent progress has been made in the overall safety performance of the business across all sites, with a 31% reduction in the over three day reportable accident levels.

The moving annual total (MAT) for reportable accidents in 2011 reduced from thirteen to nine, and five of our locations had no reportable accidents in 2011.

Improvement in safety performance has been made by our Direct to Store Delivery (DSD) operation. A safety training day, covering hazard spotting and near miss reporting was rolled out to the 150 employees working in our DSD operation in Scotland. All participants signed a safety pledge and were invited to put forward safety improvement ideas which have subsequently been implemented.

In addition to focusing on improving operational safety, A.G. BARR, in partnership with AA DriveTech, commenced a driver training programme; employees are accompanied by a driving instructor from the AA to identify areas where driver safety awareness could be improved. A safety DVD for all Company car drivers has been produced as part of this safety initiative.

(3) Our Consumers

Our goal is to enable consumers to enjoy our soft drinks, offering a wide range of brands which meet a variety of consumer needs and lifestyles. We market our brands in a responsible manner in order to build trusted consumer relationships.

Health and Wellbeing

A.G. BARR provides a comprehensive range of soft drinks which offers a wide choice of drinks for all ages, to suit individual needs and tastes. Our drinks are available in a wide range of pack sizes, both for convenience and to exercise portion control. All of our soft drinks can be enjoyed as part of a balanced diet and a healthy lifestyle.

Guideline Daily Amount labelling is deployed across all our packs to provide consumers with information 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 practice set out by the Advertising Standards Authority in the Broadcast Committee of Advertising Practice code for broadcast advertising and the Committee of Advertising Practice code for non-broadcast advertising.

Quality and Food Safety

Two strategies are employed by A.G. BARR to ensure that it maintains good process control and high hygiene standards: firstly to meet the requirements of ISO 9001, the internationally recognised Quality Management System, and, secondly to comply with the British Retail Consortium’s Global Standard for Food Safety.

On 1 January 2012, the Global Food Standard was upgraded to version 6 in response to retailers’ requirements for even higher standards from manufacturers. We can report that we retained our Grade A status.

Last year we reported the recruitment of a new team of Quality Assurance Officers at our Cumbernauld site. This team has subsequently had a major impact by increasing the detection of and reducing the potential for errors in the production process, leading to increased confidence in the quality of the extensive product range made at our flagship site.

Left: Investors in People
Employees at Middlebrook pictured with their Silver Status IIP certificates.

Right: Safety Rules
Visual standards from the ‘one metre rule’ safety initiative.

30 year service awards

Alan Bridges
James Conway
Ronald Innes
James Rattray

(4) Our Community

We utilise 1% of our profits in supporting charities, good causes and community groups each year. The support we give comprises a mixture of cash, product and merchandise donations and our employees' time. This investment is spread across a broad spectrum of activities, including contributions to national charities, e.g. The Big Issue Scotland, The Prince's Trust, and to international charities, e.g. The British Asian Trust. We also support many small and medium sized community groups throughout the U.K.

In 2011 we introduced a new and ongoing community funding initiative called The A.G. BARR Site Community Fund. The fund offers additional support to community and charity groups in the immediate area of our 11 U.K. sites, whilst at the same time providing our c1,000 employees with the opportunity to offer direct support to the causes that are most important to them. In 2011 our employees facilitated cash donations from the fund to over 30 different charitable education and community organisations across the U.K.

Case Study Forfar Site: Angus Cardiac Group

Our Forfar site donated to the Angus Cardiac Group. The group provides support to their members, some of whom have heart disease, along with their families and supporters. They participate in funding activities to benefit all parties as well as their NHS carers, upon whom they rely heavily. These funds pay for exercise classes, promote education and provide comfort for all by way of supporting a number of social and caring activities.

To find out more about the group visit: www.anguscardiacgroup.co.uk.

Case Study Walthamstow site: Haven House Children's Hospice

Our Walthamstow distribution site supported Haven House Children's Hospice. Haven House Children's Hospice is a special place for special children. It cares for children and young people from birth to age 19 who have life-limiting conditions and who are unlikely to reach adulthood. It helps families by providing a range of services, including day, short break and end of life care, together with therapeutic play in the community. Families are provided with the support they need when they need it most, at no cost to themselves. Haven House Children's Hospice is a charity which looks after children and their families in North and East London and West Essex.

To find out more about the work of the Hospice visit: www.havenhouse.org.uk.

The Prince's Trust

This is the fourth year of our partnership with The Prince's Trust. A.G. BARR donates over £40,000 per annum to support The Trust's work. Our employees are engaged in raising funds, helping the charity deliver its Team Programme education courses in Scotland and supporting its XL Club Programme in England.

We also donate Strathmore water to the organisation to support events and fundraising activities across the year. The Strathmore brand also carries the Prince's Trust logo, together with details of our support and how consumers can find out more about the work of the charity, on over 57 million bottles each year distributed throughout the U.K.

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

Haven House Children's Hospice
Our Walthamstow branch supported Haven House Children's Hospice.

Case Study: The Prince's Trust Team Programme Scotland 2011
In Scotland we funded a 12 week Team Programme in Glasgow. As part of the programme, 11 students were asked to develop and deliver a fundraising idea for The Trust in collaboration with employees at our Cumbernauld site. With the help of Cumbernauld College, the Leith Agency, Howe Design and our employees, they designed and developed a fun and colourful cookbook titled 'Food Fight'. The 700 copies printed raised over £3,000 as part of our own annual Christmas fundraising activity for the Trust.

Students worked in the kitchens at Cumbernauld College campus to prepare recipes from the book, including a starter of lentil soup, a main course of haggis, neeps and tatties and a dessert of tablet and shortbread – all accompanied by our own IRN-BRU.

Emma Noble, Prince's Trust Programme Leader, said: "The students have really enjoyed being involved with this exciting project. It has been really hands-on and they have had a fantastic amount of input in the design, layout and pictures featured in the cookbook. The students also met up with the design company, the Leith Agency, to discuss ideas and gain a better understanding of how something like this is put together." We also provided two work placements for students on the course.

The British Asian Trust
In 2011 we entered our second year of partnership – through our Rubicon brand – with The British Asian Trust. The Trust aims to bring lasting change to the lives of disadvantaged people in South Asia through access to education, health and livelihoods. Founded in 2009 by HRH The Prince of Wales, the Trust has helped more than 350,000 people overcome poverty in Bangladesh, India, Pakistan, Sri Lanka and the U.K.

Case Study: Mumbai Mobile Creches
One of the charities that Rubicon supports through The British Asian Trust is Mumbai Mobile Creches (MMC), which helps the 50,000 children of migrant workers growing up on construction sites in Mumbai. These children not only lack access to formal schooling, they often suffer from malnutrition, injury and illness.

Abha-Thorat Shah, Director of The British Asian Trust, commented: "Rubicon's support enabled MMC to reach over 3,500 children through 30 centres, train 15 teachers and facilitate the enrolment of over 300 children in municipal schools in Mumbai."

Enterprise in Education Partnership Agreements
We continue to work in partnership with Lenzie Academy and Westfield Primary School in Cumbernauld as part of the Enterprise in Education and Local Partnership Agreement Schemes.

The Local Partnership Agreement is part of the Scottish Government's strategy for developing enterprise in education. Our employees are engaged in a range of learning activities with the schools, including visits to our Cumbernauld site to view our state of the art manufacturing, warehousing and distribution facilities.

Through Lenzie Academy we have supported a number of charitable projects in 2011, including fundraising for Malawi.

Other Charitable/Community Organisations
In addition to the work highlighted in this report, we supported a large number of other charitable and community organisations across the U.K.

Summary
Overall we believe we are 'doing the right thing' across our CR agenda and we will continue to concentrate our efforts on improving employee and shareholder engagement, whilst focussing our strategy on the four key areas of environment, people, consumers, and community during 2012.

Andrew Memmott
Operations Director and Chair of the Environmental Committee

The Prince's Trust Team Programme Scotland 2011
Students in the kitchens at Cumbernauld College campus putting the Food Fight recipe book to good use. Pictured is Ian Johnstone (far left), part of the A.G. BARR team who volunteered as part of the project.

Appleade returns

In May, Barr brand launched Appleade, which became the 14th flavour in the Barr flavour range. The development and launch of the sparkling Appleade drink was supported by former Chairman Robin Barr and it is one of his favourite flavours.

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Board of Directors

From left to right:

W. Robin G. Barr (74) 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. Former President of the British Soft Drinks Association.

Andrew L. Memmott (47) BSc, MSc
Joined the Company's Project Engineering Team in June 1990 following three years with Cooperative Wholesale Society. Appointed Operations Director in 2008. Currently chairs the Environmental Committee.

Jonathan Warburton (54)
Joined the Company in 2009 as Non-Executive Director. Currently Chairman of Warburtons Ltd and a Non-Executive Director of Samworth Brothers Ltd.

Ronald G. Hanna (69) 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. Formerly Chief Executive of Bett Brothers plc, joint managing director of Cala plc, director of Scottish Western Trust and senior consultant to PA Management Consultants.

Roger A. White (47) M.A. (Hons)
Joined the Company in 2002 as Managing Director. Appointed Chief Executive in 2004. Currently President of the British Soft Drinks Association. Previously held numerous senior positions in food group Rank Hovis McDougall. Scottish PLC Chief Executive of the year in 2010.

Martin A. Griffiths (45) LLB (Hons), C.A.
Joined the Company in 2010 as a Non-Executive Director. Currently Finance Director of Stagecoach Group plc, Senior Independent Non-Executive Director of Robert Walters plc and Co-Chairman of Virgin Rail Group. A Chartered Accountant, Martin Griffiths is a member and former Chairman of the Group of Scottish Finance Directors and former Director of Troy Income & Growth Trust plc, Trainline Holdings Limited, RoadKing Infrastructure (HK) Limited and Citybus (HK) Limited. He was young Scottish Finance Director of the year in 2004.

Alex B. C. Short (44) B.A. (Hons), FCMA
Joined the Company as Finance Director in June 2008. Currently chairs the Health & Safety Committee and is Chairman of the Scottish Finance Directors Group. Previous appointments include Group Finance Director of William Grant & Sons Holdings Ltd, Managing Director of William Grant & Sons Distillers Ltd, Management Consultant with Coopers & Lybrand and various management positions within Coca Cola Schweppes Beverages Ltd.

Jonathan D. Kemp (40) B.A. (Hons)
Joined the Company in 2003 as Commercial Director following a successful career in various commercial roles within Proctor and Gamble.

Audit Committee
M.A. Griffiths (Chair),
W.R.G. Barr, J. Warburton

Nomination Committee
R.G. Hanna (Chair), M.A. Griffiths,
W.R.G. Barr, J. Warburton

Remuneration Committee
W.R.G. Barr (Chair), R.G. Hanna,
J. Warburton, M.A. Griffiths

Treasury Committee
R.A. White, A.B.C. Short and senior members of the finance and purchasing departments.

Directors' Report

The directors are pleased to present their report and the consolidated financial statements of the Group and its subsidiaries for the 52 weeks (2011: 52 weeks) ended 28 January 2012.

Principal activities

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

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 Review on pages 8 to 25 and the Corporate Social Responsibility report on pages 28 to 35.

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 28 January 2012 attributable to equity shareholders amounted to £28.146m (2011: £22.585m).

An interim dividend for the current year of 7.30p (2011: 6.75p) per ordinary share was paid on 21 October 2011.

The final proposed dividend of 20.65p (2011: 18.66p) per ordinary share will be paid on 1 June 2012 if approved at the Company's annual general meeting on 21 May 2012 ('AGM').

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 £21.441m (2011: £17.164m).

Directors

The following were directors of the Company during the financial year ended 28 January 2012:

- R.G. Hanna
- R.A. White
- A.B.C. Short
- J.D. Kemp
- A.L. Memmott
- W.R.G. Barr
- J. Warburton
- M.A. Griffiths

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 annual general meeting following appointment and to retire no later than the third annual general meeting after the annual general meeting at which they were last elected or re-elected. However, in order to comply with provision B.7.1 of the U.K. Corporate Governance Code, issued by the Financial Reporting Council in June 2010, all directors will submit themselves for re-election at the AGM. Biographical details of the board are set out on pages 38 and 39 of this report.

Directors' interests

The directors' interests in ordinary shares of the Company are shown within the Directors' Remuneration Report on page 55. No director has any other interest in any shares or loan stock of any Group company.

Other than service contracts, no director had a material interest in any contract to which 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 in order to develop its range of new and existing products. Expenditure during the year on research and development amounted to £738,000 (2011: £614,000).

Political donations and political expenditure
No Group company made any political donations or incurred any political expenditure in the year (2011: £nil).

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 Social Responsibility report on pages 28 to 35.

The total of the Company's cash donations for charitable purposes during the year was £240,873 (2011: £260,762). This included cash donations direct to charities and community programmes. In addition, donations of products and merchandise were made in support of both charitable and community based activities.

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 28 January 2012.

Post balance sheet events
Any post balance sheet events requiring disclosure are included in note 28 to the accounts.

Employee involvement
The Group is committed to engaging employees at all levels regarding matters which affect them and the performance of the Group. This is achieved in a number of ways, including the use of regular briefing procedures, which twice yearly include a report on trading results. Quarterly communication and consultation meetings are held at which employee representatives' views are taken into account when the Company is making decisions that are likely to affect employees' interests. In addition to this, a biannual internal magazine, 'The Quencher', is distributed to all employees.

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 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 as at 28 January 2012 were 28 (29 January 2011: 22) based on the ratio of Company trade payables (note 19) at the end of the year to the amounts invoiced during the year by suppliers.

Substantial shareholdings
As at 23 March 2012, the Company had been notified under Rule 5 of the Financial Services Authority's Disclosure and Transparency Rules of the following interests in the Company's ordinary share capital:

	Number of shares	% of voting rights	Type of holding
Caledonia Investments plc	3,477,000	8.93	Indirect
Standard Life Investments Limited	2,456,936	6.31	Direct and indirect
Finsbury Growth & Income Trust plc	1,536,690	3.95	Direct
Legal & General Group plc	1,213,339	3.11	Direct

Relations with shareholders

The Company has regular discussions with and briefings for analysts, investors and institutional shareholders. The Chairman, Chief Executive and Finance Director normally meet with major shareholders twice annually in order to develop an understanding of their views and brief the next board meeting on their discussions. All directors have the opportunity to attend these meetings. 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 28 January 2012 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 26 to the financial statements contains details of the ordinary share capital.

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 28 January 2012 the Company had authority, pursuant to the shareholders' resolution of 23 May 2011, to purchase up to 10% of its issued ordinary share capital. This authority will expire at the conclusion of the 2012 AGM. It is proposed that this authority be renewed at the 2012 AGM, as detailed in the Notice of AGM.

At 28 January 2012 Robert Barr Limited, as trustee of the General Employee Benefit Trust, the Savings Related Benefit Trust and the Long Service Award Trust (the 'RBL Trustee'), held 1.26% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. As at 28 January 2012, the trustees of the Profit Linked Share Plan (the 'PLSP Trustees') held 0.21% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. As at 28 January 2012, Equiniti Share Plan Trustees Limited (the 'AESOP Trustees') held 1.41% of the issued share capital of the Company in trust for participants in the All-Employee Share Ownership Plan (the 'Plan').

A dividend waiver is in place in respect of the RBL Trustee's holdings under the Savings Related Benefit Trust and the Long Service Award Trust. A dividend waiver is in place in respect of shares held by the AESOP Trustees under the Plan which have not been appropriated to participants.

The voting rights in relation to the RBL Trustee's and the PLSP Trustees' shareholdings are exercised by the RBL Trustee or the PLSP Trustees, as the case may be, who may vote or abstain from voting the shares as they see fit in respect of shares which are unvested or have not been appropriated to employees.

Under the rules of the Plan, eligible employees are entitled to acquire shares in the Company. Details of the Plan are set out on page 50. Plan shares which have been appropriated to participants are held in trust for those participants by the AESOP Trustees. Voting rights in respect of shares which have been appropriated to participants are exercised by the AESOP Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the AESOP Trustees, no vote is registered in respect of those shares. In addition, the AESOP Trustees do not vote any unappropriated shares held under the Plan as surplus assets.

The Executive Share Option Scheme was approved by shareholders at the 2010 AGM ('2010 ESOS'). The 2010 ESOS superseded the Company's current Executive Share Option Scheme, which expires on 19 May 2013 ('2003 ESOS'). To date, no options have been awarded under the 2003 ESOS or the 2010 ESOS.

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 49 to 55. 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. No amendments are proposed to be made to the existing Articles at the 2012 AGM.

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 24.

Contracts of significance

There were no contracts of significance as defined by Listing Rule 9.8 in existence 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 8 to 15. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 16 to 25.

After making the appropriate enquiries, the directors have concluded that the Group will be able to meet its financial 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.

The auditors, KPMG Audit Plc, have indicated their willingness to continue in office and a resolution proposing their reappointment will be proposed at the 2012 AGM.

Corporate governance

The Company's statement on Corporate Governance is included in the Corporate Governance Report on pages 44 to 48 of this report. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Annual general meeting

The Company's AGM will be held at 9.30am on 21 May 2012 at the offices of KPMG, 191 West George Street, Glasgow, G2 2LJ. The Notice of the AGM is set out on pages 104 to 106 of this report.

Recommendation to shareholders

The board considers that all the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of them.

By order of the board

J.A. Barr
Company Secretary
26 March 2012

Statement on Corporate Governance

The board

The Company is led by a strong and experienced board of directors (the 'board') which brings a depth and diversity of expertise to the leadership of the Company. The board has an appropriate balance of skills, experience and knowledge of the Group to enable it to discharge its responsibilities effectively. During the year, the board comprised four executive directors and four non-executive directors. The non-executive directors comprised the non-executive Chairman, two independent non-executive directors and one non-independent non-executive director. Biographical details of the directors are set out on pages 38 and 39.

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 Chairman also ensures that board meetings are underpinned by a culture of openness and challenge with sufficient time made available to debate issues arising. The Chief Executive has responsibility for all Group businesses and acts in accordance with the authority delegated from the board. The senior independent non-executive director, J. Warburton, is available to shareholders if they have concerns which have not been resolved via the normal channels of Chairman, Chief Executive, or the other Executive Directors, or where communication through such channels would be inappropriate.

The board considers that J. Warburton and M.A. Griffiths are independent for the purposes of provision B.1.1 of the U.K. Corporate Governance Code, issued by the Financial Reporting Council in June 2010 (the 'Code'), and that the relationships and circumstances set out in that provision which may appear relevant to the determination of independence 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. Warburton was the senior independent director during the year to 28 January 2012.

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 and a director of Peatallan 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 annual general meeting following appointment and to retire no later than the third annual general meeting after the annual general meeting at which they were last elected or re-elected. However, in order to comply with the Code, all directors will submit themselves for re-election at the AGM.

Details of directors' remuneration and interests in shares of the Company are given in the Directors' Remuneration Report on pages 49 to 55.

Role of the board

The board is responsible for the long term success of the Group, 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 the executive directors and 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, who conducted a detailed and comprehensive evaluation process by a combination of written survey questionnaires followed by a series of one to one discussions. The non-executive directors, led by the senior independent director, carried out a performance evaluation of the Chairman, taking into account the views of the executive directors. The outcome of these evaluations showed that directors were positive about the performance and process of the board and the board committees. The board considered that an internal exercise remained appropriate for the current year, however it agreed to consider annually whether an externally facilitated evaluation might be appropriate.

The Chairman is pleased to confirm that, following formal performance evaluation of the directors, all of the directors' performances continue to be effective and all of the directors 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 environment in which the Group operates. The Chairman agrees and regularly reviews the training and development needs of each director. A programme of strategic and other reviews, together with the 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.

Meetings and attendance

Board meetings are scheduled to be held nine times each year. Between these meetings, as required, additional board meetings may be held to progress the Company's business. The practice of separate Group strategy discussions out with the normal board meeting schedule has continued in the current year.

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.

The attendance of directors at board and committee meetings in the year to 28 January 2012 was as follows:

	Board Maximum 9	Audit Committee Maximum 4	Remuneration Committee Maximum 2	Nomination Committee Maximum 1
Executive				
R.A. White	9	–	–	–
A.B.C. Short	9	–	–	–
J.D. Kemp	9	–	–	–
A.L. Memmott	9	–	–	–
Non-executive				
R.G. Hanna	9	–	2	1
W.R.G. Barr	8	4	2	1
J. Warburton	7	3	2	1
M.A. Griffiths	9	4	2	1

Conflicts of Interest

The Articles were amended at the 2009 annual general meeting 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. During the year, no such conflicts arose and no such authorisations were sought.

Committees of the board

The terms of reference of the principal committees of the board – Audit, Remuneration and Nomination – have been approved by the board and are available on the Company's website, www.agbarr.co.uk.

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 49 to 55.

Audit Committee

The Audit Committee comprises three non-executive directors: W.R.G. Barr, J. Warburton and M.A. Griffiths. The Audit Committee is chaired by M.A. Griffiths. The board is satisfied that M.A. Griffiths, who is a chartered accountant and is currently Finance Director of Stagecoach Group plc, has recent and relevant financial experience, as required by provision C.3.1 of the Code.

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 Group's 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 to matters raised;
- 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 performance of the internal auditors and the effectiveness of the Group's internal audit activities;
- made recommendations to the board on the reappointment and remuneration of the external auditors and monitored the performance of the auditors;
- made a recommendation to the board on the appointment of the internal 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 ensures that safeguards are in place to prevent the compromise of the auditors' independence and objectivity. The external auditors report 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 external auditors' performance, independence and objectivity annually. The Group has a policy in place which ensures that the provision of non-audit services by the external auditors does not impair the auditors' independence or objectivity. Where fees for any non-audit project are expected to exceed £50,000, the prior approval of the chairman of the Audit Committee and the Group Finance Director is required. Where fees for non-audit projects are in aggregate expected to exceed £150,000, the prior approval of the Audit Committee is required. The Audit Committee has considered the nature and level of non-audit services provided by the Group's external auditors during the year and related fees, and is satisfied that the objectivity and independence of the external auditors were not affected by the non-audit work undertaken.

The external auditors report their audit results to the Audit Committee, including a summary of any significant accounting and auditing issues, internal control findings and a summary of any audit differences identified. The Audit Committee would consider disagreements in accounting treatment between management and the external auditors, should any arise. 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.

At the beginning of each year, an internal control plan is developed by the internal auditors following meetings with directors and senior managers within the business and with reference to the significant risks contained within the Company's risk register and identified controls. The Audit Committee receives updates on progress delivered against the internal control plan throughout the year.

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

During the year, the Nomination Committee comprised R.G. Hanna, W.R.G. Barr, J. Warburton and M.A. Griffiths. The Nomination Committee is chaired by R.G. Hanna. The Nomination 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.

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 strategies, including the use of foreign exchange hedges, in order 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's remit also includes the ability to utilise financial instruments in order 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 16 to 25.

Internal control

The board has overall responsibility for the Group's internal control systems and annually reviews their 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 to 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 29 January 2011 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 19 January 2012, 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 Group 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 year ended 28 January 2012 and up to the date of the approval of this annual report and it accords with the Turnbull guidance.

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 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 and against annual plans approved by the board.

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 which is 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.

Share capital structure
The share capital structure of the Company is set out in the Directors' Report.

U.K. Corporate Governance 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 28 January 2012 with the provisions of the Code, except in relation to provisions B.1.2, C.3.1, D.1.5, D.2.1, as explained below.

During the year, the board comprised four executive directors, the non-executive Chairman, and two independent non-executive directors. In addition, W.R.G. Barr was a non-executive director during the year although he is not considered by the board to be independent. Therefore, during the year to 28 January 2012 the composition of the board did not comply with provision B.1.2 of the Code.

The composition of the Company's Audit Committee and Remuneration Committee did not comply with provisions C.3.1 and D.2.1 of the Code during the year to 28 January 2012 due to the fact that these Committees did not comprise at least three independent non-executive directors. Following a performance evaluation during the year, 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 D.1.5 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.

A copy of the financial statements has been 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. Barr
Company Secretary
26 March 2012

Directors' Remuneration Report

Remuneration Committee

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

- W.R.G. Barr (appointed Remuneration Committee chairman 31 January 2011)
- R.G. Hanna
- J. Warburton
- M.A. Griffiths

Remit

The Remuneration Committee is responsible for determining all aspects of executive directors' remuneration and for monitoring the remuneration of senior management. The Remuneration 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.

Advisers

The Remuneration Committee has access to professional advice, both inside and outside the Company, and consults with the Chief Executive.

During the year, PricewaterhouseCoopers and Shepherd & Wedderburn LLP were appointed by the Remuneration Committee to provide advice that materially assisted the Remuneration Committee. PricewaterhouseCoopers also provided internal audit services and corporate pensions advice to the Company, and Shepherd & Wedderburn also provided legal advice on pensions to the Company and to the trustees of the Group's defined benefit and defined contribution pension schemes.

Remuneration policy

The ongoing policy of the Remuneration 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 28 January 2012, 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 60% of the total executives' package (2011: approximately 50%).

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 market place and individual contribution.

Annual bonus

This scheme aims to provide focus among 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 Remuneration 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 100% of each executive director's base salary is currently payable in cash under the scheme.

As referred to in the annual report of the Group for the year ended 29 January 2011, there has been a change to this policy from the preceding year. Following an external independent review of the executive directors' remuneration during the preceding year, the maximum percentage of each executive director's base salary payable in cash under the scheme was increased from 75% to 100% for the year to 28 January 2012; this policy is expected to continue in future years. There have been no departures from this policy in the current 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 by the award of shares 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% points or more. No part of an award vests if EPS growth is less than 10% points above RPI growth over the three year period. 20% – 99.9% of an award vests on a sliding scale where EPS growth exceeds RPI growth by 10% points or more but by less than 32.5% points. 100% of an award vests where EPS growth exceeds RPI growth by 32.5% points or more. The maximum value of any award of shares is 100% of basic salary.

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 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.

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.

A resolution to re-approve the AESOP for a further ten years will be put to shareholders at the 2012 AGM.

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 ('ESOS')

The ESOS was approved by shareholders at the 2010 AGM and approved by HMRC on 11 June 2010. The 2010 ESOS replaced the Company's current Executive Share Option Scheme, which expires on 19 May 2013 ('2003 ESOS'). To date, no options have been awarded under the 2003 ESOS or the 2010 ESOS.

Share ownership guidelines

In order to align the executive directors' longer term interests with those of shareholders, share ownership guidelines require executive directors to retain all shares acquired under Company sponsored share plans until the value of their shareholding is equal to their annual gross basic salary. Until this shareholding is acquired, the executive directors may not, without Remuneration Committee approval, sell shares other than to finance any tax liabilities arising from the vesting of LTIP awards.

Pension schemes

Executive directors are all members of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the '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 two directors who are currently members of the defined benefit section are detailed in the table on page 54. The contributions paid to the defined contribution section in respect of three directors are disclosed on page 55.

During the year to 28 January 2012, R.A. White and A.B.C. Short joined the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme ('URBS') with the agreement of the Company. The URBS was approved by the Remuneration Committee of the Board and is an unfunded employer financed retirement benefits scheme. It was established to satisfy the Company's contractual obligations to provide retirement benefits for the benefit of these two executive directors. As a result, from April 2011 employer and employee contributions to the defined benefit section of the Scheme ceased in respect of R.A. White and employer contributions to the defined contribution section of the Scheme reduced in respect of A.B.C. Short.

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 52. 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 the 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 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.

Non-executive directors are appointed for an initial period of three years, subject to annual re-election by shareholders in accordance with the Code. It is the Company's current policy that non-executive directors may serve a maximum of three consecutive three-year terms, with any term beyond six years being subject to rigorous review. 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:

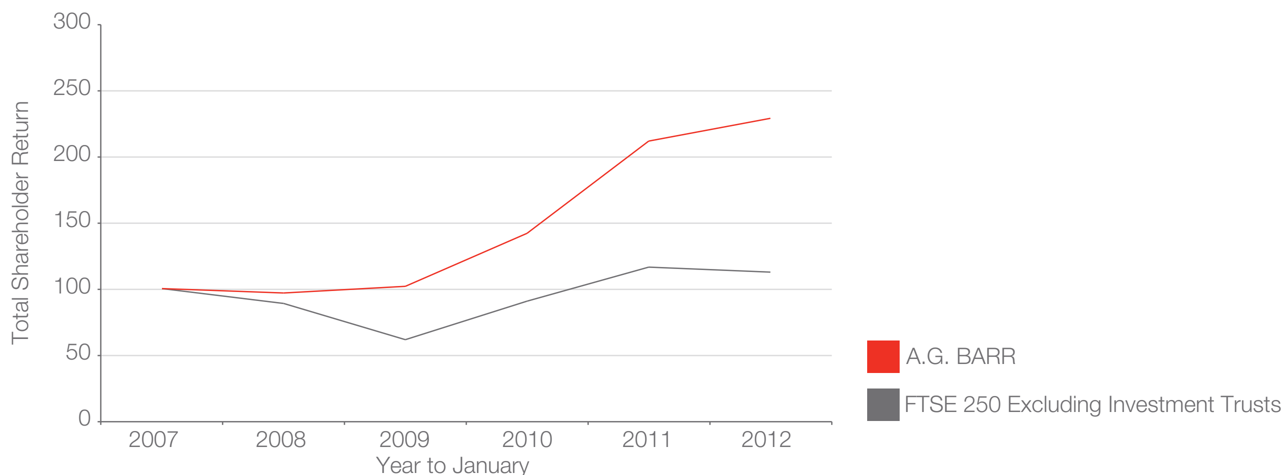
	Effective date of contract	Notice period required from director	Notice period required from Company
Executive			
R.A. White	30 September 2002	6 months	1 year
A.B.C. Short	28 May 2008	6 months	1 year
J.D. Kemp	11 October 2003	6 months	1 year
A.L. Memmott	01 March 2008	6 months	1 year
Non-executive			
R.G. Hanna	26 May 2009	3 months	3 months
W.R.G. Barr	26 May 2009	3 months	3 months
J. Warburton	16 March 2009	3 months	3 months
M.A. Griffiths	01 September 2010	3 months	3 months

Statement of consideration of conditions elsewhere in the Group

In determining remuneration, consideration will be given to reward levels throughout the organisation as well as in the external employment market. The Remuneration Committee aims to reward all employees fairly based on their role, their performance and salary levels in the wider market. In the year under review, excluding A.L. Memmott, the average base salary increase for the executive directors was 3.7% and for all other staff was 4.8%. The base salary increase for A.L. Memmott in the year under review was 7.4%.

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 of which the Company is a constituent member.



Directors' detailed emoluments

This section of the remuneration report is audited.

Director	Gross salaries and fees £000	Salary sacrifice £000	Net salaries and fees £000	Benefits in kind £000	Annual bonus £000	Total £000	2011 total £000
Executive							
R.A. White	322	(6)	316	47	161	524	570
A.B.C. Short	218	(13)	205	27	102	334	496
J.D. Kemp	196	(12)	184	19	91	294	370
A.L. Memmott	175	(10)	165	21	81	267	396
Non-executive							
R.G. Hanna	111	–	111	–	–	111	106
W.R.G. Barr	39	–	39	–	–	39	37
J.S. Espey*	–	–	–	–	–	–	37
J. Warburton	39	–	39	–	–	39	37
M.A. Griffiths	39	–	39	–	–	39	16
	1,139	(41)	1,098	114	435	1,647	2,065

* J.S. Espey retired 31 January 2011.

R.A. White's gross salary is stated after the deduction of his contribution of £26,000 to the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme ('URBS').

Included within the annual bonus for A.B.C. Short and A.L. Memmott for the year ended 29 January 2011 were cash bonuses made in compensation for the forfeiture by those directors of LTIP awards made to them in October 2008. Having met the relevant performance criteria under the LTIP, these directors elected, pursuant to a resolution of the Remuneration Committee and with the consent of the trustee of the LTIP, to forfeit these LTIP awards and receive an equivalent cash bonus in substitution for the awards in order to optimise the tax treatment of those awards. As a condition of these directors being authorised to forfeit these LTIP awards, they were obliged to use the full amount of the cash bonus to purchase shares in the Company prior to 13 April 2010.

Benefits in kind include the provision of a company car and fuel. No director waived emoluments in respect of the years ended 28 January 2012 or 29 January 2011.

From April 2009 salary sacrifice was introduced by the Company. Members who 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 during the years ended 28 January 2012 and 29 January 2011. R.A. White left this arrangement on 5 April 2011 when he ceased his accrual under the Group's defined benefit pension scheme.

AESOP free shares

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

	Date of award and vesting date	Share price on date of award Pence	At 29 January 2011 Number	Shares awarded Number	Shares vested Number	Shares lapsed Number	At 28 January 2012 Number	Value vested £000
R.A. White	15 June 2011	1,356.0	–	221	(221)	–	–	3
A.B.C. Short	15 June 2011	1,356.0	–	221	(221)	–	–	3
J.D. Kemp	15 June 2011	1,356.0	–	221	(221)	–	–	3
A.L. Memmott	15 June 2011	1,356.0	–	221	(221)	–	–	3

The shares awarded under the AESOP scheme are held in trust but after five years the shares can be released tax free to the executive directors.

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	Share price on date of award Pence	At 28 January 2012 Number	Shares awarded Number	Shares vested Number	Shares lapsed Number	Shares cancelled Number	At 29 January 2011 Number	Value vested £000	Vesting date
R.A. White	2011	18 April 2008	575.0	39,552	–	(36,744)	(2,808)	–	–	485	14 April 2011
	2012	05 October 2009	861.0	40,501	–	–	–	–	40,501	–	31 October 2012
	2013	02 April 2010	975.0	34,985	–	–	–	–	34,985	–	30 April 2013
	2014	26 April 2011	1,339.0	–	26,235	–	–	–	26,235	–	30 April 2014
A.B.C. Short	2011	28 October 2008	561.5	24,720	–	(22,965)	(1,755)	–	–	264	23 September 2011
	2012	05 October 2009	861.0	25,313	–	–	–	–	25,313	–	31 October 2012
	2013	02 April 2010	975.0	21,809	–	–	–	–	21,809	–	30 April 2013
	2014	26 April 2011	1,339.0	–	16,397	–	–	–	16,397	–	30 April 2014
J.D. Kemp	2011	18 April 2008	575.0	22,248	–	(20,668)	(1,580)	–	–	273	14 April 2011
	2012	05 October 2009	861.0	22,782	–	–	–	–	22,782	–	31 October 2012
	2013	02 April 2010	975.0	19,628	–	–	–	–	19,628	–	30 April 2013
	2014	26 April 2011	1,339.0	–	14,757	–	–	–	14,757	–	30 April 2014
A.L. Memmott	2011	18 April 2008	575.0	16,068	–	(14,927)	(1,141)	–	–	197	14 April 2011
	2012	05 October 2009	861.0	18,522	–	–	–	–	18,522	–	31 October 2012
	2013	02 April 2010	975.0	17,084	–	–	–	–	17,084	–	30 April 2013
	2014	26 April 2011	1,339.0	–	13,218	–	–	–	13,218	–	30 April 2014

The LTIP awards vest shortly after the relevant year end date. The award is determined after the year end accounts are finalised 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 (SAYE)

The options of the executive directors, all held under the SAYE, at 28 January 2012 over the ordinary share capital of the Company were as follows:

	Options at 29 January 2011 Number	Options granted during the year Number	Options exercised during the year Number	Options lapsed during the year Number	Options at 28 January 2012 Number	Exercise price Pence	Market value at date of exercise Pence	Date from which exercisable	Expiry date
R.A. White	550	–	–	–	550	488	–	01 August 2012	01 February 2013
	1,371	–	–	–	1,371	762	–	01 August 2015	01 February 2016
A.B.C. Short	979	–	–	–	979	762	–	01 August 2015	01 February 2016
J.D. Kemp	1,632	–	–	–	1,632	762	–	01 August 2015	01 February 2016
A.L. Memmott	550	–	–	–	550	488	–	01 August 2012	01 February 2013
	1,371	–	–	–	1,371	762	–	01 August 2015	01 February 2016

The closing share price for the Company on 28 January 2012 was 1,230p. The lowest and highest prices during the year were 1,031p and 1,394p respectively.

Directors' Pensions

During the year to 28 January 2012, all executive directors were 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 2006 were as follows:

	Increase in accrued pension during the year net of inflation £000	Total accrued pension entitlement at 28 January 2012 £000 per annum	Transfer value of net increase in year, net of member contributions £000	Value of accrued pension entitlement at 29 January 2011 £000	Value of accrued pension entitlement at 28 January 2012 £000	Total change in value during year, net of member contributions £000
R.A. White	(1)	63	n/a	717	1,021	304
A.L. Memmott	1	39	22	513	812	299

During the year to 28 January 2012, W.R.G. Barr was in receipt of a pension from the Scheme. However, as there were no increases applied to his benefit other than those that apply to other members of the Scheme, there is nothing to be disclosed in respect of him.

A.L. Memmott ceased his accrual under the defined benefit plan on 1 March 2008. His accrued benefits retain a link to his final pensionable salary. R.A. White ceased his accrual under the defined benefit plan on 5 April 2011.

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 over the period 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 during year'.

The transfer value of the accrued entitlements represents 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 directors:

	2012 £000	2011 £000
J.D. Kemp	**39**	38
A.L. Memmott	**46**	41
A.B.C. Short	**50**	52

An accrued liability of £95,987 is included in the closing balance sheet for the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme set up in the year. The liability has been accrued in respect of R.A. White (£92,007) and A.B.C Short (£3,980). The URBS was approved by the Remuneration Committee of the board and is an unfunded employer financed retirement benefits scheme.

Gains made by directors

The aggregate value of gains realised on share awards in the year to 28 January 2012 under the LTIP was £1,217,190. The aggregate value of gains realised on the exercise of share options and awards in the year to 29 January 2011 under the LTIP and SAYE was £410,153.

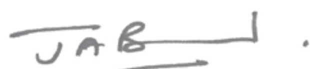
Interests in shares

The interests of directors in the ordinary share capital of the Company at 28 January 2012 were as follows:

	2012		2011	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Executive				
R.A. White	**115,480**	–	115,095	–
A.B.C. Short	**18,580**	**575,796**	15,172	583,969
J.D. Kemp	**47,514**	–	45,209	–
A.L. Memmott	**26,747**	–	19,198	–
Non-executive				
R.G. Hanna	**50,000**	–	50,000	–
W.R.G. Barr	**2,505,442**	**3,376,236**	2,505,442	3,376,236
J. Warburton	**1,500**	–	1,500	–
M.A. Griffiths	**1,800**	–	1,800	–

There have been the following changes notified in the directors' shareholdings between 28 January 2012 and 26 March 2012: A.B.C. Short an increase in beneficial holding of 28 shares and a decrease in non-beneficial holding of 6,590 shares, R.A. White an increase in beneficial holding of 28 shares, A.L. Memmott an increase in beneficial holding of 26 shares and J.D. Kemp an increase in beneficial holding of 27 shares.

By order of the board



J.A. Barr
Company Secretary
26 March 2012

Directors' Statement

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company 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 EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

A copy of the Group and parent Company financial statements has been placed on the Company's website, www.agbarr.co.uk. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are set out on pages 38 and 39 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 of the Group and parent Company; and
- the Business Review on pages 2 to 35 includes a fair review of the development and performance of the business and the position of the Group and parent Company, together with a description of the principal risks and uncertainties that they face.

By order of the board

R.A. White
Chief Executive
26 March 2012

A.B.C. Short
Finance Director

Strathm

SPRING WATER

New brand positioning makes it clear for Strathmore

In June, Strathmore undertook a major brand re-positioning. The brand refresh saw the introduction of new packaging and new pack designs with the new brand message 'Strathmore – A source of clarity'. The new, eye-catching labels highlight Strathmore's authenticity as a major Scottish water brand.

In this section:

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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 28 January 2012 set out on pages 62 to 102. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 56 and 57, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 website at www.frc.org.uk/apb/scope/private.cfm

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 28 January 2012 and of the group's profit for the year then ended;
- the 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;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- information given in the Corporate Governance Statement set out on pages 44 to 48 in with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures 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; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 43, in relation to going concern;
- the part of the Corporate Governance Statement on pages 44 to 48 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Craig Anderson
(Senior Statutory Auditor)
for and on behalf of

KPMG Audit Plc, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ
26 March 2012

Consolidated Income statement

For the year ended 28 January 2012

	Note	2012 Before exceptional items £000	2012 Exceptional items £000	2012 Total £000	2011 Before exceptional items £000	2011 Exceptional items £000	2011 Total £000
Revenue	1	**236,998**	**–**	**236,998**	222,366	–	222,366
Cost of sales		**(117,142)**	**(1,111)**	**(118,253)**	(107,656)	(331)	(107,987)
Gross profit	1, 5	**119,856**	**(1,111)**	**118,745**	114,710	(331)	114,379
Operating expenses	4, 5	**(86,495)**	**2,975**	**(83,520)**	(82,016)	(825)	(82,841)
Operating profit		**33,361**	**1,864**	**35,225**	32,694	(1,156)	31,538
Finance income	6	**936**	**–**	**936**	321	–	321
Finance costs	6	**(744)**	**–**	**(744)**	(1,423)	–	(1,423)
Profit before tax		**33,553**	**1,864**	**35,417**	31,592	(1,156)	30,436
Tax on profit	7	**(7,933)**	**662**	**(7,271)**	(8,084)	233	(7,851)
Profit attributable to equity holders		**25,620**	**2,526**	**28,146**	23,508	(923)	22,585
Earnings per share (p)							
Basic earnings per share	8	**66.84**	**6.59**	**73.43**	61.24	(2.40)	58.84
Diluted earnings per share	8	**66.47**	**6.55**	**73.03**	60.90	(2.39)	58.51

Statements of Comprehensive Income

For the year ended 28 January 2012

	Note	Group		Company	
		2012 £000	2011 £000	**2012 £000**	2011 £000
Profit after tax		**28,146**	22,585	**21,441**	17,164
Other comprehensive income					
Actuarial (loss)/gain on defined benefit pension plans		**(9,147)**	4,598	**(9,147)**	4,598
Effective portion of changes in fair value of cash flow hedges		**382**	573	**382**	573
Deferred tax movements on items taken direct to equity	22	**2,027**	(1,350)	**2,027**	(1,350)
Other comprehensive income for the period, net of tax		**(6,738)**	3,821	**(6,738)**	3,821
Total comprehensive income attributable to equity holders of the parent		**21,408**	26,406	**14,703**	20,985

Statements of Changes in Equity

For the year ended 28 January 2012

Group	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 29 January 2011	**4,865**	**905**	**1,981**	**(382)**	**109,338**	**116,707**
Cash flow hedge – recognition of fair value	**–**	**–**	**–**	**382**	**–**	**382**
Actuarial loss on defined benefit pension plans	**–**	**–**	**–**	**–**	**(9,147)**	**(9,147)**
Deferred tax on items taken direct to equity	**–**	**–**	**(11)**	**–**	**2,038**	**2,027**
Profit for the period	**–**	**–**	**–**	**–**	**28,146**	**28,146**
Total comprehensive income for the period	**–**	**–**	**(11)**	**382**	**21,037**	**21,408**
Company shares purchased for use by employee benefit trusts	**–**	**–**	**–**	**–**	**(3,158)**	**(3,158)**
Proceeds on disposal of shares by employee benefit trusts	**–**	**–**	**–**	**–**	**1,123**	**1,123**
Recognition of share-based payment costs	**–**	**–**	**905**	**–**	**–**	**905**
Transfer of reserve on share award	**–**	**–**	**(647)**	**–**	**647**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**(9,965)**	**(9,965)**
At 28 January 2012	**4,865**	**905**	**2,228**	**–**	**119,022**	**127,020**
At 30 January 2010	4,865	905	1,595	(955)	94,099	100,509
Cash flow hedge – recognition of fair value	–	–	–	573	–	573
Actuarial gain on defined benefit pension plans	–	–	–	–	4,598	4,598
Deferred tax on items taken direct to equity	–	–	82	–	(1,432)	(1,350)
Profit for the period	–	–	–	–	22,585	22,585
Total comprehensive income for the period	–	–	82	573	25,751	26,406
Company shares purchased for use by employee benefit trusts	–	–	–	–	(4,197)	(4,197)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	2,078	2,078
Recognition of share-based payment costs	–	–	956	–	–	956
Transfer of reserve on share award	–	–	(652)	–	652	–
Dividends paid	–	–	–	–	(9,045)	(9,045)
At 29 January 2011	4,865	905	1,981	(382)	109,338	116,707

Company	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 29 January 2011	**4,865**	**905**	**1,981**	**(382)**	**96,339**	**103,708**
Cash flow hedge – recognition of fair value	**–**	**–**	**–**	**382**	**–**	**382**
Actuarial loss on defined benefit pension plans	**–**	**–**	**–**	**–**	**(9,147)**	**(9,147)**
Deferred tax on items taken direct to equity	**–**	**–**	**(11)**	**–**	**2,038**	**2,027**
Profit for the period	**–**	**–**	**–**	**–**	**21,441**	**21,441**
Total comprehensive income for the period	**–**	**–**	**(11)**	**382**	**14,332**	**14,703**
Company shares purchased for use by employee benefit trusts	**–**	**–**	**–**	**–**	**(3,158)**	**(3,158)**
Proceeds on disposal of shares by employee benefit trusts	**–**	**–**	**–**	**–**	**1,123**	**1,123**
Recognition of share-based payment costs	**–**	**–**	**905**	**–**	**–**	**905**
Transfer of reserve on share award	**–**	**–**	**(647)**	**–**	**647**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**(9,965)**	**(9,965)**
At 28 January 2012	**4,865**	**905**	**2,228**	**–**	**99,318**	**107,316**
At 30 January 2010	4,865	905	1,595	(955)	86,521	92,931
Cash flow hedge – recognition of fair value	–	–	–	573	–	573
Actuarial gain on defined benefit pension plans	–	–	–	–	4,598	4,598
Deferred tax on items taken direct to equity	–	–	82	–	(1,432)	(1,350)
Profit for the period	–	–	–	–	17,164	17,164
Total comprehensive income for the period	–	–	82	573	20,330	20,985
Company shares purchased for use by employee benefit trusts	–	–	–	–	(4,197)	(4,197)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	2,078	2,078
Recognition of share-based payment costs	–	–	956	–	–	956
Transfer of reserve on share award	–	–	(652)	–	652	–
Dividends paid	–	–	–	–	(9,045)	(9,045)
At 29 January 2011	4,865	905	1,981	(382)	96,339	103,708

Statements of Financial Position

As at 28 January 2012

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Non-current assets					
Intangible assets	10	**74,613**	74,940	**8,902**	8,976
Property, plant and equipment	11	**54,873**	58,570	**53,046**	55,470
Investment in subsidiaries	14	**–**	–	**61,041**	61,041
Retirement benefit surplus	25	**–**	2,092	**–**	2,092
		129,486	135,602	**122,989**	127,579
Current assets					
Inventories	15	**18,971**	20,809	**16,176**	16,341
Trade and other receivables	16	**39,328**	34,733	**40,501**	36,091
Derivative financial instruments	12	**176**	219	**176**	219
Cash and cash equivalents		**8,289**	8,411	**7,238**	7,360
Assets classified as held for sale	17	**–**	2,400	**–**	2,400
		66,764	66,572	**64,091**	62,411
Total assets		**196,250**	202,174	**187,080**	189,990
Current liabilities					
Borrowings	18	**5,000**	5,000	**5,000**	5,000
Trade and other payables	19	**36,235**	39,562	**60,221**	54,915
Derivative financial instruments	12	**309**	416	**309**	416
Provisions	20	**91**	777	**91**	777
Current tax		**4,195**	3,920	**2,024**	1,672
		45,830	49,675	**67,645**	62,780
Non-current liabilities					
Borrowings	18	**9,849**	19,814	**9,849**	19,814
Deferred income	21	**–**	72	**–**	72
Deferred tax liabilities	22	**13,164**	15,906	**1,883**	3,616
Retirement benefit obligations	25	**387**	–	**387**	–
		23,400	35,792	**12,119**	23,502
Capital and reserves attributable to equity holders					
Called up share capital	26	**4,865**	4,865	**4,865**	4,865
Share premium account		**905**	905	**905**	905
Share options reserve		**2,228**	1,981	**2,228**	1,981
Cash flow hedge reserve		**–**	(382)	**–**	(382)
Retained earnings		**119,022**	109,338	**99,318**	96,339
		127,020	116,707	**107,316**	103,708
Total equity and liabilities		**196,250**	202,174	**187,080**	189,990

Company Number: SC005653

The financial statements on pages 62 to 102 were approved by the board of directors and authorised for issue on 26 March 2012 and were signed on its behalf by:

R.G. Hanna
Chairman

A.B.C. Short
Finance Director

Cash Flow Statements

For the year ended 28 January 2012

	Note	Group 2012 £000	Group 2011 £000	Company 2012 £000	Company 2011 £000
Operating activities					
Profit before tax		**35,417**	30,436	**27,371**	22,985
Adjustments for:					
Interest receivable	6	**(936)**	(321)	**(931)**	(317)
Interest payable	6	**744**	1,423	**742**	1,442
Depreciation of property, plant and equipment	11	**6,974**	7,325	**6,208**	6,706
Amortisation of intangible assets	10	**327**	392	**74**	139
Fair value adjustment to financial instruments		**352**	(192)	**352**	(192)
Impairment of intangible assets	10	**–**	1,084	**–**	766
Share-based payment costs		**905**	956	**905**	956
Gain on sale of property, plant and equipment		**(358)**	(6)	**(369)**	(72)
Government grants released	21	**(72)**	(4)	**(72)**	–
Operating cash flows before movements in working capital		**43,353**	41,093	**34,280**	32,413
Decrease/(increase) in inventories		**1,838**	(4,893)	**165**	(4,531)
Increase in receivables		**(4,595)**	(4,576)	**(4,410)**	(4,183)
(Decrease)/increase in payables		**(3,529)**	6,038	**3,462**	11,055
Net decrease in retirement benefit obligation		**(5,791)**	(3,105)	**(5,791)**	(3,105)
Cash generated by operations		**31,276**	34,557	**27,706**	31,649
Tax on profit paid		**(7,711)**	(7,243)	**(5,488)**	(5,437)
Net cash from operating activities		**23,565**	27,314	**22,218**	26,212
Investing activities					
Purchase of property, plant and equipment		**(6,937)**	(9,840)	**(5,536)**	(8,618)
Proceeds on sale of property, plant and equipment		**6,086**	281	**6,091**	256
Interest received		**25**	48	**21**	44
Net cash (used in)/generated from investing activities		**(826)**	(9,511)	**576**	(8,318)
Financing activities					
New loans received		**7,500**	12,000	**7,500**	12,000
Loans repaid		**(17,500)**	(20,000)	**(17,500)**	(20,000)
Bank arrangement fees paid		**(60)**	–	**(60)**	–
Purchase of Company shares by employee benefit trusts		**(3,158)**	(4,197)	**(3,158)**	(4,197)
Proceeds from disposal of Company shares by employee benefit trusts		**1,123**	2,078	**1,123**	2,078
Dividends paid		**(9,965)**	(9,045)	**(9,965)**	(9,045)
Interest paid		**(801)**	(1,154)	**(856)**	(1,174)
Net cash used in financing activities		**(22,861)**	(20,318)	**(22,916)**	(20,338)
Net decrease in cash and cash equivalents		**(122)**	(2,515)	**(122)**	(2,444)
Cash and cash equivalents at beginning of period		**8,411**	10,926	**7,360**	9,804
Cash and cash equivalents at end of period		**8,289**	8,411	**7,238**	7,360

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, which is listed on the London Stock Exchange and incorporated and domiciled in Scotland. The address of its registered office is Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD.

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 adopted by the European Union. They have been prepared under the historical cost accounting rules. The directors have adopted the going concern basis in preparing these accounts for the reasons set out in note 30.

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 74.

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.

Changes in accounting policy and disclosures
(a) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 30 January 2011 that have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 30 January 2011 and not adopted early

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning after 30 January 2011 unless otherwise stated, but the Group has not adopted them early. They will be applied from 27 January 2013, subject to endorsement by the E.U., and are not expected to have a material effect on the Group's financial statements:

- Amendment to IAS 19 Employee benefits (effective 1 January 2013)
- IFRS 10 Consolidated financial statements (effective 1 January 2013)
- IFRS 12 Disclosures of interests in other entities (effective 1 January 2013)
- IFRS 13 Fair value measurement (effective 1 January 2013)

Consolidation – subsidiaries
Subsidiaries are all 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls an entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group (and for acquisitions prior to 1 July 2009 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. Currently, there are no non-controlling interests in any of the entities within the Group.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired less liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as a credit in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in net assets are also eliminated. Accounting policies of subsidiaries are consistent with those 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 and rebates.

Revenue is recognised when 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. Segment results that are reported to the management committee (as chief operating decision maker) include items directly attributable to a segment as well as those which can be allocated on a consistent basis.

Foreign currency translation

(a) Functional and presentation currency

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 re-measured. 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.

Intangible assets

Goodwill

Goodwill represents the excess of the consideration 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 an 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 been assessed as having an indefinite life as they are expected to continue to contribute to the long term future of the Group. 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.

Intangible assets (continued)

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 was 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 Findlays Mineral Water. As the land rights give indefinite access to the water source at no cost, the rights have been given an indefinite life and are tested annually for impairment and 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 any replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation is charged from the date that assets, other than land, are available for use. It 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 net 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 rather than through continued use, 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.

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. 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 costs. When a trade receivable becomes uncollectable it is written off against the bad debt provision.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments
Investments in subsidiaries are carried at cost less impairment in the parent company accounts.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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 gain or loss on re-measurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. During 2008 the Group had entered into an interest rate hedge on its loan liability. This was designated as a cash flow hedge and has now matured.

At the inception of the transaction, the Group documents 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 maturity of the hedged item is more than 12 months from the statement of financial position date and as current when the remaining maturity of the hedged item is less than 12 months from the statement of financial position date.

Cash flow hedges
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 costs.

Amounts accumulated in equity are recycled through 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 equity. The gain or loss relating to the ineffective portion is recognised in the income statement within administration costs. 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 within the income statement when the forecast transaction is ultimately recognised in the income statement.

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 completing production 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 primary distribution location and condition. This includes an appropriate share of overheads based on normal operating activity.

Company shares held by employee benefit trusts
Company shares are purchased on behalf of employee benefit trusts to satisfy the liability of various employee share schemes. 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.

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

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 an 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 two pension schemes as detailed in note 25. The schemes are generally funded through payments to trustee-administered funds. 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/surplus recognised in the statement of financial position in respect of defined benefit pension plans is the present value of plan assets less the fair value of the defined benefit obligation, together with adjustments for unrecognised past service costs at the statement of financial position date. 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.

At 29 January 2011 a surplus was recognised on the defined benefit plan in accordance with the requirements of IFRIC 14, which gives guidance as to when defined benefit pension surpluses may be recognised.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, changes in the present value of the defined benefit obligation and any related actuarial gains and losses and past service costs that had not previously been recognised.

Share-based compensation

The Group grants 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 of the equity settled share-based payment determined at the grant date 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 payroll.

The Group records as an expense the fair value of the discount on the shares purchased by the employee as a charge to the income statement and a credit 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.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for various bonuses based on formulae that take into consideration the profit attributable to the Company's shareholders after certain adjustments.

The Group recognises a provision where there is a contractual obligation 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 legal or 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 distributions

Dividend distributions to the Company's shareholders are 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 statement of financial position date and the amounts reported for revenues and expenses during the year. Due to the nature of estimation, the actual outcomes may well differ from these estimates.

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

Interest rate swaption and cash flow hedge (note 12)

The Group measured the interest rate swaption contract and the cash flow hedge contract at fair value at each statement of financial position date. The fair value represented 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 statement of financial position date to the expiry date of the contract. The calculation used estimates of present value and future interest rates. The swaption has now expired.

Retirement benefit obligations (note 25)

The determination of any defined benefit pension scheme surplus/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 the estimation of the future cash flows expected to arise from the cash-generating unit along with a suitable discount rate in order to calculate present value.

Fair value estimation

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

1 Segment reporting

The Group's 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 led to the operating segments identified in the table below: there has been no change to the segments during the year (after aggregation). The performance of the operating segments is assessed by reference to their gross profit before exceptional items. Exceptional items are reported separately in note 5.

12 months ended 28 January 2012

	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	**182,340**	**54,078**	**580**	**236,998**
Gross profit before exceptional items	**103,560**	**15,779**	**517**	**119,856**

12 months ended 29 January 2011

	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	172,316	49,420	630	222,366
Gross profit before exceptional items	98,932	15,235	543	114,710

There are no inter-segment sales. All revenue is from external customers.

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

The gross profit from the segment reporting is stated before exceptional costs as the dual running and external manufacture exceptional costs allocated to cost of sales in the income statement relate to both Carbonates and Still drinks and water. 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 and liabilities 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 and liabilities to the statement of financial position has been disclosed for either of the periods presented.

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

	2012 £000	2011 £000
Capital expenditure	**6,937**	9,840
Depreciation and amortisation	**7,301**	7,717
Impairment of intangible assets	**–**	1,084

Capital expenditure comprises cash additions to property, plant and equipment (note 11).

All of the segments included within Carbonates and Still drinks and water meet the aggregation criteria set out in IFRS 8 Operating segments.

1 Segment reporting (continued)

Geographical information

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.

Revenue	2012 £000	2011 Restated £000
U.K.	**231,288**	217,329
Rest of the world	**5,710**	5,037
	236,998	222,366

The Rest of the world revenue includes sales to Ireland and wholesale export houses. Previously these were included within U.K. revenue, therefore the prior year comparatives have been restated. In the year to 29 January 2011 they were reported as £218,620,000 and £3,746,000 for the U.K. and the Rest of the world respectively.

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:

	2012 £000	2011 £000
Depreciation of property, plant and equipment	**6,974**	7,325
Profit on disposal of property, plant and equipment	**(309)**	(6)
Fair value movements in financial instruments	**352**	(192)
Foreign exchange (gains)/losses recognised	**(519)**	199
Research and development costs	**738**	614
Impairment of inventories	**352**	464
Amortisation of intangible assets	**327**	392
Impairment of intangible assets	**–**	1,084
Cost of inventories charged in cost of sales	**118,253**	107,987
Government grants released	**(72)**	(4)
Operating lease rentals payable – property	**563**	555
Operating lease rentals payable – motor vehicles	**879**	468
Operating lease rentals receivable – property	**(25)**	(13)
Trade receivables impairment/(net reversal)	**273**	(221)
Share-based payment costs	**905**	956

Included within Administration costs 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:

	2012 £000	2011 £000
Statutory audit services		
Fees payable to the auditor of the parent Company and consolidated accounts	**75**	72
Audit of the Company's subsidiaries pursuant to legislation	**5**	5
Non-audit services		
Other services pursuant to legislation	**19**	19
All other services	**–**	5
Tax compliance	**22**	18
Tax advisory	**30**	75
Fees in respect of the Group's pension plans		
Audit	**13**	12

3 Employees and directors

	2012	2011
Average monthly number of people employed by the Group (including executive directors)		
Production and distribution	**783**	824
Administration	**189**	192
	972	1,016

Staff costs for the Group for the year

	2012 £000	2011 £000
Wages and salaries	**32,207**	29,608
Social security costs	**3,219**	2,909
Share-based payments	**905**	956
Pension costs – defined contribution plans	**1,594**	1,410
Pension costs – defined benefit plans	**304**	1,061
Pension costs – defined benefit plans past service credit	**(2,582)**	–
Pension costs – defined benefit plans curtailment	**(497)**	(341)
	35,150	35,603

4 Net operating expenses before exceptional items

	2012 £000	2011 £000
Distribution costs (including selling costs)	**60,172**	55,849
Administration costs	**26,323**	26,167
	86,495	82,016

5 Exceptional items

	2012 £000	2011 £000
Dual running costs	**182**	331
External manufacture	**929**	–
Total cost of sales	**1,111**	331
Release of environmental provision for site closure	**(63)**	–
Net redundancy charge/(cost release) for production site closure	**109**	(157)
Dual running costs	**–**	103
Redundancy cost in relation to Group reorganisation	**–**	136
Total distribution costs	**46**	82
Curtailment of retirement benefit scheme (note 25)	**(497)**	(341)
Pension increase exchange exercise net of associated costs (note 25)	**(2,488)**	–
Gain on disposal of property, plant and equipment	**(49)**	–
Mansfield site closure costs	**13**	–
Impairment of Vitsmart brand and goodwill (note 10)	**–**	308
Impairment of Taut goodwill (note 10)	**–**	318
Impairment of water rights (note 10)	**–**	458
Total administration costs	**(3,021)**	743
Total exceptional costs	**(1,864)**	1,156

The dual running costs of £182,000 charged to cost of sales relate to the dual running of the Group's in house and third party distribution sites during the year to 28 January 2012. The Mansfield production site included a distribution operation. A third party distribution company had taken over the distribution operations and as there was an element of dual running over the period of the Mansfield closure, these dual running costs have been classified as exceptional. In house distribution operations at Mansfield ceased in April 2011 ahead of the sale of the site which was completed in June 2011.

A further £929,000 of additional costs were incurred for the manufacture of goods at third parties following operational difficulties in the commissioning of production plant at Cumbernauld during the closure of Mansfield and shortly thereafter.

Dual running costs of £331,000 and £103,000 were incurred in the year to 29 January 2011 within cost of sales and distribution costs.

£63,000 of the environmental provision relating to the closure of Mansfield was released during the year as it was not utilised as expected in the period before the sale of the site. Originally a provision of £66,000 had been made in the year to 30 January 2010.

Redundancy costs for the closure of Mansfield of £109,000 were recognised in the year to 28 January 2012 as the actual redundancy costs for the closure of Mansfield were paid at a level in excess of that provided in prior years. A provision had initially been recognised in 2010, with £157,000 being released in the year to 29 January 2011.

As a result of the closure of the Mansfield site, a curtailment in the Group retirement pension plan has arisen. This has resulted in an exceptional credit arising from the reduction in the retirement benefit obligation following a reduction in the number of employees remaining with the scheme. The value of this credit is £497,000 (2011: £341,000).

A pension increase exchange exercise was undertaken during the year resulting in an improvement in the risk profile of the defined benefit scheme. An associated pension credit of £2,582,000 has been recognised as an exceptional item in the year to 28 January 2012. Consultancy costs of £94,000 were incurred in relation to the exercise and these have also been treated as exceptional in the year.

A gain on disposal of Mansfield assets of £49,000 was recognised during the year, with £13,000 costs associated with the closure of the site also being incurred.

In the year to 29 January 2011 the Vitsmart brand and goodwill, Taut goodwill and water rights were all impaired. The impairment charge was recognised as an exceptional charge in that year.

6 Finance income and Finance costs

Finance income

	2012 £000	2011 £000
Interest receivable	**59**	77
Net finance income relating to defined benefit schemes (note 25)	**877**	244
	936	321

Finance costs

	2012 £000	2011 £000
Interest payable	**(649)**	(1,348)
Amortisation of loan arrangement fees	**(95)**	(75)
	(744)	(1,423)

7 Taxation

	2012			2011		
Group	Before exceptional items £000	Exceptional items £000	Total £000	Before exceptional items £000	Exceptional items £000	Total £000
Current tax						
Current tax on profits for the year	**8,296**	**(515)**	**7,781**	7,483	(182)	7,301
Adjustments in respect of prior years	**205**	**–**	**205**	(66)	–	(66)
Total current tax expense	**8,501**	**(515)**	**7,986**	7,417	(182)	7,235
Deferred tax						
Origination and reversal of:						
Temporary differences (note 22)	**726**	**(147)**	**579**	1,066	(51)	1,015
Adjustment for change in deferred tax rate	**(1,466)**	**–**	**(1,466)**	(705)	–	(705)
Adjustments in respect of prior years	**172**	**–**	**172**	306	–	306
Total deferred tax (credit)/expense	**(568)**	**(147)**	**(715)**	667	(51)	616
Total tax expense/(credit)	**7,933**	**(662)**	**7,271**	8,084	(233)	7,851

In addition to the above movements in deferred tax, a deferred tax credit of £2,027,000 (2011: charge of £1,350,000) has been recognised in other comprehensive income (note 22).

7 Taxation (continued)

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

	2012 £000	2011 £000
Profit before tax	**35,417**	30,436
Tax at 26.31% (2011: 28%)	**9,318**	8,522
Tax effects of:		
Items that are not deductible in determining taxable profit	**316**	239
Current tax adjustment in respect of prior years	**205**	(66)
Deferred tax adjustment in respect of prior years	**172**	306
Deferred tax adjustment in respect of change in deferred tax rate	**(1,466)**	(705)
Allowable loss on disposal of properties	**(1,181)**	–
Current year impact of change in deferred tax rate	**(51)**	(40)
Share options permanent difference	**(1)**	(614)
Permanent difference on impairment of intangible assets	**–**	89
Other differences	**(41)**	120
Total tax expense	**7,271**	7,851

The weighted average tax rate was 20.5% (2011: 25.8%).

The main rate of U.K. Corporation tax was reduced from 28% to 26% from 1 April 2011. The Finance Act 2011 further reduced the main rate of U.K. Corporation tax to 25% from 1 April 2012. The reduction to 26% was substantively enacted on 29 March 2011, effective from 1 April 2011. A reduction to 25% was substantively enacted on 5 July 2011 and was to be effective from 1 April 2012. The effect of these rate changes will be to reduce the Group's future current tax charge. As this rate change to 25% has been substantively enacted it has the effect of reducing the Group's net deferred tax liabilities recognised at 28 January 2012 by £1.2 million.

The Budget on 21 March 2012 proposed further changes to the main rate of U.K. Corporation Tax, with the main rate of U.K. Corporation tax reducing to 24% from 1 April 2012 and a further two percent reduction to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction due to legislation not being enacted, although this will further reduce the Company's future current tax charge and reduce the Group's deferred tax liabilities accordingly.

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.

	2012	2011
Profit attributable to equity holders of the Company (£000)	**28,146**	22,585
Weighted average number of ordinary shares in issue	**38,328,493**	38,385,598
Basic earnings per share (pence)	**73.43**	58.84

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.

	2012	2011
Profit attributable to equity holders of the Company (£000)	**28,146**	22,585
Weighted average number of ordinary shares in issue	**38,328,493**	38,385,598
Adjustment for dilutive effect of share options	**213,992**	216,127
Diluted weighted average number of ordinary shares in issue	**38,542,485**	38,601,725
Diluted earnings per share (pence)	**73.03**	58.51

9 Dividends

	2012 per share	2011 per share	2012 £000	2011 £000
Paid final dividend	**18.66p**	16.85p	**7,124**	6,450
Paid interim dividend	**7.30p**	6.75p	**2,841**	2,595
	25.96p	23.60p	**9,965**	9,045

The directors have proposed a final dividend in respect of the year ended 28 January 2012 of 20.65p per share, amounting to a dividend of £8,038,000. It will be paid on 1 June 2012 to shareholders who are on the Register of Members on 4 May 2012.

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.

10 Intangible assets

Group	Goodwill £000	Brands £000	Customer relationships £000	Water rights £000	Total £000
Cost					
At 29 January 2011 and at 28 January 2012	23,274	50,276	3,532	742	77,824
Amortisation and impairment losses					
At 30 January 2010	–	–	1,124	284	1,408
Amortisation for the year	–	–	392	–	392
Impairment recognised in the year	336	290	–	458	1,084
At 29 January 2011	336	290	1,516	742	2,884
Amortisation for the year	–	–	327	–	327
At 28 January 2012	336	290	1,843	742	3,211
Carrying amounts					
At 28 January 2012	**22,938**	**49,986**	**1,689**	**–**	**74,613**
At 29 January 2011	22,938	49,986	2,016	–	74,940

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 assets' expected useful lives: the Strathmore customer relationships were fully amortised during the year and the Rubicon asset has seven years remaining. This period has been reviewed at the statement of financial position date and remains appropriate.

10 Intangible assets (continued)

Company	Goodwill £000	Brands £000	Customer relationships £000	Water rights £000	Total £000
Cost					
At 29 January 2011 and at 28 January 2012	1,920	7,290	1,000	742	10,952
Amortisation and impairment losses					
At 30 January 2010	–	–	787	284	1,071
Amortisation for the year	–	–	139	–	139
Impairment recognised in the year	18	290	–	458	766
At 29 January 2011	18	290	926	742	1,976
Amortisation for the year	–	–	74	–	74
At 28 January 2012	18	290	1,000	742	2,050
Carrying amounts					
At 28 January 2012	**1,902**	**7,000**	**–**	**–**	**8,902**
At 29 January 2011	1,902	7,000	74	–	8,976

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 assets' expected useful life, with the asset being fully amortised during the year to 28 January 2012.

The amortisation costs for the year have been included in the income statement as Administration costs for the two years presented.

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 28 January 2012	**Goodwill £000**	**Brands £000**	**Customer relationships £000**	**Total £000**
Rubicon operating unit	**21,036**	**42,986**	**1,689**	**65,711**
Strathmore operating unit	**1,902**	**7,000**	**–**	**8,902**
Total	**22,938**	**49,986**	**1,689**	**74,613**

At 29 January 2011	Goodwill £000	Brands £000	Customer relationships £000	Total £000
Rubicon operating unit	21,036	42,986	1,942	65,964
Strathmore operating unit	1,902	7,000	74	8,976
Total	22,938	49,986	2,016	74,940

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 and other key assumptions as stated below:

Key assumptions

	2012			2011		
	Gross margin %	**Growth rate %**	**Discount rate %**	Gross margin %	Growth rate %	Discount rate %
Rubicon operating unit	**41.34**	**2.25**	**9.09**	37.18	2.25	9.54
Strathmore operating unit	**30.75**	**2.25**	**9.09**	29.00	2.25	9.54

The Rubicon operating unit can be further allocated across Carbonates and Still drinks and water 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 adjusted for the specific risks impacting on each operating unit. The estimated pre-tax cost of capital is a benchmark for the Group provided by an independent third party.

Advertising and promotional costs are included in the breakdown, using latest annual budgets for the year to 26 January 2013 and projected costs thereafter.

Sensitivity analysis was carried out on the above calculations to review possible levels of impairment after adjusting discount rates. At 12%, the highest discount rate that could reasonably possibly be thought to apply, neither of the CGUs were impaired. Whilst cash flow projections used within the impairment reviews are subject to inherent uncertainty, changes within reason to the key assumptions applied in assessing the value in use calculation would not result in a change in the conclusions reached.

11 Property, plant and equipment

Group	Land and buildings Freehold £000	Land and buildings Long leasehold £000	Plant, equipment and vehicles £000	Assets under construction £000	Total £000
Cost or deemed cost					
At 30 January 2010	32,680	545	74,375	3,606	111,206
Additions	150	–	6,360	3,758	10,268
Transfer from assets under construction	–	–	5,442	(5,442)	–
Disposals	(13)	–	(5,033)	–	(5,046)
At 29 January 2011	32,817	545	81,144	1,922	116,428
Additions	66	–	5,035	1,503	6,604
Transfer from assets under construction	165	–	1,996	(2,161)	–
Disposals	(3,178)	–	(11,154)	–	(14,332)
At 28 January 2012	**29,870**	**545**	**77,021**	**1,264**	**108,700**
Depreciation					
At 30 January 2010	3,227	488	51,589	–	55,304
Amount charged for year	383	15	6,927	–	7,325
Disposals	(13)	–	(4,758)	–	(4,771)
At 29 January 2011	3,597	503	53,758	–	57,858
Amount charged for year	349	11	6,614	–	6,974
Disposals	(761)	–	(10,244)	–	(11,005)
At 28 January 2012	**3,185**	**514**	**50,128**	**–**	**53,827**
Net book value					
As at 28 January 2012	**26,685**	**31**	**26,893**	**1,264**	**54,873**
As at 29 January 2011	29,220	42	27,386	1,922	58,570

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 30 January 2010	32,597	394	70,817	3,598	107,406
Additions	80	–	5,248	3,324	8,652
Transfer from assets under construction	–	–	5,412	(5,412)	–
Transfer of assets between categories	(262)	–	262	–	–
Transfer of assets to other Group companies	(82)	–	(38)	–	(120)
Disposals	(13)	–	(4,192)	–	(4,205)
At 29 January 2011	32,320	394	77,509	1,510	111,733
Additions	66	–	3,738	1,742	5,546
Transfer from assets under construction	165	–	1,931	(2,096)	–
Transfer of assets from other Group companies	–	–	1,560	–	1,560
Disposals	(3,178)	–	(11,116)	–	(14,294)
At 28 January 2012	**29,373**	**394**	**73,622**	**1,156**	**104,545**
Depreciation					
At 30 January 2010	3,219	361	50,036	–	53,616
Amount charged for year	368	8	6,330	–	6,706
Transfer of assets between categories	(222)	–	222	–	–
Transfer of assets to other Group companies	–	–	(38)	–	(38)
Disposals	(13)	–	(4,008)	–	(4,021)
At 29 January 2011	3,352	369	52,542	–	56,263
Amount charged for year	327	4	5,877	–	6,208
Disposals	(761)	–	(10,211)	–	(10,972)
At 28 January 2012	**2,918**	**373**	**48,208**	**–**	**51,499**
Net book value					
As at 28 January 2012	**26,455**	**21**	**25,414**	**1,156**	**53,046**
As at 29 January 2011	28,968	25	24,967	1,510	55,470

At 28 January 2012, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £2,322,031 (2011: £2,769,199).

12 Financial instruments

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

Group **At 28 January 2012**	**Loans and receivables £000**	**Assets at fair value through profit or loss £000**	**Total £000**
Assets as per statement of financial position			
Derivative financial assets	**–**	**176**	**176**
Trade and other receivables	**39,328**	**–**	**39,328**
Cash and cash equivalents	**8,289**	**–**	**8,289**
Total	**47,617**	**176**	**47,793**

Group At 29 January 2011	Loans and receivables £000	Assets at fair value through profit or loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	219	219
Trade and other receivables	34,733	–	34,733
Cash and cash equivalents	8,411	–	8,411
Total	43,144	219	43,363

Company **At 28 January 2012**	**Loans and receivables £000**	**Assets at fair value through profit or loss £000**	**Total £000**
Assets as per statement of financial position			
Derivative financial assets	**–**	**176**	**176**
Trade and other receivables	**40,501**	**–**	**40,501**
Cash and cash equivalents	**7,238**	**–**	**7,238**
Total	**47,739**	**176**	**47,915**

Company At 29 January 2011	Loans and receivables £000	Assets at fair value through profit or loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	219	219
Trade and other receivables	36,091	–	36,091
Cash and cash equivalents	7,360	–	7,360
Total	43,451	219	43,670

The assets at fair value through profit or loss represent foreign exchange forward contracts as at 28 January 2012 and foreign exchange forward contracts and a swaption as detailed in note 13 as at 29 January 2011.

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 value.

Group **At 28 January 2012**	**Derivatives used for hedging £000**	**Other financial liabilities at amortised cost £000**	**Total £000**
Liabilities as per statement of financial position			
Borrowings	**–**	**15,000**	**15,000**
Derivative financial liabilities	**309**	**–**	**309**
Trade payables	**–**	**9,065**	**9,065**
Total	**309**	**24,065**	**24,374**

Group At 29 January 2011	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	25,000	25,000
Derivative financial liabilities	416	–	416
Trade payables	–	6,346	6,346
Total	416	31,346	31,762

Company **At 28 January 2012**	**Derivatives used for hedging £000**	**Other financial liabilities at amortised cost £000**	**Total £000**
Liabilities as per statement of financial position			
Borrowings	–	15,000	15,000
Derivative financial liabilities	309	–	309
Trade payables and amounts due to other subsidiary companies	–	33,091	33,091
Total	**309**	**48,091**	**48,400**

Company At 29 January 2011	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	25,000	25,000
Derivative financial liabilities	416	–	416
Trade payables and amounts due to other subsidiary companies	–	22,030	22,030
Total	416	47,030	47,446

Trade and other payables are detailed in note 19.

12 Financial instruments (continued)

The derivative financial liability as at 28 January 2012 related to forward foreign currency contracts.

The derivative financial liability in the prior year was an interest rate swap relating to outstanding borrowings and was accounted for using hedge accounting. The full fair value of the hedging derivative was classified as a current asset or liability as appropriate. The balance of the swap was classified as a current liability at 29 January 2011 as it was contracted to end in the year to 28 January 2012.

No ineffectiveness from the interest rate swap was recognised in the income statement during either of the two years presented.

The notional principal amounts of the outstanding interest rate swap contracts at 28 January 2012 were £nil (2011: £15,255,000). The fixed interest rate was 4.57% and the floating rate was LIBOR.

Group and company

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:

	2012 £000	2011 £000
Derivative financial assets	**176**	219
Derivative financial liabilities	**(309)**	(416)

Fair values of financial assets and financial liabilities

The table below sets out the comparison between the carrying amount and fair value 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 2012 £000**	**Fair value 2012 £000**	Book value 2011 £000	Fair value 2011 £000
Current assets				
Cash and cash equivalents	**8,289**	**8,289**	8,411	8,411
Derivative financial instruments	**176**	**176**	219	219
Total financial assets	**8,465**	**8,465**	8,630	8,630

Financial liabilities	**Book value 2012 £000**	**Fair value 2012 £000**	Book value 2011 £000	Fair value 2011 £000
Current liabilities				
Borrowings	**5,000**	**5,000**	5,000	5,000
Derivative financial instruments	**309**	**309**	416	416
Non-current liabilities				
Borrowings	**10,000**	**9,887**	20,000	19,581
Total financial liabilities	**15,309**	**15,196**	25,416	24,997

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

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 1.45% and a discount rate of 3%.

13 Financial assets at fair value through profit or loss

Group	2012 £000	2011 £000
Foreign exchange forward contracts	**176**	218
Swaption	**–**	1

Foreign exchange contracts are contracts entered into to buy or sell foreign currency at a set rate within one year of the statement of financial position date. The market value of these contracts at 28 January 2012 was £176,000.

The Swaption at 29 January 2011 was an option to enter into an interest rate swap within one year. The option to exercise the Swaption in the year to 28 January 2012 was not taken and as the option has expired it has no closing value.

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

14 Investment in subsidiary undertakings

Company	2012 £000	2011 £000
At start of year	**61,041**	61,081
Impairment of Taut (U.K.) Limited	**–**	(40)
At end of year	**61,041**	61,041

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.

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.

The trading assets and liabilities of Barr Leasing Limited were transferred to A.G BARR p.l.c and Findlays Limited at 28 January 2012. Barr Leasing Limited will be a dormant entity from 29 January 2012 onwards.

15 Inventories

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Returnable containers	**552**	656	**513**	615
Materials	**5,822**	6,822	**3,358**	2,546
Finished goods	**12,597**	13,331	**12,305**	13,180
	18,971	20,809	**16,176**	16,341

16 Trade and other receivables

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Trade receivables	**37,701**	32,409	**37,701**	32,409
Less: provision for impairment of receivables	**(739)**	(466)	**(739)**	(466)
Trade receivables – net	**36,962**	31,943	**36,962**	31,943
Other receivables	**20**	143	**20**	43
Prepayments and accrued income	**2,346**	2,647	**2,325**	2,630
Amounts due by subsidiary companies	**–**	–	**1,194**	1,475
	39,328	34,733	**40,501**	36,091

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. The Company is the only company in the Group with trade receivables from third parties. As a result, the following disclosure tables apply to both the Group and the Company.

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due. 99% (2011: 99%) 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 and Company	**2012 £000**	2011 £000
Major customers	**33,965**	28,972
Direct to store customers	**3,736**	3,437
Total	**37,701**	32,409

The Group's and Company's most significant customer, a U.K. major customer, accounts for £2,157,000 of the trade receivables carrying amount at 28 January 2012 (29 January 2011: £1,577,000).

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

Group and Company	**Gross 2012 £000**	**Impairment 2012 £000**	Gross 2011 £000	Impairment 2011 £000
Not past due	**36,081**	**–**	30,609	–
Past due 1 to 30 days	**367**	**(89)**	1,319	(163)
Past due 31 to 60 days	**231**	**(61)**	355	(177)
Past due 61 + days	**1,022**	**(589)**	126	(126)
Total	**37,701**	**(739)**	32,409	(466)

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

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
U.K. Sterling	**39,012**	34,554	**38,991**	34,437
US Dollars	**64**	29	**64**	29
Euro	**252**	150	**252**	150
	39,328	34,733	**39,307**	34,616

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

Group and Company	**2012 £000**	2011 £000
At start of year	**466**	687
Net provision charged/(released) during the year	**273**	(221)
At end of year	**739**	466

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, with a corresponding charge being recorded in Administration costs. 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 costs 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 (2011: AA(-) rated).

17 Assets classified as held for sale

Group and Company	**2012 £000**	2011 £000
Opening land and buildings	**2,400**	2,400
Sale of property during the year	**(2,400)**	–
Closing land and buildings	**–**	2,400

The Atherton production site was closed during the year to 26 January 2008.

The land and buildings were sold in August 2011.

A gain of £109,000 was realised on the disposal of the property and has been included within the gain on disposal of property, plant and equipment as disclosed in note 2.

18 Borrowings

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

Group and Company	2012 £000	2011 £000
Current		
Bank borrowings	**5,000**	5,000
Non-current		
Bank borrowings	**10,000**	20,000
Total borrowings	**15,000**	25,000

A bank arrangement fee of £366,000 was incurred in arranging the original borrowing facility in the year to 30 January 2009.

During the year to 28 January 2012 negotiations were concluded with the bank to replace the 2011 expiring facility with a new three year working capital facility through to 2014. A further £60,000 of arrangement fees were incurred in negotiating this facility.

The combined fees are amortised over the life of the loan from the date that the fees were incurred and are expected to be fully amortised in the year to 25 January 2014.

The amortisation charge is included in the Finance costs line in the income statement.

	2012 £000	2011 £000
Non-current bank borrowings	**10,000**	20,000
Unamortised arrangement fee	**(151)**	(186)
Non-current bank borrowings disclosed in the statement of financial position	**9,849**	19,814

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

The movements in the borrowings are analysed as follows:

	2012 £000	2011 £000
Opening loan balance	**25,000**	33,000
Borrowings made	**7,500**	12,000
Repayments of borrowings	**(17,500)**	(20,000)
Closing loan balance	**15,000**	25,000

The borrowings are scheduled to be repaid over the next one and a half years under a payment schedule agreed with the lender.

The maturity profile of the borrowings are as follows:

	2012 £000	2011 £000
Less than one year	**5,000**	5,000
One to five years	**10,000**	20,000
	15,000	25,000

19 Trade and other payables

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Trade payables	**9,065**	6,346	**9,065**	6,346
Other taxes and social security costs	**4,538**	3,721	**4,538**	3,720
Accruals	**22,632**	29,495	**22,592**	29,165
Amounts due to subsidiary companies	**–**	–	**24,026**	15,684
	36,235	39,562	**60,221**	54,915

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

At 28 January 2012	**Up to one year £000**	**Over one year £000**	**Total £000**
Borrowings	**5,108**	**10,108**	**15,216**
Trade payables	**9,065**	**–**	**9,065**
Accruals	**22,632**	**–**	**22,632**
Financial instruments	**309**	**–**	**309**
	37,114	**10,108**	**47,222**

At 29 January 2011	Up to one year £000	Over one year £000	Total £000
Borrowings	5,157	20,313	25,470
Trade payables	6,346	–	6,346
Accruals	29,495	–	29,495
Financial instruments	416	–	416
	41,414	20,313	61,727

As trade and other payables are not interest bearing their fair value is taken to be the book value. Disclosures relating to borrowings are included in note 18.

20 Provisions

Group and Company	**2012 £000**	2011 £000
Opening provision	**777**	1,962
Provision created during the year	**60**	72
Provision released during the year	**(70)**	(186)
Provision utilised during the year	**(676)**	(1,071)
Closing provision	**91**	777

The opening provision relates to the remaining expected restructuring costs, including employee termination costs and environmental costs associated with the closure of the Atherton and Mansfield production sites.

The employee termination costs were based on a detailed plan agreed between management and employee representatives. This provision has been utilised during the year to 28 January 2012.

£63,000 of the provision release related to environmental costs that were not incurred as had been originally expected.

The remaining release related to redundancy costs associated with the closure of the Atherton and Mansfield sites.

20 Provisions (continued)

The provision created in the year to 28 January 2012 relates to additional redundancy costs recognised as the related payments were made during the year. The balance of the closing provision is expected to be utilised in the year to 26 January 2013.

21 Deferred income

	Group		Company	
	2012 £000	2011 £000	**2012 £000**	2011 £000
At start of year	**72**	76	**72**	72
Credit to income statement	**(72)**	(4)	**(72)**	–
At end of year	**–**	72	**–**	72

The credit to the income statement for the year ended 28 January 2012 was the release of a government grant received in respect of the Atherton production site. The grant had been received several years ago and was being amortised over the expected life of the site.

When the Atherton site was classified as held for sale the amortisation of the grant ceased. The remaining balance of the grant was released on the sale of the site and included within the gain on sale recognised on the disposal.

22 Deferred tax assets and liabilities

Group	Retirement benefit obligations £000	Share-based payments £000	Total deferred tax asset £000	Retirement benefit surplus £000	Accelerated tax depreciation £000	Total deferred tax liability £000	Net deferred tax liability £000
At 30 January 2010	1,638	740	2,378	–	(16,318)	(16,318)	(13,940)
(Charge)/credit to the income statement (note 7)	(771)	54	(717)	–	101	101	(616)
(Charge)/credit to other comprehensive income	(1,432)	82	(1,350)	–	–	–	(1,350)
Transfer from asset to liability category	565	–	565	(565)	–	(565)	–
At 29 January 2011	–	876	876	(565)	(16,217)	(16,782)	(15,906)
Credit/(charge) to the income statement (note 7)	–	51	51	(1,376)	2,040	664	715
(Charge)/credit to other comprehensive income	–	(11)	(11)	2,038	–	2,038	2,027
Transfer from liability to asset category	97	–	97	(97)	–	(97)	–
At 28 January 2012	**97**	**916**	**1,013**	**–**	**(14,177)**	**(14,177)**	**(13,164)**

Deferred tax assets and liabilities

Company	Retirement benefit obligations £000	Share-based payments £000	Total deferred tax asset £000	Retirement benefit surplus £000	Accelerated tax depreciation £000	Total deferred tax liability £000	Net deferred tax liability £000
At 30 January 2010	1,638	740	2,378	–	(3,804)	(3,804)	(1,426)
(Charge)/credit to the income statement	(771)	54	(717)	–	(123)	(123)	(840)
(Charge)/credit to other comprehensive income	(1,432)	82	(1,350)	–	–	–	(1,350)
Transfer from asset to liability category	565	–	565	(565)	–	(565)	–
At 29 January 2011	–	876	876	(565)	(3,927)	(4,492)	(3,616)
Credit/(charge) to the income statement	–	51	51	(1,376)	1,031	(345)	(294)
(Charge)/credit to other comprehensive income	–	(11)	(11)	2,038	–	2,038	2,027
Transfer from liability to asset category	97	–	97	(97)	–	(97)	–
At 28 January 2012	**97**	**916**	**1,013**	**–**	**(2,896)**	**(2,896)**	**(1,883)**

As disclosed in note 7 the Finance Act 2011 introduced legislation to reduce the main rate of Corporation tax from 28% to 26% from April 2011 and to 25% from April 2012. This has resulted in a £288,000 charge to equity in the year to 28 January 2012, included within the net credit for the year of £2,027,000.

The Budget in March 2012 proposed the reduction in the main rate of U.K. Corporation tax to 24%.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% in April 2014. These proposed reductions of the main rate of Corporation tax are expected to be enacted separately each year. These changes have not been substantively enacted at the statement of financial position date and have therefore not been recognised in these financial statements. It has not been possible to quantify the impact of the changes in these financial statements.

No deferred tax asset is recognised in the statement of financial position for unused capital losses of £1,895,000 (2011: £1,895,000).

A further deferred tax asset of £1,115,000 (2011: £1,204,000) has not been recognised in respect of acquired tax losses in Taut (U.K.) Limited, a subsidiary of the Company.

23 Lease commitments

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

	2012 £000	2011 £000
No later than one year	**1,436**	1,033
More than one year but not more than five years	**1,482**	2,482
Due beyond five years	**559**	757
Total lease commitments	**3,477**	4,272

24 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 and fair value 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 in accordance with policies approved by the board of directors. The Group's finance department identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The board provides guidance on overall market risk management including 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 Sterling but does have some purchases and sales denominated in US Dollars and Euros. For the year ended 28 January 2012, 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 (29 January 2011: negligible impact on post tax profit).

The Group periodically enters into forward option contracts to purchase foreign currencies for known capital purchases where the value and volume of trading purchases 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 purchases a wide range of commodities in the ordinary course of business. Exposure to changes in the market price of certain of these commodities, including sugar, plastic, aluminium and mango, is managed through the use of forward physical supply contracts, primarily to convert floating or indexed prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the Group's risk management policies and is continually monitored by the Treasury Committee. Commodity derivatives also provide a way to meet customers' pricing requirements whilst achieving a price structure consistent with the Group's overall pricing strategy.

All of the Group's commodity derivatives are treated as 'own use' contracts, which are outside the scope of IAS 39, since they are both entered into, and continue to be held, for the purposes of the Group's ordinary operations, and are not net settled (the Group takes physical delivery of the commodity concerned). 'Own use' contracts do not require accounting entries until the commodity purchase actually crystallises.

24 Financial risk management (continued)

The majority of the Group's forward physical contracts and commodity derivatives have original maturities of less than one year.

As all of the commodity contracts qualify for the 'own use' treatment, no sensitivity analysis has been carried out.

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 obtained at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates.

During the year to 28 January 2012 the interest rate swap held by the Group expired. Due to the low interest rate levels in the year and their expected low level in the coming year no interest rate swaps have been entered into. The interest rate swaption held by the Group (note 13) was allowed to expire as it was not beneficial to the Group to exercise the option.

At 28 January 2012, if interest rates on Sterling-denominated borrowings at that date had been 0.5% higher/lower with all other variables held constant, there would have been a negligible change in the post tax profit for the year (29 January 2011: negligible impact).

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 by the management committee based on internal or external ratings. The utilisation of credit limits is regularly monitored. Sales to direct to store customers are largely settled in cash in order to manage credit risk from smaller, independent stores.

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 business, 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 facilities 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 16 to 25. 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 28 January 2012, the net debt/EBITDA ratio was 0.2 times (year ended 29 January 2011: 0.4 times).

The Group monitors capital efficiency on the basis of the return on capital employed ratio ('ROCE'). In the financial year ended 28 January 2012, ROCE improved to 22.8% from 21.4%.

25 Retirement benefit obligations/surplus

During the year the Company operated two pension schemes, 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 funded defined benefit scheme based on final salary which also includes a defined contribution section for the pension provision of new executive entrants. Under the defined benefit scheme, the employees are entitled to retirement benefits based on final pensionable pay. No other post-retirement benefits are provided.

Defined benefit scheme: actuarial valuation

The assets of the scheme are held separately from those of the Company and are invested in managed funds. A full valuation of the scheme was conducted as at 5 April 2011 using the attained age method.

The total assets of the defined benefit scheme at valuation were £81,825,000.

The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate (post-retirement), rate of inflation, real salary growth (above inflation) and life expectancy. For the purposes of the 5 April 2011 valuation, the discount and inflation rates were assumed to be 4.9% and 3.45% respectively. Salary increases were assumed to be 4.7% and the expected age at death for males was 88 to 89 and for females was 90 to 92 depending on their age at 5 April 2011.

The surplus as at 5 April 2011 determined using the above assumptions was £2,300,000.

Defined benefit scheme: IAS 19 information

The full actuarial valuation carried out at 5 April 2011 was updated to 28 January 2012 by a qualified independent actuary.

The valuation used for the defined benefit scheme has been based on market conditions as at the Company year end.

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

Group and Company	2012 £000	2011 £000
Present value of funded obligations	**83,341**	77,414
Fair value of scheme assets	**(82,954)**	(79,506)
Deficit/(surplus) recognised in the statement of financial position	**387**	(2,092)

The amounts recognised in the income statement are as follows:

	2012 £000	2011 £000
Interest on obligation	**4,357**	4,202
Expected return on scheme assets	**(5,234)**	(4,446)
Net finance income relating to defined benefit schemes (note 6)	**(877)**	(244)
Curtailment gain	**(497)**	(341)
Past service credit	**(2,582)**	–
Current service cost	**1,181**	1,305
Total (income)/cost recognised in the income statement	**(2,775)**	720

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

The curtailment gain has arisen due to the closure of the Mansfield production site. The Group's defined benefit obligation reduced by £497,000 (2011: £341,000), with a corresponding £497,000 (2011: £341,000) credit being recognised in the consolidated income statement within exceptional items.

As disclosed in note 5, a pension increase exercise was undertaken during the year. This resulted in a past service cost credit of £2,582,000 being recognised. This has been treated as an exceptional item in the year to 28 January 2012.

25 Retirement benefit obligations/surplus (continued)

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

	2012 £000	2011 £000
Opening defined benefit obligation	**77,414**	74,217
Service cost	**1,181**	1,305
Interest cost	**4,357**	4,202
Curtailment gain	**(497)**	(341)
Past service credit	**(2,582)**	–
Actuarial losses	**6,201**	320
Members' contributions	**68**	90
Benefits paid	**(2,714)**	(2,305)
Premiums paid	**(87)**	(74)
Closing defined benefit obligation	**83,341**	77,414

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

	2012 £000	2011 £000
Opening fair value of scheme assets	**79,506**	68,362
Expected return	**5,234**	4,446
Actuarial (losses)/gains	**(2,946)**	4,918
Employer's contributions	**3,893**	4,069
Members' contributions	**68**	90
Benefits paid	**(2,714)**	(2,305)
Premiums paid	**(87)**	(74)
Closing fair value of scheme assets	**82,954**	79,506

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

	2012 £000	2011 £000
Opening net surplus/(liability)	**2,092**	(5,855)
Total credit/(expense) recognised in the income statement	**2,775**	(720)
Employer's contributions	**3,893**	4,069
Net actuarial (losses)/gains recognised in the year	**(9,147)**	4,598
Closing net (liability)/surplus	**(387)**	2,092

Cumulative gains/(losses)

	2012 £000	2011 £000
Cumulative amount at start of year	**3,539**	(1,059)
Actuarial (losses)/gains recognised in the year	**(9,147)**	4,598
Cumulative amount at end of year	**(5,608)**	3,539

Actual return on scheme assets

	2012 £000	2011 £000
Actual return on scheme assets	**2,288**	9,364

Principal assumptions

Financial assumptions

	2012	2011	2010	2009	2008
Discount rate	**4.80%**	5.70%	5.70%	6.50%	5.90%
Expected return on scheme assets	**6.54%**	6.42%	6.25%	6.70%	6.70%
Future salary increases	**4.35%**	4.75%	4.75%	4.75%	4.65%
Inflation assumption	**3.10%**	3.50%	3.50%	3.50%	3.40%

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 target asset allocation to develop the expected long term rate of return on assets' assumptions for the portfolio. This resulted in the selection of the 5.08% assumption as at 28 January 2012 and is the expected long term rate of return for the year ending 26 January 2013.

Mortality assumptions

The mortality tables adopted in finalising the fair value of the liabilities is PA92 (Year of birth) mc + 2 years. This assumes that the expected age at death for males is 87 to 88 and for females is 89 to 91 depending on their age at 28 January 2012.

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

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Equities	**53,595**	55,247	42,521	32,783	38,834
Bonds	**24,526**	22,087	21,739	18,333	13,331
Cash	**4,833**	2,172	4,102	5,997	5,796
Total market value of scheme assets	**82,954**	79,506	68,362	57,113	57,961

The history of the scheme is as follows:

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Defined benefit obligation	**(83,341)**	(77,414)	(74,217)	(62,102)	(65,970)
Scheme assets	**82,954**	79,506	68,362	57,113	57,961
(Deficit)/Surplus	**(387)**	2,092	(5,855)	(4,989)	(8,009)

Sensitivity review

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in assumption	Impact on overall liabilities
Discount rate	Increase/decrease by 0.25%	Decreases/increases liabilities by £3.8m/£4.1m
Rate of inflation	Increase/decrease by 0.25%	Increases/decreases liabilities by £2.1m/£2.0m
Life expectancy	Increase/decrease by 1 year	Increases/decreases liabilities by £2.8m

The Group expects to pay £1.1m of contributions to the defined benefit scheme in the year to 26 January 2013. The deficit recovery contributions ceased at the end of January 2012.

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

	2012 £000	2011 £000
Defined contribution costs	**1,594**	1,410

26 Share capital

	2012		2011	
Group and Company	**Shares**	**£**	Shares	£
Issued and fully paid	**38,922,926**	**4,865,366**	38,922,926	4,865,366

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

During the year to 28 January 2012 the Company's employee benefit trusts purchased 247,236 (2011: 375,020) shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 28 January 2012 the shares held by the Company's employee benefit trusts represented 593,779 (2011: 552,849) shares at a purchased cost of £6,678,941 (2011: £5,465,821).

27 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
- LTIP options which are granted to executive directors
- AESOP awards that are available to all employees.

Savings Related Share Option Scheme ('SAYE')

All SAYEs outstanding at 28 January 2012 and 29 January 2011 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.

The movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2012		2011	
	Options	**Average exercise price in pence per share**	Options	Average exercise price in pence per share
At start of the year	**624,038**	**641p**	597,966	438p
Granted in the year	**–**	**–p**	348,454	762p
Forfeited	**(54,043)**	**727p**	(22,283)	483p
Exercised	**(27,280)**	**530p**	(300,099)	389p
At end of the year	**542,715**	**638p**	624,038	641p

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 £4.88 and £7.62 (2011: £4.88 and £7.62).

The weighted average share price on the dates that options were exercised in the year to 28 January 2012 was £12.25.

The weighted average remaining contractual life of the outstanding share options at the year end is 3 years (2011: 4 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	26 April 2011
Number of instruments granted	70,607
Share price at date of grant	1,339p
Contractual life in years	3.00
Dividend yield	1.69%
Expected outcome of meeting performance criteria (at grant date)	78%
Fair value determined at grant date	1,273p

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.

28 Subsequent events

As disclosed in note 9, the directors propose that a final dividend of 20.65p per share will be paid to shareholders on 1 June 2012.

29 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 of goods and services		Purchase of goods and services	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Rubicon Drinks Limited	**37,317**	33,232	**47,864**	45,129
Taut (U.K.) Limited	**–**	83	**–**	60
Findlays Limited	**–**	–	**189**	234
Barr Leasing Limited	**–**	–	**183**	218

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 (note 16) and to subsidiary companies (note 19) are balances due by and due to dormant subsidiary companies.

	Amounts owed by related parties		Amounts due to related parties	
	2012 £000	2011 £000	**2012 £000**	2011 £000
Rubicon Drinks Limited	**–**	–	**21,390**	14,207
Taut (U.K.) Limited	**1,194**	1,194	**–**	–
Findlays Limited	**–**	–	**1,636**	1,469
Barr Leasing Limited	**–**	281	**991**	–

29 Related party transactions (continued)

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:

	2012 £000	2011 £000
Salaries and short term benefits	**2,071**	2,499
Pension and other costs	**263**	266
Share-based payments	**24**	24
	2,358	2,789

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 £492,171 (2011: £418,364) for administration services in respect of the retirement benefit plans. At the year end £nil (2011: £nil) was outstanding to the service provider on behalf of the retirement benefit plans.

30 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 £127,020,000 (2011: £116,707,000) 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 £16,589,000 at 29 January 2011 to £6,711,000 at 28 January 2012.

As disclosed in the Financial Review on pages 16 to 25, the Company has a three year working capital facility through to 2014.

Review of Trading Results

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Revenue	**236,998**	222,366	201,410	169,698	148,377
Operating profit before exceptional items	**33,361**	32,694	29,760	23,054	20,389
Exceptional items	**1,864**	(1,156)	(3,432)	130	(468)
Operating profit after exceptional items	**35,225**	31,538	26,328	23,184	19,921
Finance income	**936**	321	117	1,062	924
Finance expense	**(744)**	(1,423)	(1,995)	(1,037)	(12)
Net finance income/(expense)	**192**	(1,102)	(1,878)	25	912
Profit before tax	**35,417**	30,436	24,450	23,209	20,833
Tax on profit	**(7,271)**	(7,851)	(6,502)	(6,134)	(3,995)
Profit after tax	**28,146**	22,585	17,948	17,075	16,838
Earnings per share on issued share capital (pence)	**72.31**	58.02	46.11	43.87	43.26
Dividends recognised as an appropriation in the year (pence)	**25.96**	23.60	21.45	19.80	17.88

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
If you are in any doubt as to any matter referred to in this document or as to the action you should take, you should seek your own personal financial advice from a stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you are not resident in the United Kingdom, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in A.G. BARR p.l.c., please pass this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the one hundred and eighth annual general meeting of A.G. BARR p.l.c. (the 'Company') will be held at the offices of KPMG LLP, 191 West George Street, Glasgow G2 2LJ on Monday, 21 May 2012 at 9.30 a.m. to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 15 (inclusive) will be proposed as ordinary resolutions and Resolutions 16 and 17 will be proposed as special resolutions.

1. To receive and approve the audited accounts of the group and the Company for the year ended 28 January 2012 together with the directors' and auditors' reports thereon.

2. To receive and approve the directors' remuneration report for the year ended 28 January 2012.

3. To declare a final dividend of 20.65p per ordinary share of 12.5 pence for the year ended 28 January 2012.

4. To re-elect Mr Ronald George Hanna as a director of the Company.

5. To re-elect Mr Roger Alexander White as a director of the Company.

6. To re-elect Mr Alexander Brian Cooper Short as a director of the Company.

7. To re-elect Mr Jonathan David Kemp as a director of the Company.

8. To re-elect Mr Andrew Lewis Memmott as a director of the Company.

9. To re-elect Mr William Robin Graham Barr as a director of the Company.

10. To re-elect Mr Jonathan Warburton as a director of the Company.

11. To re-elect Mr Martin Andrew Griffiths as a director of the Company.

12. To re-appoint KPMG Audit plc as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid, and to authorise the audit committee of the board of directors of the Company to fix their remuneration.

13. THAT the board of directors of the Company (the 'Board') be and it is hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

(a) up to an aggregate nominal amount of £1,621,788.50; and

(b) up to a further aggregate nominal amount of £1,621,788.50 provided that (i) they are equity securities (within the meaning of section 560 of the Act); and (ii) they are offered by way of a rights issue in favour of the holders of shares (excluding the Company in its capacity as a holder of treasury shares) on the register of members of the Company on a date fixed by the Board where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of shares held by them on that date subject to such exclusions or other arrangements as the Board deem necessary or expedient to deal with (a) equity securities representing fractional entitlements; (b) treasury shares; or (c) legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever,

provided that this authority shall expire on the earlier of 31 July 2013 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

14. THAT the Company's All Employee Share Ownership Plan (the 'AESOP') originally approved by shareholders at the Company's annual general meeting held on 21 May 2001, be and hereby is re-approved and the Company be and hereby is authorised to continue to make awards under, and otherwise operate, the AESOP in accordance with its terms until the conclusion of the annual general meeting of the Company to be held in 2022.

15. THAT each of the Company's ordinary shares of 12.5 pence each (each an 'Existing Ordinary Share') be and hereby is subdivided into three ordinary shares of 4 1/6 pence each, having the rights and being subject to the restrictions set out in the articles of association of the Company from time to time in force (the 'Share Subdivision') provided that the Share Subdivision will not become effective until HM Revenue & Customs ('HMRC') approves the appropriate consequential adjustments to option awards which have already been made for the purposes of the Company's HMRC approved employee share schemes.

16. THAT, subject to the passing of resolution 13 set out in the notice of the annual general meeting of the Company convened for 21 May 2012 ('Resolution 13'), the board of directors of the Company (the 'Board') be and is hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of either: (i) 4 1/6 pence each in the capital of the Company if resolution 15 set out in the notice of the annual general meeting of the Company convened for 21 May 2012 ('Resolution 15') becomes effective; or (ii) 12.5 pence each in the capital of the Company if Resolution 15 does not become effective ('Ordinary Shares')), wholly for cash either pursuant to the authority conferred on them by Resolution 13 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

(a) the allotment of equity securities, for cash, in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary Shares (excluding the Company in its capacity as a holder of treasury shares) on the register of members of the Company on a date fixed by the Board where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of Ordinary Shares held by them on that date subject to such exclusions or other arrangements in connection with the rights issue, open offer or other offer as the Board deem necessary or expedient to deal with (i) equity securities representing fractional entitlements; (ii) treasury shares; or (iii) legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £243,268,

provided that this authority shall expire on the earlier of 31 July 2013 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of this authority and the Board may allot equity securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired.

17. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of either: (i) 4 1/6 pence each in the capital of the Company if resolution 15 set out in the notice of the annual general meeting of the Company convened for 21 May 2012 ('Resolution 15') becomes effective; or (ii) 12.5 pence each in the capital of the Company if Resolution 15 does not become effective ('Ordinary Shares'), on such terms and in such manner that the directors think fit, provided that:

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 10% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;

(b) the maximum price which may be paid for an Ordinary Share is an amount equal to the higher of (i)105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five dealing days immediately preceding the day on which the Ordinary Share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out, and the minimum price which may be paid for an Ordinary Share is an amount equal to its nominal value (in each case exclusive of associated expenses);

(c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of 31 July 2013 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, but a contract to purchase Ordinary Shares may be made before such expiry which will or may be completed wholly or partly thereafter, and a purchase of Ordinary Shares may be made in pursuance of any such contract; and

(d) an Ordinary Share so purchased shall be cancelled or, if the directors so determine and subject to the provisions of applicable laws or regulations of the United Kingdom Listing Authority, held as a treasury share.

By order of the Board

Julie A. Barr
Company Secretary

26 April 2012

Registered Office
A.G. BARR p.l.c.
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD

Registered in Scotland SC005653

Shareholders should also read the notes to this Notice of Annual General Meeting which are set out on pages 107 to 112 of this document. Those notes provide further information about shareholders' entitlement to attend, speak and vote at the Annual General Meeting (or appoint another person to do so on their behalf).

Explanatory Notes

The following notes provide an explanation of the resolutions to be considered at the one hundred and eighth annual general meeting (the 'AGM') of A.G. BARR p.l.c. (the 'Company').

Resolutions 1 to 15 (inclusive) will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 16 and 17 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Receive and approve the reports and accounts

Shareholders are being asked to receive and approve the audited accounts of the group and the Company (as audited by KPMG Audit plc ('KPMG')) for the year ended 28 January 2012 together with the associated reports of the directors and auditors.

Resolution 2 – Directors' remuneration report

Shareholders are being asked to approve the directors' remuneration report for the year ended 28 January 2012 which is set out on pages 49 to 55 of this document.

Resolution 3 – Final dividend

Shareholders are being asked to approve a final dividend of 20.65p per ordinary share of 12.5 pence for the year ended 28 January 2012. If shareholders approve the recommended final dividend, it will be paid on 1 June 2012 to all shareholders on the Company's register of members on 4 May 2012.

The proposed subdivision of the Company's ordinary shares (as described in Resolution 15 below) will not affect the aggregate amount of dividend which will be payable to a shareholder in respect of their shareholding following the passing of this resolution.

Resolutions 4 to 11 inclusive – Re-election of directors

The board of directors of the Company (the 'Board') complies with the provisions of the UK Corporate Governance Code whereby all directors are subject to annual re-election. Accordingly, all directors of the Company are retiring and offering themselves for re-election.

Biographical details of the directors are set out on pages 38 and 39 of this document. The Board has confirmed that, following formal performance evaluation, all of the directors continue to perform effectively and demonstrate commitment to their roles. The Board therefore unanimously recommends the proposed re-election of the directors.

Resolution 12 – Re-appointment of auditors

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders and KPMG have indicated their willingness to continue in office. Accordingly, shareholders are being asked to re-appoint KPMG as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the audit committee of the Board to fix their remuneration.

Resolution 13 – Authority to allot shares

The directors may not allot shares in the Company unless authorised to do so by shareholders in general meeting. Sub- paragraph (a) of Resolution 13, if passed, will authorise the directors to allot shares having an aggregate nominal value of up to £1,621,788.50, representing approximately one third of the Company's issued share capital as at 25 April 2012 (being the latest practicable date prior to the publication of this document). The directors have no present intention to exercise this authority.

In line with guidance issued by the Association of British Insurers, sub-paragraph (b) of Resolution 13, if passed, will authorise the directors to allot additional shares in connection with a rights issue having an aggregate nominal value of up to £1,621,788.50, representing approximately one third of the Company's issued share capital as at 25 April 2012 (being the latest practicable date prior to the publication of this document). The directors have no present intention to exercise the authority sought under sub-paragraph (b) of this resolution, however, if such authority is obtained, it will give the Company greater flexibility to allot additional shares for the purpose of a pre-emptive rights issue. This authority will be used when the directors consider it to be in the best interests of shareholders.

The authorities sought under Resolution 13 will expire on the earlier of 31 July 2013 (being the latest date by which the Company must hold its annual general meeting in 2013) and the conclusion of the annual general meeting of the Company held in 2013.

Resolution 14 – All Employee Share Ownership Plan

At the Company's annual general meeting held in 2001, shareholders were asked to approve the terms of the All Employee Share Ownership Plan (known as the 'AESOP'). The rules of the AESOP allow the Company to make share awards for up to 80 years – with the authority to do so expiring in 2081. Principles of good corporate governance now recommend that schemes such as the AESOP should only exist for a period of 10 years before they end and a company asks its shareholders to consider putting in place a new scheme. Rather than terminating the existing AESOP and incurring the cost of setting up a new scheme, the Company has decided to seek shareholder approval for the continued operation of the AESOP. This year is the first year shareholders will be asked to re-approve the AESOP and the Company intends to seek a similar shareholder approval every 10 years.

Resolution 15 – Approve share subdivision

The Board proposes to subdivide the Company's ordinary share capital (the 'Share Subdivision') which, as at 25 April 2012 (being the latest practicable date prior to the publication of this document), comprised 38,922,926 ordinary shares of 12.5 pence each (the 'Existing Ordinary Shares'). Resolution 15, if passed, would treble the number of shares in issue to 116,768,778 ordinary shares of 4 1/6p each (the 'New Ordinary Shares').

The Board believes that subdividing the Company's ordinary share capital in this way is in the best interests of the existing shareholders of the Company as a whole. First, the Board believes the Share Subdivision may improve the liquidity and marketability of the ordinary shares. Secondly, the Board believes that the Share Subdivision may enable the Company to attract more private investors and broaden its shareholder base.

Some frequently asked questions in relation to the Share Subdivision are set out in the Appendix to these explanatory notes.

Save for the costs to be incurred by the Company in implementing the Share Subdivision (which the Board believes are insignificant), the Share Subdivision will not alter the underlying assets, business operation, management or financial position of the Company or the proportional interest of each shareholder in the Company.

The Company operates various employee share schemes and share saving schemes (together, the 'Share Schemes'). Currently, awards are made under the Share Schemes in Existing Ordinary Shares. Following the Share Subdivision, current and future awards under the Share Schemes will be in New Ordinary Shares rather than Existing Ordinary Shares. Although no amendments are required to any of the Share Schemes, the Company will be required to modify the exercise price of any options granted, and the number of ordinary shares to be awarded, under the Share Schemes. Certain administrative changes will also be required in respect of each of the Share Schemes to allow for New Ordinary Shares to be issued or transferred (as appropriate) instead of Existing Ordinary Shares.

As some of the Share Schemes are schemes which have been 'approved' by HM Revenue & Customs ('HMRC'), the Company has sought approval from HMRC for the Share Subdivision. As at 9 April 2012 (being the latest practicable date prior to the publication of this document), HMRC had not approved the consequential adjustments to the Share Schemes required as a result of the Share Subdivision (the 'HMRC Approval'). Without the HMRC Approval, the 'approved' status of the relevant Share Schemes may be prejudiced by the Share Subdivision. As a result, the Share Subdivision is conditional upon receiving HMRC Approval.

Subject to the passing of Resolution 15 and the Company receiving HMRC Approval, the Official List of the UK Listing Authority (the 'UKLA') will be amended to reflect the Share Subdivision of the Existing Ordinary Shares – it is intended that this will be done as soon as practicable after HMRC Approval is received. The Company will make an announcement once HMRC Approval has been received and confirm the date on which the amendment to the Official List of the UKLA and other related matters will take place. The New Ordinary Shares will have the ISIN code GB00B6XZKY75.

Conditional upon the Share Subdivision becoming effective, shareholders will receive a new share certificate which records the number of New Ordinary Shares held. If Existing Ordinary Shares are held in uncertificated form a shareholder's CREST account will be credited with New Ordinary Shares on the day the Official List of the UKLA is amended.

Conditional upon the Share Subdivision becoming effective, all awards under any of the Share Schemes will be satisfied in New Ordinary Shares. The Company or the Company's registrars will write to those individuals who are affected by this change to the operation of the Shares Schemes and set out the consequences of the Share Subdivision to their entitlements under the relevant Share Scheme(s).

Resolution 16 – Disapplication of statutory pre-emption rights

If the directors wish to allot new shares for cash, the Companies Act 2006 (the 'Act') states that the shares must be offered first to existing shareholders in proportion to their existing shareholdings. For legal, regulatory and practical reasons, however, it might not be possible or desirable for shares allotted by means of a pre-emptive offer to be offered to certain shareholders, particularly those resident overseas. Furthermore, it might in some circumstances be in the Company's interests for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders. To enable this to be done, shareholders' statutory pre-emption rights must be disapplied. Accordingly, Resolution 16, if passed, will empower the directors to allot a limited number of new equity securities without shareholders' statutory pre-emption rights applying to such allotment. The authority conferred by Resolution 16 would also cover the sale of treasury shares for cash.

Sub-paragraph (a) of Resolution 16 would confer authority on the directors to make any arrangements which may be necessary to deal with any legal, regulatory or practical problems arising on a rights issue, an open offer or any other pre-emptive offer in favour of ordinary shareholders, for example, by excluding certain overseas shareholders from such issue or offer.

Sub-paragraph (b) of Resolution 16 would disapply shareholders' statutory pre-emption rights by empowering the directors to allot equity securities for cash on a non pre-emptive basis but only new equity securities having a maximum aggregate nominal value of £243,268, representing approximately 5% of the Company's issued share capital as at 25 April 2012 (being the latest practicable date prior to the publication of this document).

The authority sought under Resolution 16 will expire on the earlier of 31 July 2013 (being the latest date by which the Company must hold an annual general meeting in 2013) and the conclusion of the annual general meeting of the Company held in 2013.

Resolution 17 – Purchase of own shares

The Act permits a company to purchase its own shares provided the purchase has been authorised by shareholders in general meeting.

Resolution 17, if passed, would give the Company the authority to purchase any of its own issued ordinary shares at a price of not less than an amount equal to the nominal value of an ordinary share and not more than the higher of: (i) 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five dealing days before any purchase is made; and (ii) the higher of the last independent trade and the highest current independent trade on the London Stock Exchange plc.

The authority will enable the purchase of up to a maximum of 10% of the Company's issued ordinary share capital as at the date of the AGM, and will expire on the earlier of 31 July 2013 (being the latest date by which the Company must hold an annual general meeting in 2013) and the conclusion of the annual general meeting of the Company held in 2013.

The directors will only exercise this buy back authority after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall position of the Company. Purchases would be financed out of distributable profits and shares purchased would either be cancelled (and the number of shares in issue reduced accordingly) or held as treasury shares.

The Company operates two share option schemes under which awards may be satisfied by the allotment or transfer of ordinary shares to a scheme participant. However, in practice, the Company has always satisfied awards to participants by the transfer of ordinary shares from the trustee of each of the schemes.

As at 1 April 2012 (being the latest practicable date prior to the publication of this document), options had been granted over 811,503 Existing Ordinary Shares (the 'Option Shares') representing approximately 2.08% of the Company's issued share capital at that date. If the authority to purchase the Company's ordinary shares (as described in Resolution 17) were exercised in full, the Options Shares would represent approximately 2.32% of the Company's issued share capital as at 1 April 2012. As at 1 April 2012, the Company did not hold any treasury shares.

Appendix
Frequently asked questions in relation to the Share Subdivision

How many ordinary shares will I hold after the Share Subdivision?
Following the passing of the Share Subdivision resolution (resolution 15) at the AGM and HMRC Approval being obtained (see below for why this approval is needed), you will hold three New Ordinary Shares for every Existing Ordinary Share you currently hold. Therefore you will hold triple the number of New Ordinary Shares as you do Existing Ordinary Shares but the nominal value of your total shareholding and your percentage interest in the Company's share capital will not change.

What effect does the Share Subdivision have on the value of my investment in the Company?
It is expected that the market price of each New Ordinary Share will be approximately one-third of the market price of an Existing Ordinary Share immediately before the Share Subdivision. Subject to normal market movements and the costs incurred by the Company in relation to the Share Subdivision (which the Board believes are insignificant), the total value of your shareholding in the Company immediately following the Share Subdivision should remain the same. However, you should remember that variations in the share price cannot be predicted and are outwith the control of the Company.

Why is the approval of HM Revenue & Customs needed for the Share Subdivision?
The Company operates various employee share schemes and share saving schemes (together, the 'Share Schemes'). Currently, awards are made under the Share Schemes in Existing Ordinary Shares. Following the Share Subdivision, current and future awards under the Share Schemes will be in New Ordinary Shares rather than Existing Ordinary Shares. Although no amendments are required to any of the Share Schemes, the Company will be required to modify the exercise price of any options granted, and the number of ordinary shares to be awarded, under the Share Schemes. Certain administrative changes will also be required in respect of each of the Share Schemes to allow for New Ordinary Shares to be issued or transferred (as appropriate) instead of Existing Ordinary Shares.

As some of the Share Schemes are schemes which have been 'approved' by HM Revenue & Customs ('HMRC'), the Company has sought approval from HMRC for the Share Subdivision. As at 9 April 2012 (being the latest practicable date prior to the publication of this document), HMRC had not approved the consequential adjustments to the Share Schemes required as a result of the Share Subdivision (the 'HMRC Approval'). Without the HMRC Approval, the 'approved' status of the relevant Share Schemes may be prejudiced by the Share Subdivision. As a result, the Share Subdivision is conditional upon receiving HMRC Approval.

Will the Share Subdivision affect my rights as a shareholder of the Company?
No. As a shareholder of the Company, your rights are set out in the articles of association of the Company and as no changes are being made to the articles of association, your rights will not change as a result of the Share Subdivision.

What other steps does the Company have to take to allow the New Ordinary Shares to be traded?
The Company is required to inform the UKLA and London Stock Exchange plc of the Share Subdivision. Subject to the passing of the resolution at the AGM and obtaining HMRC Approval, the UKLA has confirmed that the Official List of the UKLA will be amended to reflect the subdivision of the Existing Ordinary Shares. The Company will announce a detailed timetable for the Share Subdivision once HMRC Approval has been obtained. The New Ordinary Shares will have the ISIN code GB00B6XZKY75.

How will I receive my New Ordinary Shares?
If you hold your Existing Ordinary Shares in certificated form (i.e. you have (a) share certificate(s) in respect of your Existing Ordinary Shares), you will receive a new share certificate which records the number of New Ordinary Shares you hold. On receipt of your new share certificate, you should destroy your old share certificate(s). If you hold your Existing Ordinary Shares in uncertificated form (i.e. through CREST), your CREST account will be credited with the New Ordinary Shares on the day the Official List of the UKLA is amended.

If any shareholder has any further questions in relation to the Share Subdivision, you should contact the Company Secretarial Department using the following email address: companysecretarialdepartment@agbarr.co.uk.

Notes
1. **Attending the annual general meeting (the 'AGM') in person**
   If you wish to attend the AGM in person, you should arrive at the venue for the AGM in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Equiniti Limited (the 'Registrar'), prior to being admitted to the AGM.

2. **Appointment of proxies**
   Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent a member. To be validly appointed, a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form.

   If a member wishes a proxy to speak on their behalf at the AGM, the member will need to appoint their own choice of proxy (not the Chairman of the AGM) and give their instructions directly to them. Such an appointment can be made using the proxy form accompanying this notice of AGM or through CREST.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6ZR.

A member may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the 'Withheld' option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' the resolution.

The appointment of a proxy will not prevent a member from attending the AGM and voting in person if he or she wishes.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

3. Appointment of a proxy using a proxy form

A proxy form for use in connection with the AGM is enclosed. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6ZR at least 48 hours before the time of the AGM or any adjournment of that meeting.

If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6ZR.

4. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the Registrar (ID RA19) no later than 48 hours before the time of the AGM or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Appointment of a proxy by joint holders

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

7. Entitlement to attend and vote

To be entitled to attend and vote at the AGM (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. on 19 May 2012 (or, if the AGM is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting). Changes to the Company's register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the AGM.

8. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the '2006 Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

9. Website giving information regarding the AGM

Information regarding the AGM, including information required by section 311A of the 2006 Act, and a copy of this notice of AGM is available from www.agbarr.co.uk.

10. Audit concerns

Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

11. Voting rights

As at 25 April 2012 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 38,922,926 ordinary shares of 12.5 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 25 April 2012 were 38,922,926 votes.

12. Notification of shareholdings

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the AGM as his/her proxy will need to ensure that both he/she, and his/her proxy, comply with their respective disclosure obligations under the UK Disclosure Rules and Transparency Rules.

13. Further questions and communication

Under section 319A of the 2006 Act, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members who have any general queries about the AGM should contact the Company Secretarial Department by email on companysecretarialdepartment@agbarr.co.uk.

Members may not use any electronic address provided in this document or in any related documents (including the accompanying document and proxy form) to communicate with the Company for any purpose other than those expressly stated.

14. Documents available for inspection

The following documents will be available for inspection on the date of the AGM at the offices of KPMG LLP, 191 West George Street, Glasgow G2 2LJ from 9.15 a.m. until the conclusion of the AGM:

14.1 copies of the service contracts of the Company's executive directors;
14.2 copies of the letters of appointment of the Company's non-executive directors; and
14.3 copies of the Company's All Employee Share Ownership Plan rules.

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