A.G. BARR p.l.c.

Annual Report and Accounts January 2013

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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.

BARR SOFT DRINKS

With its bright bold packaging and extensive range of unique flavours, old and new, Barr delivers all the fun and excitement of being in a sweet shop! The thrill is in the choice!

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Highlights for 2013
A strong performance in a challenging environment

Financial

Total turnover versus the comparable period up 6.6% at £237.6m (2012: £222.9m).

Profit on ordinary activities before tax, excluding exceptional items, increased by 4.3% to £35.0m (2012: £33.6m).

Underlying earnings per share* increased by 10.9% to 24.70p (2012: 22.28p).

Free cash flow in the period of £22.0m.

Net debt: EBITDA of 0.6 times.

Operational

All of our core brands grew during the year.

Our strategy of driving distribution gains across England and Wales is working with double digit growth across the multiple and impulse channels.

Investment in new manufacturing and warehousing facility at Milton Keynes making excellent progress, with commercial production anticipated in the summer of 2013.

Total dividend for the year of 10.02p per share (2012: 9.32p), an increase of 7.6%.

*Underlying earnings per share exclude the effect of exceptional items after tax on the basic earnings per share calculation. In the year to 26 January 2013 these exceptional items after tax represented a charge of £3,058,000 (2012: a credit of £2,526,000). The term 'underlying' is not defined in IFRS and therefore may not be comparable with similarly titled measures reported by other companies. Underlying measures are not intended as a substitute for, or a superior measure to, IFRS measures. Reconciliations of underlying measures to IFRS measures for earnings per share in respect of each period are provided in the earnings per share note (note 9).

Fresh New Look For Barr
The Barr Flavours Range of soft drinks, which has been enjoyed by generations for over 100 years, has been revitalised with a fresh new look, creating a strong and consistent brand look and a fun, colourful image.

6.6%
Turnover increase

£22.0m
Free cash flow

£35.0m
Profit before tax (pre-exceptional items)

Chairman's Statement
Ronald G. Hanna, Chairman

I am pleased to report further excellent results in what has been a busy and challenging year for the business. Over the last financial year, the business has continued to grow revenue, volume and profit despite a difficult marketplace and background of rising input costs. Despite these challenges, sales revenue continued the long term trend of outperforming the soft drinks market with an increase of 6.6% compared to 2.9% in the market.

In summary, total sales were £237.6m (2012 – restated: £222.9m) and profit before tax and exceptional items increased by 4.3%. Margins were slightly reduced due to higher cost of goods which were partially mitigated by our cost control and pricing actions. Underlying earnings per share increased by 10.9% to 24.7p.

In September 2012, we announced the potential merger of A.G. BARR p.l.c. with Britvic plc and in November we confirmed our commitment to the merger, subject to shareholder and regulatory approval. The merger has the potential to create a significant European soft drinks business, with a strong portfolio of complementary, company-owned and franchise brands, with long term positive growth potential and considerable short term combination synergies. In January 2013, shareholders in both companies voted overwhelmingly in support of the merger. However, the Office of Fair Trading subsequently referred the proposed merger to the Competition Commission for further review. Consequently, the condition to the merger relating to U.K. merger control was not satisfied, and in accordance with its terms, the offer lapsed. However, the boards of both A.G. BARR p.l.c. and Britvic plc continue to believe that there are no grounds for a significant lessening of competition as a result of the merger and are co-operating with the Competition Commission to seek clearance of the proposed merger. If clearance is received from the Competition Commission, on terms satisfactory to A.G. BARR p.l.c. and Britvic plc, the boards of both companies will each reconsider the terms of a possible merger.

The significance of the potential merger required substantial input throughout the various negotiations and in the related submissions to the Office of Fair Trading. However our priority was not to lose focus on the business elements within our control, building brand equity, driving sales fundamentals, seeking efficiency gains and controlling costs, at the same time as exploring further additional opportunities to create long term value for shareholders.

Whilst the burden of further regulatory clearance is significant, the potential long term benefits of the merger to shareholders remain attractive. We will continue to drive forward the A.G. BARR business whilst, simultaneously, working to achieve the required clearance.

Dividend
The board recommended a second interim dividend of 7.4p per share, which was paid to shareholders on 18 January 2013, in lieu of the final dividend, to give a total dividend for the year of 10.02p per share, a full year increase of 7.6% on the prior year.

Future Prospects
As a standalone business, we remain committed to our strategy of building brands for the long term. In addition, we will continue to ensure that we have an efficient asset base capable of supporting the Group's future growth ambitions. We have made further headway in improving operating performance across our asset base and our investment in new operational capacity at the Crossley site in Milton Keynes is making excellent progress. We anticipate commercial production will commence at this new facility in the summer of 2013.

The U.K. economic outlook remains challenging. However, we remain cautiously optimistic and believe our future prospects, either as part of a significantly larger merged business or on a standalone basis, are excellent.

Underpinning all of our activities are committed and capable teams across the business, all of whom have maintained focus during challenging and uncertain times to deliver an excellent financial performance. On behalf of the board, I would like to take this opportunity to thank all of our employees for their hard work and ongoing commitment.

Overall, the business is well positioned to deliver long term value for our shareholders. Our balance sheet and finances are strong and we will continue to follow our proven strategy of delivering growth in our brands through the implementation of our 2013/14 operating plans.

Ronald G. Hanna
Chairman

Business Model

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

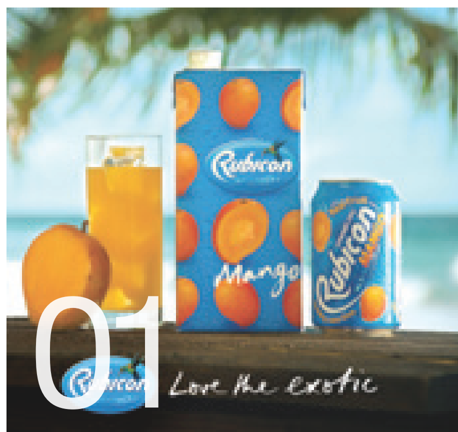
Our business is financially well positioned to grow. We operate within an expandable consumption market with powerful brands, differentiated products and important positions within our core consumers' repertoires.

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, our exotic brands Rubicon and KA and our franchise partner brand Rockstar.

By focusing our efforts on these core brands, we have been able to speed up the development of this group of brands with improved sales execution, 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 marketplace 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.

Growing our brands across the U.K.

Head Office
01 Cumbernauld

Regional Office
05 Middlebrook
10 Wembley

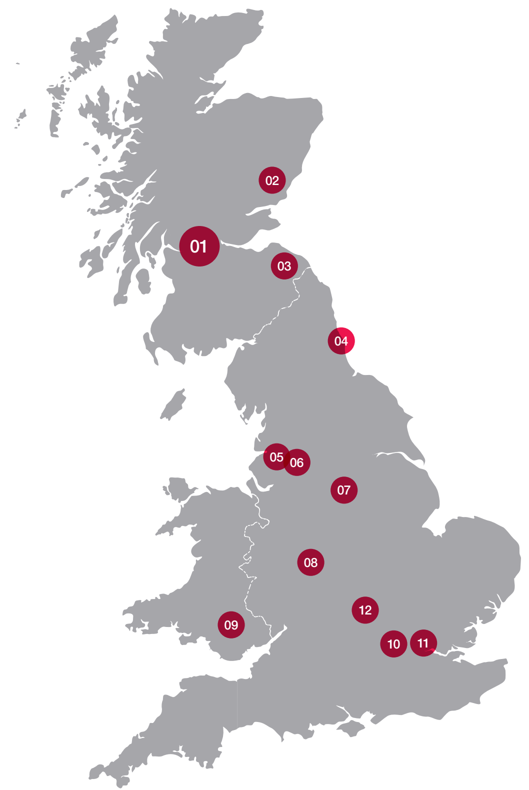
Sales Branch
04 Newcastle
06 Moston
07 Sheffield
08 Wednesbury
11 Walthamstow

Factory
01 Cumbernauld
02 Forfar
03 Pitcox
09 Tredegar
12 Milton Keynes (under construction)

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.



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 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.

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
2013	6.6%
2012	6.5%

Gross Margin

Year	Value
2013	45.5%
2012	47.1%

Operating Profit Margin

Year	Value
2013	14.7%
2012	15.1%

Profit Margin

Year	Value
2013	14.7%
2012	15.1%

EBITDA Margin

Year	Value
2013	17.6%
2012	18.4%

Free Cash Flow (£m)

Year	Value
2013	22.0
2012	15.9

Return on Capital Employed

Year	Value
2013	20.6%
2012	22.8%

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 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. A reconciliation from operating profit before exceptionals to free cash flow is provided on page 22.

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.

Strathmore

Strathmore continues to be a 'source of clarity' to consumers, helping to hydrate and clear consumers heads with pure Scottish spring water from the beautiful Vale of Strathmore.

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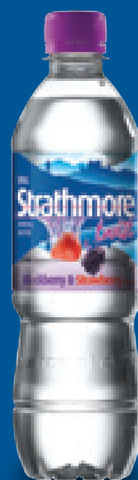


Boosting Sales with the Right Soft Drink Offering
Premium water brand Strathmore has been the best selling water brand in the on-trade for over ten years, and is the only brand to offer a full range of glass, PET and flavoured water, giving consumers the widest possible choice.

4.3%

Increase in underlying pre-tax profits

Business Review
Roger White, Chief Executive

"The business performance was particularly pleasing in the second half of the financial year, with double digit revenue growth leading to full year sales of £237.6m, an increase of 6.6% on the restated prior year figure."

In the 52 weeks to 26 January 2013, A.G. BARR has grown revenue and volume well ahead of the U.K. soft drinks market. The business performance was particularly pleasing in the second half of the financial year, with double digit revenue growth leading to full year sales of £237.6m, an increase of 6.6% on the restated prior year figure. Reported revenue has been restated to include certain invoiced costs associated with promotional activities as a deduction from sales on a basis consistent with the accounts preparation adopted by our peer group and in line with the prospectus issued in December of last year. The impact of this presentation is to reduce reported sales and gross margins whilst increasing the reported operating margin percentage. There is no effect on previously reported profit before tax position.

The general economic conditions in our core market remained difficult during 2012. Consumer behaviour maintained its trend of favouring familiar brands and value for money over new, premium priced products. Retailers in all channels fought hard for consumers' cash, leveraging price and, increasingly, deep cut promotions to build customer traffic in their stores.

Raw material cost inflation and volatility continued to be a feature in 2012 which, alongside the increased cost of promotion, impacted margins. Our various actions to control costs helped to mitigate much of this impact on operating margins.

Underlying pre-tax profits increased by 4.3% to £35.0m reflecting the improving trend of the second half business performance. Exceptional items amounting to £3.2m have been recognised which relate primarily to professional and legal fees in connection with the proposed all-share merger with Britvic plc.

We grew volume and value, ahead of the market, in both the carbonates and still segments. The overall soft drinks market experienced carbonates growth of 3.8% in value but was in marginal decline in volume terms, whilst the still segment grew value by 1.9% with volume declining 1.0%. During the 52 weeks to 26 January 2013, A.G. BARR grew carbonates revenue by 7.1% and volume by 6.0%. Stills also performed well relative to the market, growing revenue by 4.3% and volume 4.1%. Our performance was driven by consistent growth across the portfolio, with carbonates particularly benefiting from the double digit growth in the Barr range and the significant growth in Rockstar. Stills continue to grow steadily as we further develop our exotic brands Rubicon and KA.

The brand growth we have delivered is against a backdrop of extremely poor weather across much of the year, as well as a number of major national events, such as the 2012 London Olympics, and a period of intense competitor activity both promotionally and around the key events across the year.

During the year, the business has managed the increased workload, inevitable distraction and general uncertainty created by the potential merger of A.G. BARR p.l.c. and Britvic plc. We have worked hard to maintain our focus on 'business as usual' during the period and the performance of the second half reflects the efforts of all teams across the entire business.

In addition to delivering growth ahead of the market, a solid financial outcome and a strong operational performance, we have also completed the planning and much of the build programme associated with our new production and storage facility at Crossley Road, Milton Keynes. Following fit out we expect the site to be in commercial production in the summer of 2013. Initially the site will produce can volume and provide storage for several thousand pallets of finished goods inventory. The Milton Keynes site is an important asset for the future development of the business.

The financial position of the Group remains extremely healthy. During the year we have increased the level of net debt to £25.6m but this reflects early payment of the final dividend, fees related to the potential merger with Britvic plc and capital spend related to the new Milton Keynes facility, elements of which will convert to lease finance.

In January the board paid a second interim dividend of 7.4p per share, in lieu of the final dividend, which represents a 7.6% increase in the total dividend for the 2012 financial year. This reflects the continued financial strength of the business and the confidence of the board in its future prospects, either on a standalone basis or as part of an enlarged business.

Rubicon and Sun Exotic Gets 'On The Go' With New PET Pack Format
Rubicon and Sun Exotic stills were was launched in a 500ml PET bottle for 'on the go' consumption. Previously only available in one litre and 288ml cartons, the launch of Rubicon Mango and Guava in PET bottles provides consumers with even more occasions to enjoy Rubicon.

“In January the board paid a second interim dividend of 7.4p per share, in lieu of the final dividend, which represents a 7.6% increase in the total dividend for the 2012 financial year.”

The Market

The U.K. take home soft drinks category, as measured by Nielsen, was impacted by the adverse weather across much of 2012 and saw volume decline of 0.7%, whilst more positively, value grew by almost 3%. The soft drinks market, in volume terms, was driven by the continued strong performance of the energy category, which grew volume by over 9%. The overall market growth was constrained by core categories such as cola, which was in marginal volume decline, and stills in total, which was down 1% in volume. The stills market performance was impacted by the still sports drinks sub category, which was down 10% over the year but with the decline accelerating in the final quarter which was down over 17% in volume terms.

Carbonates continued to see good growth in value, increasing by 3.8%, driven once more by strong energy growth. Stills grew value by 1.9%, with all sub categories in growth except sports, which experienced 6.8% value decline in the period driven by the previously mentioned volume declines. Consumers’ participation in the carbonates category has remained at a high level, supported by price-driven promotions across the main brands.

However, the most polarising market movements in the period have been the growth in the value of energy drinks and the decline in still sports drinks, both sub categories reflecting changing consumer preferences as well as individual brand promotional programmes which have varied on a year on year basis.

Despite the impact on the market of very poor weather, soft drinks remains one of the key value growth areas of the grocery market.

Strategy

Our strategy, designed to deliver long term sustainable growth in value, has not changed and continues to focus on:

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

BRU-Island On Pack Promotion Promises Tropical Fun In The Sun
IRN-BRU drinkers were given the chance to experience a taste of tropical paradise by winning a phenomenal holiday to a sun-drenched getaway destination.

IRN-BRU ‘Gets You Through’ Flagship Campaign
IRN-BRU’s new ‘Gets You Through’ TV campaign started in April. The ‘Baby’ advert was at one stage the number one trending advert worldwide on YouTube and by the end of the year had been viewed over 1.3 million times.

Business Review
Continued

The various well documented challenges in the market across the past 12 months have further confirmed that our business model, as a brand building, asset backed business, operating across multiple channels, gives us a strong market position allowing us to successfully navigate difficult market conditions and as we continue to drive significant growth. We believe that flexibility, focus on efficiency together with clear consumer and customer understanding are crucial to our continued success.

Core Brands, Markets and Innovation

Over the course of the last 12 months our core Group brands, together with our franchise brand Rockstar, delivered total growth of 8.6%. This performance, which is well ahead of the market, reflects the continued opportunities to develop availability, distribution and innovation across these key brands and to bring in increasing numbers of new consumers to our core brand offering.

Our geographical growth figures support the strategy of underpinning our Scottish base, which grew by 4%, and investing in the rest of the U.K., which grew by 12%, reflecting both the significant future growth opportunities and the relatively modest share of this geography currently enjoyed by our brands.

IRN-BRU:

Within our strong overall carbonates performance, IRN-BRU sales grew by 1.4%, with a strong second half growth of almost 5%. This is a particularly pleasing result given the increase in competitor promotional activity witnessed across the year in the multiple grocer channel. IRN-BRU continued to grow in both Scotland and England despite the competition in the key take home channel and difficult weather conditions across the year. We have continued to develop the long term equity position of the brand through great advertising. From a consumer perspective, the IRN-BRU brand has never been in a better position. The campaign achieved the highest ever recorded spontaneous awareness amongst key consumers. The continued use of value added promotional mechanics, this year being “BRU-Island”, which offered consumers an opportunity to win a holiday to a sun-drenched tropical paradise, also added to the strong positive brand development activities across the year. This year’s on pack promotion, which was featured on TV and heavily in store, specifically helped to deliver the strong second half sales performance of the IRN-BRU brand. IRN-BRU Sugar Free received year round marketing support and in line with our plans continued to grow ahead of regular IRN-BRU.

Limited Edition Flavour Launch
New limited edition flavour Strawberry Sours tapped into the fast-growing consumer flavour trend for sour sweets.

Our strategy for the development of the IRN-BRU brand will continue to focus on long term sustainable growth, further consolidating its important position in Scotland and continuing the long term drive to build the brand's penetration in the rest of the U.K., in particular with consumers in the north of England.

We chose not to repeat the limited edition one off innovation of the prior year in which we sold a significant volume of "Fiery" IRN-BRU. However, it is anticipated that we will launch further exciting brand innovation during the course of 2013 to continue building the IRN-BRU brand across the market.

EXOTICS – Rubicon and KA:

Over the summer of 2012, Rubicon enjoyed the biggest single investment in marketing that the brand has ever received. The launch of the 'Love the Exotic' marketing campaign included national TV advertising which highlighted the brand's authentic exotic taste credentials. This was one significant component of a campaign designed to drive awareness of the brand and to move it into mainstream shoppers' repertoires while at the same time rewarding the loyalty of long term consumers. In addition to the marketing activity, the recently launched 500ml PET Rubicon pack offered a new pack format for the brand, targeting 'on the go' consumers. The 'Love the Exotic' campaign was supported by further cricket related consumer and trade activity, all targeted towards underpinning the growth momentum of this key brand.

Within our 'exotics' range, KA delivered a strong second half growth performance of 21.3%, with full year growth of over 7% despite tough comparatives following the highly successful launch of KA into stills in the prior year.

Barr brands:

The strong growth momentum behind the Barr range of traditional carbonates continued across 2012. The brand grew by over 13% across the year, benefiting from both new packaging and a highly relevant value positioning in the market. The packaging redesign, with its bright bold new look, is the first step in a programme that aims to build the market positioning of the brand, specifically focusing on the wide variety of well known popular flavours. The Barr brand grew in popularity outside its core market, growing by 23% in the north of England during 2012, as increased levels of distribution delivered a corresponding uplift in sales. A major campaign for the Barr range commenced in early 2013, including TV advertising, underpinning our conviction that the Barr brand can continue to grow and develop as a key part of consumers' purchase repertoire specifically in Scotland and increasingly in the rest of the U.K.

Rubicon
Our 'Love the Exotic' marketing campaign – the biggest ever single investment in the brand – ran from May to July. The two 30-second TV commercials highlight the brand's authentic, exotic taste credentials and have a warm, friendly and welcoming feel.

Simply Relaunch
An exciting new look was unveiled for our Simply brand. The Simply Fruity range of single-serve juice drinks is the fastest-growing kids' brand in the impulse channel.

Innovation 2012:
Innovation continued to play an important role across 2012 in growing the A.G. BARR business. The success of initiatives such as KA stills and Barr flavour extensions continued to drive interest in the brands with consumers, encouraging them to buy into the brands more often and helping grow and develop the brands. The launch of Rubicon into the frozen category in 2012 was an exciting development for the brand. The Rubicon range of ice cream and frozen push ups met our expectations from a brand development perspective achieving sales of over £0.5m despite the challenging market conditions for ice cream as a consequence of the poor summer weather. We will continue to develop Rubicon sales in this new category across 2013, building on the learning and experience of our first year although we do not expect sales in this category to have a material impact on our overall performance in the next 12 months. Innovation across all of our core brands will continue to play a key role in the growth of the business as we develop and build our brands to meet constantly evolving consumer needs.

Route to Market

We operate in a multi channel marketplace with numerous proven routes to market servicing these channels. We have continued to invest in capability, assets and technology to ensure that we can develop our supply capability to meet the changing market dynamics. The increasing use of technology to improve our service and customer contact has seen us roll out tablet based technology to our field based sales teams across the last 12 months. This technology allows us to improve sales force efficiency and execution, whilst significantly improving our customer contact.

We have a relentless focus on developing and improving our execution capabilities across the market and remain convinced that the key point of difference, across each route to market, is the quality and commitment of our people in building long term profitable customer relationships. The execution performance improvement delivered in the last 12 months has allowed us to achieve the significant growth we have delivered.

Rubicon Ice Cream Range
The summer saw further marketing activity for our recently launched range of Rubicon ice cream and lollies. The summer-long support programme for the authentic, exotic flavoured ice cream was spearheaded by a three month TV advertising campaign which ran until the end of August on ethnic TV channels.

Seasonal Promotion Opportunities
A.G. BARR helped retailers celebrate Halloween by launching a range of spooky special packs. IRN-BRU was available in terrifying twin-packs and trick or treat value packs, decorated with bats and pumpkins. Consumers were also haunted by Barr 'Scream Soda' and 'Creepy Cola'.

Partnerships

Our performance with our key partnership brands in 2012 has been strong, building on long term relationships and excellence in marketplace execution.

The Rockstar brand has almost doubled in the period, benefiting from market growth of 10% and also, more significantly, the very positive take up of the Rockstar innovation programme across the market. In particular, the Rockstar Xdurance product has driven much of the growth in the brand, reflecting the consumer acceptance of a strong mix of brand affinity, product acceptability and exciting pack design. The energy category is a key sub sector for carbonates and the Rockstar brand enjoys a strong following within this category. We have built a solid base business with Rockstar, particularly in the impulse channel, and expect to bring further Rockstar innovation into this growing sub category over the coming year.

The Orangina brand strategy is now well positioned following several years of re-alignment, moving from a volume based strategy to the current successful value based approach which reflects the brand's quality niche positioning. Last year, Orangina outperformed the soft drinks market and grew revenue by a solid 6%.

During the year we have focussed on consolidating and simplifying our international sales which have encouragingly grown by 5.6%. The outcome of this process will allow us to develop a stronger core offering to international markets and to successfully accelerate growth in the future.

Efficient Operations

Following a challenging 2011, the past 12 months has seen a very solid operational performance. Product availability and consequent customer service levels significantly improved and operating costs have been well controlled. In tandem with delivering the required operating improvements across the last 12 months we have also made very significant progress with the development of our manufacturing and warehousing capacity at the new Crossley site in Milton Keynes. The building construction commenced on site in July 2012 and the completed site is expected to be handed over by the developer in April 2013. The 265,000 sq ft facility will be fitted out with production equipment over the course of the period from April to July and production of cans is expected to begin in the summer of 2013.

Continued Investment in IRN-BRU Sugar Free
IRN-BRU Sugar Free was a key area for investment in 2012, with a marketing campaign that continued to communicate the product's Sugar Free benefit to consumers. A 30 second 'Totally Obvious' TV advert was running in Scotland during February and March 2012. This was also supported by a Sugar Free outdoor and bus advertising campaign across Scotland.

The total investment in the project is c.£44m and the full project is currently running on time and on budget.

This efficient purpose built site will facilitate future growth for A.G. BARR and provide increased efficiency and flexibility into the future. The recruitment and development of the local team is well underway and is making good progress.

People, Sustainability and Responsibility

It has been a challenging year for the whole of the team at A.G. BARR. In the second half, the announcement of the potential merger with Britvic plc and the associated uncertainty and increased workload were additional challenges for the team. Despite all that has come our way across the year, the spirit, tenacity, teamwork and capability of the whole A.G. BARR team has shone through, delivering consistent performance across all areas of the business. It is a huge credit to everyone that we have met our performance expectations and delivered all of our 'business as usual' objectives.

A.G. BARR has a unique culture and across 2012 we have made considerable efforts to understand what makes us successful and to ensure that the approach we take is consistent across the whole business. The drive to improve everything we do will continue as we develop better ways of working, improve systems and processes and better engage and train our people across the business. The development of our risk management capability and reporting is also increasingly important in improving performance throughout the Group.

The safety performance of our business maintains its position at the top of everyone's priorities. Across last year there was a drive to significantly improve reporting of near misses and an improvement to the consequential remedial action plans. Across the year almost 3,000 near miss incidents were reported and acted on.

A.G. BARR entered into a number of government sponsored responsibility deals, perhaps the most significant of which is our commitment to reduce the average calorific content of our drinks portfolio by 5% by 2016, which we expect to do without compromising quality or taste. This is an important step for A.G. BARR and is part of a growing industry wide commitment to demonstrate further responsible actions in the face of challenges from both consumer groups and government.

KA Still and Sparkling Flavours
KA launched two exciting new flavours during the year. The brand introduced Sparkling Kream Soda and Still Strawberry to help develop and broaden out the range.

In October 2012, A.G. BARR confirmed its position as an official supporter and supplier to the Glasgow 2014 Commonwealth Games. This is a key event for Glasgow as a city and A.G. BARR is delighted to be involved as official soft drinks supplier to the Games, supplying a wide range of beverages, including water to the athletes' village during the Games and across all of the Glasgow 2014 venues. The Group has a long history of sports sponsorship and we look forward to working closely with the organising committee to do our part in delivering a great event in 2014.

Summary

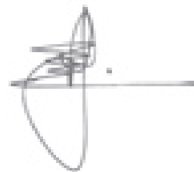
A.G. BARR has once again delivered a strong financial performance in challenging markets. The business has continued to focus on delivering the basics well. We have driven strong revenue and volume growth and have continued to build share across the soft drinks market.

Our brands continue to respond well to our long term investment in equity as we improve awareness and loyalty at the same time as we build distribution and availability outside of our core geographies. Innovation has added further depth to our ranges and enticed increasing numbers of consumers to our brands.

We are investing further in assets, adding additional capacity to allow us to successfully grow at the same time as driving efficiency and flexibility. The Group remains in a very strong overall financial position despite the significant investment in brands and assets.

Our approach to Britvic plc during 2012 and the potential merger received overwhelming shareholder support; however the uncertainty as a consequence of the referral to the Competition Commission means that we must continue to build and develop our plans as a successful standalone business at the same time as we rigorously pursue our reference through the Competition Commission.

Given the performance of the business, alongside its proven strategy, business model and people, the board remains confident in the future either on a standalone basis or as part of a merged business.



Roger A. White
Chief Executive

Sun Exotic Adds a Twist of Citrus to Range
A new flavour was added to the Sun Exotic brand for the first time in four years. New Citrus Twist builds on the Sun Exotic proposition of offering exotic fruit blends, recognising the growing consumer thirst for exotic flavours.

Continued 'PHENOMENAL' Support
IRN-BRU is now in its sixth season as sponsors of the SFL, supporting the game across all three divisions. The picture below shows Ross County celebrating the winning of the IRN-BRU Scottish Football League Division 1 title.

Financial Review
Alex Short,
Finance Director

"We have delivered growth in revenue and profit underpinned by a strong volume performance."

Overview

During the year ended 26 January 2013, the Group has continued to build upon its strong financial base leveraging its capacity for growth. We have maintained our focus on delivering sales fundamentals in a lean and efficient manner.

Despite very poor summer weather, we have once again secured sales growth across our core brands, extending penetration and distribution. We have continued to invest in the ongoing development of our people and of our asset base.

The macro economic environment has remained challenging, characterised by low growth and continued pressure on household incomes. In 2012, this has been further compounded by historically high commodity costs which have impacted margins.

For a few people within the Group, the focus over the second half of the year was very much on the potential merger with Britvic plc, however for the majority of staff the focus was very much on the delivery of both top line and bottom line performance targets. We are therefore very pleased to report a year of progress, with top line revenue growth, strong cash generation and growth in underlying operating profit.

Eliminating the impact of exceptional items, reported profit before tax increased to £35.0m, an increase on the prior year of 4.3%. This is a very encouraging result given the tough comparative prior year trading position, which saw an increase in turnover of 6.5% with underlying earnings per share increasing by 9.1%. Underlying earnings per share for the period has increased by 10.9%.

Our balance sheet strength has improved, with net assets increasing to £130.6m. Return on capital employed has remained strong, in excess of 20%, reducing slightly from the reported position last year due to the commencement of the construction of the new production and warehousing facility at Milton Keynes. This investment, which is part of our "fit for the future" programme, will provide much needed can capacity and will underpin the Group's ability to service its national customer base effectively and efficiently.

During the year, the Group generated a strong underlying free cash flow of £22.0m, however as expected the investment in the development at Milton Keynes led to an increase in our net debt position. Net debt ended the year at £25.6m, an increase of £18.9m on the prior year. The end of year net debt position included £20.4m of Milton Keynes related expenditure and was further impacted by pulling forward the final dividend (£8.5m) from June 2013 to January 2013 ahead of the expected merger with Britvic plc, together with £2.4m of merger related costs.

Segment Performance

During the financial period, the Group delivered growth across both the carbonated and still drinks segments. Overall turnover increased by £14.7m (6.6%), driven by strong growth in volume which increased by 5.6%.

Our carbonates segment delivered year on year turnover growth of 7.1%, with volume growing by 6.0% and value by 1.1%. In absolute terms, the increase in carbonates equated to additional turnover of £12.1m, delivered through distribution increases across all of our core brands, particularly through England and Wales. Within the category, the key performers were the Barr and Rockstar brands, which both exhibited double digit growth. IRN-BRU value increased by 1.4%.

The still drinks and water segment (stills) delivered year on year turnover growth of 4.3%, with volume growing by 4.1% and value by 0.2%. In absolute terms, the increase in stills equated to additional turnover of £2.2m.

A national advertising campaign ensured that Rubicon performed well, which was very encouraging given the strong prior year comparative performance. KA also performed strongly, particularly in the second half of the year once the effects of the first prior year comparative stills launch washed through. Strathmore performed in line with the prior year, which was an excellent outcome within the context of a very competitive water market and on the back of such a wet summer.

Margins

Throughout the year we have continued to see the level of promotion across branded products increase which, together with increasing commodity costs, has impacted margins.

We have attempted to mitigate this impact by implementing price increases and managing raw material cost inflation through operational and foreign exchange hedging activities. We have also continued to manage overhead costs tightly whilst we have invested to grow through geographic expansion.

Overall, on a like for like basis (i.e. net of volume growth), our cost of goods increased by 4.3%. Whilst sales price increases were secured, increases in the cost of sugar, together with a changing mix associated with lower margin products growing at a faster rate, led to a reduction in gross margin of 160 basis points. Including the impact of increased promotional activity, gross margins (pre exceptional items) reduced from 47.1% to 45.5%. Carbonates gross margins were the most affected, down 290 basis points to 50.6%, whilst stills margins increased from 25.6% to 27.6% as the cost of fruit pulp came down from its historical high point.

In the year ahead, we anticipate some reduction in the pace of input cost inflation which we expect to be at a low single digit level. Current market pricing for PET is down year on year, fruit pulp costs are lower but the cost of sugar remains stubbornly high. The biggest risk however is the current weakness of Sterling relative to both the Euro and the USD, with Sterling now trading 8% off its high point last year against the Euro and 6% off its high point relative to the USD, although we have appropriate levels of cover in place for the year ahead.

An operating profit of £34.9m (before exceptional items) was reported during the year, representing an increase of 3.7% on the prior year. Reported operating margins, before exceptional items, reduced slightly from 15.1% to 14.7%.

Profit before tax of £35.0m (before exceptional items) was reported, being an increase on the prior year of 4.3%, reflecting both lower finance charges and a small gain on un-hedged foreign exchange contracts.

EBITDA (pre exceptional items) of £41.7m was generated in the period, representing an EBITDA margin of 17.6%.

Interest

A net interest income of less than £0.1m was reported in the financial period, compared to a £0.2m cost in the prior year. This is summarised in the table below:

	£000	£000
Finance income		27
Finance costs		(335)
Interest related to Group borrowings		(308)
Pension interest on defined benefits obligation	(3,967)	
Expected return on scheme assets	4,176	
Finance income related to pension plans		209
Fair value movements in financial instruments		133
Net finance income		**34**

Finance income has benefited from the expected return on pension scheme assets being £0.2m higher than the interest costs associated with the scheme liabilities, together with a small gain arising from the fair value of forward foreign exchange contracts.

The cash interest cost includes the full year interest charges of £0.3m, offset to a small extent by interest income on cash balances. The Group has not undertaken any interest rate hedging activity which reflects the current net debt position and the future expectations of short term interest rates and future free cash generation.

The Group has £40.0m of banking facilities at its disposal, of which £26.5m was drawn at the end of the financial year. The Group continues to hold facilities with RBS totalling £25.0m, of which £10.0m 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, with the balance being a £5.0m annual overdraft facility. £5.0m of borrowings were repaid in line with the five year facility agreement, with a final £10.0m due to be repaid in the financial year ending January 2014.

In addition to the facilities with RBS, during the year the Group entered into a £15.0m revolving credit facility (RCF) with HSBC to part fund the purchase of land and buildings at Milton Keynes. This three year facility was put in place in June 2012 on competitive terms and expires in 2015. Post year end a further £20m RCF facility was finalised with RBS to cover short term working capital requirements through to March 2014.

Taxation

The tax charge of £6.3m is £1.0m lower than the total charge for the prior year and represents an effective tax rate of 19.7%, a reduction of 80 basis points from the prior year. The reduction primarily results from the beneficial impact on both current and deferred tax following the 2% reduction in corporation tax substantively enacted at the balance sheet date.

Earnings Per Share (EPS)

The reduced tax charge in the year has once again had a beneficial impact on underlying EPS, which at 24.70p represents an increase of 10.9% on the prior year.

Dividends

Ahead of the expected merger, a second interim dividend of 7.4p per share was paid on 18 January 2013 to A.G. BARR shareholders on the register on 4 January 2013. This payment was in lieu of the final dividend for the financial year ended 26 January 2013 and resulted in a total dividend for the year of 10.02p per share. This represented a payout ratio of 45.4% of basic EPS and an increase of 7.6% on the prior year dividend payment.

Balance Sheet Review

The Group's balance sheet has once again strengthened, with net assets increasing to £130.6m. The key change relative to the prior year has been the purchase of land at Milton Keynes and the capital expenditure associated with building this production and distribution facility. This has driven an increase in property, plant and equipment of £14.6m, offset by increased borrowings of £11.6m.

Relative to the prior year we have seen an increase in both inventories and trade receivables which have, to a small extent, been offset by an increase in trade payables. The retirement benefit obligation at £3.4m is very manageable, although it has grown, being further impacted by the lower discount rates used to value liabilities. Our deferred tax liability has decreased as a result of the reduction in the headline corporation tax rate.

Whilst our net debt at £25.6m is higher than previously guided, this includes the impact of pulling forward the dividend payment ahead of the expected merger completion date and legal and professional fees associated with the proposed merger. Our net debt to EBITDA ratio has increased from 0.2 to 0.6 times.

Return on capital employed (ROCE) has remained strong at 20.6%, reducing slightly from the reported position last year (22.8%) due to the inclusion of £17m of assets relating to Milton Keynes which are not generating any return. Restating to acknowledge this factor, ROCE would be slightly ahead of the position reported last year.

Non-Current Assets

The largest asset on the balance sheet remains the acquired intangible assets, being the £74.4m carrying value of the Rubicon and Strathmore brands, goodwill and customer lists. This has reduced by £0.3m from the prior year, reflecting the continued amortisation of Groupe Rubicon acquired customer lists which now have a residual life of six years.

During the year, property plant and equipment increased by £14.6m to £69.5m. The Group invested £3.7m of maintenance capital expenditure (prior year: £6.9m) during the year. This was £3.0m lower than had previously been guided as a number of projects, including a head office extension, an ERP replacement and an effluent treatment plant, were deferred in light of the merger discussions.

The majority of maintenance capital expenditure continued to be invested in plant and equipment at Cumbernauld, production and infrastructure projects at the Forfar site, some modest IT expenditure targeted at improving efficiencies, commercial vehicles and assets, which included branded vending machines and chilled refrigeration equipment.

Expansionary capital expenditure amounting to £7.1m was invested in the purchase of land and a further £9.3m in the building of the Milton Keynes facility, which is held as an asset under construction at the year end. Prepayments of £4.0m were made towards plant and equipment which will be repaid in March at the conclusion of a plant leasing arrangement. Handover of the site is expected at the end of April, after which the plant and equipment will be installed to facilitate initial production in the summer of 2013.

In the year ahead capital expenditure is anticipated to remain at similar levels to those seen in 2012/13. A further £7.0m is anticipated in order to complete the building of the Milton Keynes facility. £1.5m is proposed to be invested to develop additional office space at Cumbernauld, whilst a decision on the requirement to replace our existing ERP solution will be taken once the outcome of the proposed merger discussions is known.

Maintenance capital expenditure of circa £6.5m is anticipated in the forthcoming year, which is in line with ongoing depreciation. Major projects at Cumbernauld include updating the syrup room, investing in sugar dissolving capability, improving water treatment capability, together with the ongoing focus on increasing efficiency and improving and reducing energy consumption. At the Strathmore facility in Forfar, funds are planned to replace water treatment and shrink wrapping equipment. In addition, the Group will continue to invest in its IT infrastructure, its fleet of commercial vehicles and behind branded chilled equipment in the marketplace.

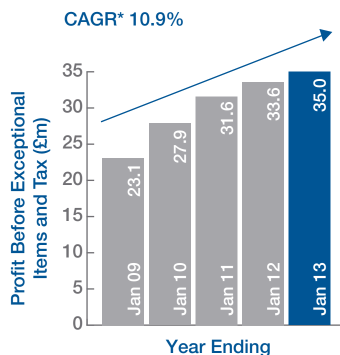
Current Assets and Liabilities

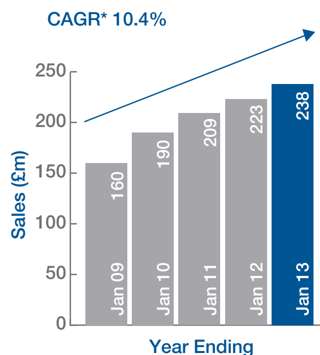
Current assets increased by £4.2m over the period to £71.0m (previously £66.8m). The increase was driven by increases in inventories and receivables, partially offset by reduced cash balances.

Finished goods inventories increased by £1.3m (10%), as we increased 330ml and 500ml canned inventory in order to ensure customer service within the context of capacity constraints during the first half of the new financial year. Raw material inventory increased by £0.6m (11%) as we bought forward purchases of juices in order to benefit from improved pricing from suppliers.

A strong sales performance at the end of the financial year, together with the timing of the year end, which fell a full four days short of the month end, impacted the collection of receivables. Trade receivables increased by £5.2m (14%) relative to a year ago. During the year, the provision for doubtful and bad debts reduced by just under £0.3m reflecting the very clean receivables position, with overdue debt representing only 2.6% of the total outstanding. The average number of trade receivable days has increased from 61 to 65, reflecting the early year end close relative to the calendar month end.

The total receivables position also includes £5.6m of prepayments. Of this, £4.0m relates to the prepayment of initial plant and equipment deposits that will be repaid to the Group in March 2013 on satisfactory conclusion of lease financing arrangements.





*Compound Annual Growth Rate

An asset of £1.5m has been recognised as at the end of January, reflecting the fair value gain on forward foreign exchange Euro and USD contracts. These contracts have been elected for hedge accounting and whilst they remain effective any volatility is reflected through the balance sheet rather than through the P&L. The Group has good levels of foreign currency hedging in place, which will help insulate against cost of goods price volatility in the forthcoming year.

Current Liabilities

Current liabilities have increased by £8.3m, of which £6.5m relates to an increase in short term borrowings with trade and other payables increasing by £2.6m. The average time taken to settle trade payables has increased by 7 days to 35 days.

The current tax liability has remained broadly in line with the prior year whilst a foreign forward exchange contract liability and a small redundancy provision have been settled through the course of the year.

Non-Current Liabilities

The £6.7m increase in non-current liabilities again relates mostly to the increase in borrowings of £5.2m together with an increase in the defined benefit pension obligation of £3.0m. This is partly offset by a £1.5m reduction 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, increased underlying operating profits and generated strong cash flow.

Free cash flow statement	2013 £000	2012 £000
Operating profit before exceptional items	**34,946**	33,713
Depreciation	**6,519**	6,974
Amortisation	**253**	327
EBITDA	**41,718**	41,014
(Increase)/decrease in inventories	**(1,841)**	1,838
(Increase) in receivables excluding lease prepayment	**(4,434)**	(4,595)
Increase/(decrease) in payables excluding exceptional liabilities	**715**	(3,529)
Difference between employer pension contributions and pre-exceptional amounts recognised in the income statement	**39**	(2,712)
Share options costs	**927**	905
Exceptional items	**(2,734)**	(1,264)
Other	**(187)**	(381)
Net operating cash flow	**34,203**	31,276
Net interest	**(213)**	(776)
Taxation	**(8,267)**	(7,711)
Cash flow from operations	**25,723**	22,789
Maintenance capital expenditure net of disposal proceeds	**(3,749)**	(6,937)
Free cash flow	**21,974**	15,852
Expansionary capital expenditure including lease prepayment and net of disposal proceeds	**(21,129)**	6,086
Dividends	**(19,398)**	(9,965)
Net purchases of shares held in trust	**(339)**	(2,035)
Loans received/(repaid)	**10,000**	(10,060)
Cash flow from financing	**(30,866)**	(15,974)
(Decrease) in cash and cash equivalents	**(8,892)**	(122)
Cash and cash equivalents at beginning of year	**8,289**	8,411
Cash and cash equivalents at end of year	**(603)**	8,289
Cash and cash equivalents at end of year	**(603)**	8,289
Borrowings	**(25,000)**	(15,000)
Closing net debt	**(25,603)**	(6,711)

Free cash flow statement (see previous page)

A free cash flow of £22.0m was generated in the period, representing an increase of £6.1m on the prior year. This was despite exceptional cash costs amounting to £2.7m. The increase in free cash flow was attributable to two areas: reduced maintenance capital expenditure and reduced pension scheme deficit repayments.

A reported EBITDA of £41.7m translated into a net operating cash flow of £34.2m after increases in working capital requirements associated with an inventory build and relatively high levels of trade receivables. Pension payments reduced by £2.8m relative to the prior year, principally as a result of agreement between the pension scheme trustees and the Group to cease deficit recovery payments through to the next triennial valuation in April 2014. Maintenance capital expenditure was £3.2m lower than the prior year.

Below free cash flow there are three significant cash out flows, the first being £20.4m associated with Milton Keynes, of which £4.0m of initial plant deposits is repayable and the second being £19.4m of dividends distributed to shareholders. Of the latter, £8.5m was distributed early in lieu of the final dividend for the year ahead of the planned merger. Finally, in line with the facility agreement, a further £5.0m repayment was made towards the 5 year term loan which expires in July 2013.

Shares with a net value of £0.3m were purchased on behalf of various employee benefit trusts to satisfy the ongoing requirements of the Group's employee share schemes.

The resulting net cash outflow was financed by fully drawing the £15.0m debt facility entered into with HSBC during the year.

As at the end of January 2013, the Group's closing net debt position stood at £25.6m, being the closing overdrawn net cash position of £0.6m and borrowings of £25.0m.

Exceptional Items

The Group incurred £3.2m of exceptional items during the period. The majority of expenditure related to professional and legal fees incurred in connection with the proposed all-share merger with Britvic plc. A further £0.3m related to redundancies following an organisational structure review at the Walthamstow distribution depot, recruitment and programme management costs relating to the Milton Keynes production and distribution project and expenditure relating to preliminary work in assessing the replacement of the Group's ERP platform. The latter project was put on hold pending the outcome of the merger discussions.

Pensions

Throughout the year the Group 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. Both sections of the defined benefit scheme are closed to new entrants but remain open for future accrual. The deficit of £0.4m disclosed at the end of the last financial year has increased to a deficit of £3.4m. Reflecting historically low gilt yields, the increase in the deficit has been driven by a further reduction in the discount rate used to value the scheme's liabilities, which reduced from 4.8% to 4.6%. Mortality assumptions across the year have remained stable, with life expectancy for males being 87 to 88 and for females 89 to 91, depending on their age as at the end of January 2013.

The present value of the scheme's funded obligations equates to £90.3m, which represents an increase of just under £7.0m on the prior year. The fair value of the scheme's assets have increased during the year by a net £3.9m to £86.9m, with £2.3m of benefits being paid to pensioners over the course of the year.

During the year we successfully moved all pensions administration, investment advice and actuarial support to Hymans Robertson. The move was undertaken with limited disruption and I am pleased to report that the service and professional advice received has improved. The pension investment subcommittee which was established during the year is continuing to work to reduce the underlying risk associated with the defined benefit pension scheme, whilst offering a broader investment choice to defined contribution members.

Summary

A.G. BARR has delivered a robust performance in a marketplace impacted by the combination of very poor summer weather and the ongoing economic challenges faced by consumer goods companies, notably raw material cost pressures and inconsistent consumer demand. Looking forward it is unlikely that these challenges will materially change, however we remain cautiously optimistic that the combination of our proven operating model, continued focus on efficiency, building brand equity, sound balance sheet and capacity for future growth leave us well placed to continue to build on this performance.

Share Price and Market Capitalisation

At 26 January 2013 the closing share price for A.G. BARR p.l.c. was £5.50, an increase of 34% on the closing January 2012 position. The Group is a member of the FTSE250, with a market capitalisation of £642.2m at the year end.

Alex Short
Finance Director

Principal Risks and Uncertainties

The board acknowledges its clear responsibility for risk management. The board uses a risk framework which is designed to support the process for identifying, evaluating and managing 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 year. The Group's risk management framework is designed to support this process, giving visibility and control of both financial and non-financial risks. 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.

Internal audit work 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 year 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 the board believes may impact the Group's ability to deliver effectively its strategy in the future.

Risks Relating to the Group

Risk	Impact	Mitigating Actions
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 regularly reviewed by the board and management committee. The Group maintains and develops ISO9001 and 14001 systems which are subject to annual external audits with any non conformances actioned in a timely manner. Within the Group there is a clearly defined and communicated Corporate Social Responsibility Policy. Quality standards are well defined, implemented and measured. The Group's product recall process is documented through the business continuity process and tested regularly.
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 sustained 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.
Failure of the Group's Information Technology systems.	The maintenance and development of Information Technology systems may result in systems failures, including cyber security breaches 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 vigorous legal enforcement as and when required.

Risk	Impact	Mitigating Actions
Interruption to, or significant 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 purchasing and operations teams and reviewed by the Treasury Committee whose remit and authority levels are set by the board. Together with the operations team, 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.
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 cash flow 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. The Group's financial control environment is subject to review by both internal and external audit. Internal audit's focus is to work with and challenge management to ensure an appropriate control environment is maintained.
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 and/or operating margins.	Appropriate governance structures are put in place to provide the required frameworks to supervise, monitor, control, direct and manage change programmes. These structures review the scope of change programmes and related project plans and project resources, monitoring 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 or provide further assurance to cover future liabilities.	The Group's finance team works closely with the Pension Scheme Investment Sub Committee and the Pension Trustees to ensure that an appropriate Investment Strategy is in place to fund future pension requirements at acceptable levels of risk.
Acquisition strategy fails to deliver expected returns via either market performance or under attainment of targeted synergies.	Failure to deliver expected return could affect overall performance, net debt level, share price, management credibility and/or shareholder appetite for future acquisitions.	A robust initial evaluation and diligence process exists which clearly outlines expectations relative to agreed rates of return and clearly identifies deliverables. Sensitivity analysis of the key value drivers is also undertaken. A dedicated integration and project management team is established pre completion and a 100 day plan established against which progress is actively monitored. Finally, a six monthly review of performance relative to the acquisition model is undertaken.

Risks Relating to the Market

Risk	Impact	Mitigating Actions
Failure to take account of changing market dynamics.	A decline in sales of key brands or a failure to renew trading agreements on favourable terms or reduction in the customer base 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 major customers through regular sales force interaction and members of the senior management team meet with key customers throughout the year.
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 qualitative and quantitative research. Spontaneous and prompted brand awareness levels are monitored in order to measure any changes in consumer knowledge of brands and/or changes in brand equity strength.
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 and all applicable regulatory requirements. Formal training sessions are undertaken throughout the year. An audit against changing legislative requirements is undertaken annually by the in house legal team.
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.

KA

The KAribbean taste of KA continued to grow in popularity with the brand's still range growing by just under 10% in the year.

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Corporate Social Responsibility
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KA Karnival
A.G. BARR backed the KA range with a summer-long burst of marketing support. At the heart of the activity was a nationwide sampling campaign at some of the U.K.'s busiest summer carnivals including Notting Hill, Europe's biggest street festival. Outdoor advertising also heightened consumer awareness of KA.

1875

A unique range of great tasting flavours since 1875

Corporate Social Responsibility
Andrew Memmott,
Operations Director

Corporate Responsibility principles are embedded in the daily business processes at A.G. BARR.

We believe that developing our business in a responsible and sustainable manner will support our long term profitable growth, contribute to building a committed and motivated workforce and allow us to positively contribute to our local communities.

We can only deliver this ambition with the support of the whole organisation, and we promote this through our 'Do the Right Thing' programme, now in its second year. The programme is made up of four key areas:

- Environment
- Consumers
- People
- Communities

In this report we review our progress in each of these key areas.

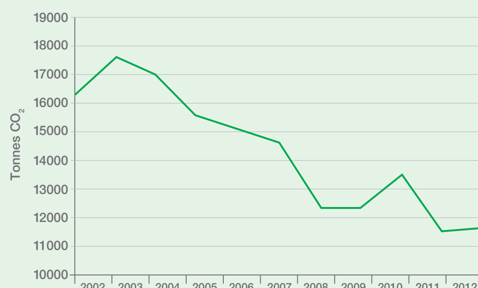
Our Environment
Key achievements

Improvements in:
- Carbon emissions and intensity
- Water use efficiency
- Waste recycling ratios
- Road transport miles travelled

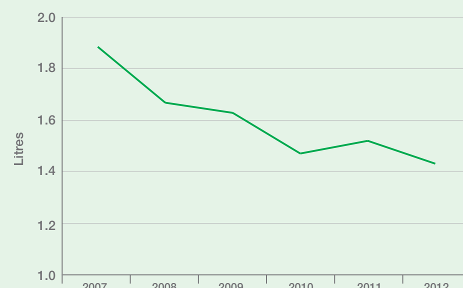
As a company involved in manufacturing, we recognise the impact our operations have on the environment. Our Environmental Committee is chaired by Andrew Memmott, Operations Director, and includes key management representatives, particularly from the supply chain. This committee plays a key role in both monitoring the implementation of our environmental initiatives and setting performance targets across the Group. It also reports on performance to the board each quarter.

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

Energy
Tonnes of CO_2 produced



Water
Production efficiency (litres used per litre produced)



Environmental performance 2012/13
We are fully committed to improving the sustainability of our business and we have made further progress against our environmental targets in 2012/13.

Target	2012 v 2011
Energy 35% reduction in absolute CO_2 emissions from manufacturing by 2020 compared to 2002.	Energy used per 1,000 litres produced reduced by 11.4%.
Water 20% reduction in waste water volumes by 2020 compared to 2007.	Litres of water used per litre of product produced reduced by 5.7%.
Waste Zero manufacturing waste to landfill by 2015.	97.2% of our manufacturing waste was recycled, recovered or incinerated to generate energy.
Packaging Improve the sustainability of all our packaging.	We are targeting improvements through introducing lightweight PET (Polyethylene terephthalate) bottles, which reduce the amount of material in each bottle and by recycling aluminium cans, glass, corrugated cardboard and shrink film.
Transport 20% reduction in external impacts of transport by 2012 compared to 2002.	Total travel miles within our in house delivery vehicle fleet reduced by 4.7%. 23% reduction in annual mileage since 2002.

In 2012 we focused on two areas of energy reduction activity: staff awareness as part of the 'Do the Right Thing' programme and capital investment focused on efficiency improvements.

Our collective efforts have contributed to a significant improvement in energy efficiency, reducing our CO_2e emissions per 1,000 litres of product by 11.4%. We estimate that during the year, we used over 3.8 million kWh less electricity than we would have done without these initiatives. We have reduced our CO_2e emissions per 1,000 litres of product by 40.4% since 2002.

While our total emissions increased slightly in 2012, we have reduced our emissions by 28.6% since 2002, making real progress towards our target of a 35% reduction.

Some examples of how we achieved this improvement are given below.

Cumbernauld
At the Cumbernauld site, we use an energy monitoring system to ensure that all significant electrical equipment is switched on and off efficiently during product and packaging format changeovers.

Tredegar
The Tredegar site completed an exercise that focused on identifying the start-up time of all equipment at point of use to ensure all staff were aware of the optimum time to switch equipment on.

Forfar
In October 2012 a new roof was installed at our Forfar site which improved insulation and increased the number of transparent roof panels. These two measures have reduced the use of artificial lighting and improved heating efficiency in the production hall. To complement this we invested in variable speed drive low pressure compressors, which have contributed to a reduction in energy use at Forfar by 2.7% over the last 12 months.

In the past 12 months we have reduced our water use ratio by 5.7%, saving over 36 million litres. This was primarily driven by reducing the need for empty plastic bottle rinsing at our Cumbernauld site following the installation in 2011 of Combi bottle blowers, which make and fill bottles. We also installed a recycling system for empty can rinsing which has further reduced our water usage.

We are signatories of the Federation House Commitment, an agreement made by major food and drink manufacturers. All signatories have committed to reduce overall water usage (excluding water used in products) in their manufacturing operations by 20% by 2020 compared to 2007. We measure this not just in absolute terms, but also in the amount of water in litres we need to use for each litre of product we produce. We have reduced the absolute amount of water we use in production by 7.6% since 2007. This measure is an important indicator of our ongoing efficiency. Our ratio is now 1.43 litres per litre produced, a reduction of 24.3% since 2007.

Waste
Our target is to send zero manufacturing waste to landfill by 2015. In 2012 we reduced the amount of waste generated at our manufacturing sites by 8.9% and increased the percentage of waste recycled to 97.2%.

Tredegar
Tredegar achieved zero manufacturing waste to landfill in 2012. 93% of the waste generated is segregated on site, which helps with the onward recycling and re-use processes. The remaining unrecyclable 7% is used as refuse derived fuel.

Cumbernauld

The Cumbernauld site achieved 87.9% on site segregation of waste. Given the lack of suitable waste to energy facilities near Cumbernauld, we are nearing the practical limit of waste diversion from landfill that we can achieve. We will continue to explore suitable options to divert all waste from landfill as and when they become available. The residual waste is further sorted at a local materials recycling facility where 60% of the remainder is sorted for recycling. Currently only 4.8% of the total waste on the site is sent to landfill.

Forfar

Forfar is on target to achieve zero manufacturing waste to landfill in April 2013.

Packaging

In 2012, we continued to build on gains from our PET light weighting work to reduce packaging waste from a range of materials. Most notably, we joined forces with the Scottish Government's agent, Zero Waste Scotland, to become a funding partner of Every Can Counts. This is a drinks can recycling programme, targeting the recycling of an estimated 252 million drinks cans in Scotland that are used every year outside the home, either 'on the go' or by employees in the workplace.

Its launch is spearheading recycling in the workplace ahead of the new Waste (Scotland) Regulations. When these come into force in January 2014, all businesses will have to separate paper and card, plastic, metal and glass for recycling.

Tredegar

The Tredegar site implemented a number of packaging changes during 2012, which resulted in improving the site's energy efficiency and reducing the amount of packaging used. We changed the plastic cap design, which is now 18.8% lighter. However, most notable was the improvement to packaging which saved approximately 17 tonnes of plastic this year which also allowed us to further reduce our energy consumption.

Transport

Through our on-going partnership with the Stobart Group, we have significantly reduced the environmental impact of distributing our products in 2012. We removed 507,110 vehicle road miles by using rail freight to move finished product from the Cumbernauld production site to the wholesale distribution centre in Lutterworth, near Rugby. This significantly lowered the number of road journeys required and lowered the carbon emissions arising from transporting these pallets.

Our current transport target expired this year however we will continue to reduce the environment impact of transport relating to the supply of raw materials to our manufacturing sites, the delivery of product to our customers by in-house distribution and continued collaboration with our third party logistics partners. We will continue to report on our actions to reduce the environment impact of our transport in future years.

Since the target baseline year of 2002 our distribution network and transport planning systems have changed considerably. We have centralised our retail delivery business, our PET and can production to Scotland and invested in advanced transport planning systems. We regularly review our vehicle routing to ensure those miles we do travel are minimised. We have also transferred a significant proportion of product distributed to our Lutterworth wholesale distribution centre to rail. These actions have saved approximately 995,000 road miles per year.

Milton Keynes

In 2012 we started to build our new 265,000 sq ft production and logistics facility at Magna Park in Milton Keynes.

The new site will initially support a canning line, with the space to accommodate further high speed production lines in the future. This will double our production capacity on single 330ml and 500ml cans, with the potential to increase our capacity for single 500ml and 2 litre PET packs by a further 50%. This will help us to increase our high standard of customer service and delivery levels in England. Once fully operational, this facility will employ approximately 100 locally recruited people.

The building has been designed to achieve the benchmark Building Research Establishment's BREEAM 'Excellent' status for environmental performance by incorporating a number of technologies that will save both energy and water usage. These will include LED lighting throughout the facility, extensive electrical sub-metering, low flush toilets, spray taps, rainwater harvesting and a building management system that will control and minimise the site's energy usage throughout its operational life.

Every Can Counts (Top)
In 2012 we joined forces with Zero Waste Scotland to become a funding partner of Every Can Counts.

Magna Park (Middle)
(From left to right) Alex Verbeek, UK Country Director Gazeley, Andrew Memmott, Operations Director, A.G. BARR, Jonathan Fenton-Jones, Group Technical Director Gazeley, Peter Waddell, Head of Financial Planning, A.G. BARR, on site at Magna Park during November 2012.

Magna Park (Bottom)
An artist's impression of our new warehouse, manufacturing and logistics facility at Magna Park, Milton Keynes.

Corporate Social Responsibility
Continued

IIP Certificate (Below)
Doug Brown, Head of HR, presents colleagues at our Sheffield site with their IIP certificate.

ILM Awards (Right)
Jonathan Kemp, Commercial Director, presents our managers with their ILM Awards in Leadership and Management.

Our People

Key achievements

- Near Miss initiative launched across the business
- Investor in People Silver status achieved at Sheffield and Wednesbury sites
- Launch of iLearn – our online learning portal for all employees
- Launch of company intranet.

Health and Safety

Our objective is to ensure we create the safest and best working environment possible at all times. The level of reportable accidents under RIDDOR increased marginally from 9 in 2011/12 to 10 in 2012/13. However there was a 14% reduction in the total injury accidents in 2012/13 (the total figure includes RIDDOR accidents, lost time and minor injury accidents). The level of significant near miss incidents fell by 62%. The reductions have come from the focus on near miss reporting and remedial actions and improved local management and actions related to safety.

Near Miss Reporting

Our most significant safety initiative in 2012/13 was the roll out of a significant near miss reporting system. This initiative makes use of systems to record and act on hazards in the workplace as well as engaging the workforce in improving safety standards. The aim is to remove sources of potential accidents and injury before incidents occur. The impact has been a significant increase in safety awareness across all locations.

As part of the near miss initiative, safety day initiatives were delivered across the business. The year finished with just under 3,000 near miss incidents being reported and acted upon.

NEBOSH Training

We provided an internal refresher safety training course for the 30 managers and supervisors who hold the National Examination Board for Occupational Safety and Health (NEBOSH) safety certificate qualification. Each of them carried out a target audit, looking primarily at people and vehicle risks.

Six of our eleven sites had zero reportable accidents including three of our four production sites. Action plans are in place to deliver the required improvements in the remaining sites.

Fire Safety Awareness
This year saw the first company-wide fire safety awareness training. As part of this, our sites reviewed their fire risk assessments and all staff completed a fire safety module launched through iLearn, our new online learning portal.

Driver Training
2012 was the second year of a three year programme to train all drivers of company vehicles in safe and fuel efficient driving. 150 drivers have now been trained. This year, we focused on members of the commercial team, HGV drivers and Direct to Store Delivery drivers.

Training and Development
Our goal is to make A.G. BARR a great place to work both now and in the future. We recognise that our employees are critical to the future success of the Company. We invest in our employees to increase their capability to successfully deliver our business objectives. We aim to attract, retain and develop outstanding people by creating a culture where we support each other, where each individual is encouraged to reach their full potential and where we recognise and reward performance. Every employee has their own agreed personal learning and development plan to help them deliver their personal, team and business goals.

Investors in People
In 2010, A.G BARR achieved the prestigious Investors in People (IIP) Bronze accreditation. This independent standard highlights where we perform well, as well as identifying areas to improve. Our Sheffield and Wednesbury sites achieved Silver accreditation in 2012, following excellent progress with their development plans.

We will continue to work with IIP and plan to re-assess a further six sites against the standard in 2013.

iLearn and Accredited Training
Our brand new, online learning portal, iLearn, went live in July 2012. This supports employees' development plans by giving access to eBooks, video, text and audio-based learning.

In addition to iLearn, our employees can take accredited training programmes from an extensive range relevant to their job role. Courses include Management Skills, Personal Development and Health and Safety. During 2012, 38 employees from our sites in Cumbernauld, Forfar, Moston, Tredegar and Newcastle achieved a recognised NVQ. 17 employees completed our in-house Award in Leadership and Management programme, achieving the Institute in Leadership and Management (ILM) Level 3 Qualification.

ILM Awards
Alex Short, Finance Director, presents our managers with their ILM Awards in Leadership and Management.

Corporate Social Responsibility
Continued

Improved Employee Communication – Launch of A.G. BARR Intranet in 2012
The A.G. BARR Intranet was launched in December 2012. The Intranet allows us to provide a central point for all business communication and to give employees easy access to business information. It is updated frequently with both company and general news, views and events. Our employees are also able and encouraged to share their own stories, successes and questions with the wider business.

Public Health Responsibility Deal
As part of our ongoing commitment to active, healthy lifestyles, we have signed up as a partner in the Public Health Responsibility Deal, an initiative to support public health, commercial and voluntary organisations to work together to deliver practical actions to improve public health.

This consists of five 'networks' focused on food, health at work, physical activity, behaviour change and alcohol.

Our main aims are to encourage our staff to be more physically active in the workplace and help them to make healthy food choices whilst at work.

Physical Activity in the Work Place
We appointed a Physical Activity Champion (PAC) at each of our 11 sites. The PACs work alongside their site's joint communication committees to introduce initiatives which encourage and support our employees to be more physically active in the workplace. All our PACs attended a training workshop where they reviewed progress to date and launched a rolling calendar of physical activity plans.

1901 Yards Challenge
During the year we created the 1901 Yards Challenge, (IRN-BRU was launched in 1901) encouraging all employees to walk, run or cycle 1,901 yards as many times as they chose during one week in June. Collectively our employees achieved over 10,000,000 yards, with one group of 20 employees completing a 3 day, 250 mile 'IRN-MAN' charity cycle ride from our regional office in Middlebrook to our Head Office in Cumbernauld. They raised over £12,000 which was shared between The Prince's Trust, The British Asian Trust and The Prince & Princess of Wales Hospice, three of The Prince's Charities.

Healthier Staff Restaurants
We take staff nutrition seriously, providing healthy options at our staff facilities and in our vending machines and chillers. We gained early recognition for this in 2008 when the Scottish Consumer Council and Scottish Executive gave The Healthy Living Award to our Cumbernauld facility. To build on this, we launched the 'Eat Well: Live Well: Work Well' campaign, which includes full Guideline Daily Amounts values on all main course items, and a choice of low fat spreads and low salt dishes from the new 'Balanced Choice' menu.

PAC workshop
A.G. BARR employees attending our first PAC workshop at Bolton Wanderers' Reebok Stadium.

Our Consumers

Key activities

- Improved quality and food safety performance
- Support for the Calorie Reduction Pledge
- Promoting lower calorie alternative drinks
- Supporting responsible advertising efforts

We believe that all our soft drinks should be enjoyed by consumers as part of a balanced diet and a healthy, active lifestyle. We offer a wide range of choice of soft drinks from carbonated drinks and water, to juice drinks and fruit juices including sugar free alternatives.

Public Health Responsibility Deal

In January 2013, we signed a specific Calorie Reduction Pledge, further demonstrating our commitment to promoting healthy lifestyles as part of the Public Health Responsibility Deal.

We have always recognised our role in helping our consumers exercise choice in their diet. In addition to offering sugar free and reduced sugar in our portfolio we also provide clear calorie guidelines on all our packs so consumers can make an informed choice. We sell our soft drinks in a wide range of pack sizes and formats, from family sharing size 2 litre bottles to 200ml packs designed to offer choice and allow informed consumption decisions.

Calorie Reduction Pledge

To reduce the average calorific content per 100ml of our portfolio of drinks by 5% by 2016 using 2011 values as the base year. We also commit to monitor and report our actions and progress on an annual basis.

We will achieve this by a combination of actions. These include:

- growing sales of our low calorie, mid calorie, water and fruit juice products as a proportion of our total sales by investing in the sales and marketing of these products;
- focusing new product development effort on low and mid calorie products; and
- reducing the calorie content of our existing drinks range where it is possible to do so.

While we have no plans to reduce the sugar content of regular IRN-BRU, we are making a greater variety of smaller pack sizes available. These include 250ml bottles as a single serve alternative to 330ml cans and 500ml bottles, and 1 litre bottles and 250ml bottle multipacks as alternatives to larger take home formats.

We are promoting Sugar Free IRN-BRU as a great tasting alternative in order to increase its overall proportion of total IRN-BRU sales.

Long Service Awards

We are proud to have so many people who have built their careers with us. This year, we celebrated 15, 25 and 30 years of service with the following employees:

15 years service

Christine Casey
Thomas Crawford
Colin Garth
Anthony Chadwick
Brenda Charleston
June Drinkwater
Thomas Gallacher
Karon Stirling
Brian Dodds
Barbara Johnson
Deborah Clarke
Jim Anderson
George Dick
Lesley Piper
Graham Greig
Tom Watson

25 years service

Colin Anderson
Mandy Molyneaux
John McAlaney
Corinne Howarth
David Law

30 years service

Alexander Lindsay
Paul Yarwood
Lesley Fildes
Ronnie Todd
Brenda McLeod
Ross Hannah
Billy Williamson

'IRN-MAN' cycle ride

Commercial Director Jonathan Kemp and 19 other employees cross the finishing line at Cumbernauld following their 250 mile 'IRN-MAN' cycle ride.

Corporate Social Responsibility Continued

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.

During the year, we joined the Incorporated Society of British Advertisers (ISBA) to maintain our expertise in advertising legislation and compliance. ISBA represents British advertisers and develops policy to ensure the industry always acts responsibly within advertising codes of practice and implements all new EU and U.K. legislation.

Business Continuity

We have maintained the British Standard 25999 (Business Continuity Management System) certificate across our business.

During the course of 2012 we carried out further simulated product recall exercises in order to test our key continuity processes.

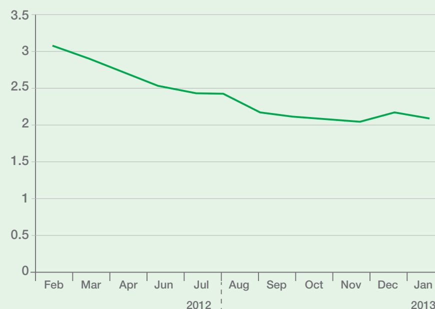
We expect to transition from BS 25999 to the equivalent International Standard ISO 22301 over the course of 2013.

Quality and Food Safety

We have maintained the externally audited Quality Management System ISO 9001 certification and retained the Grade A certification status against the British Retail Consortium's Global Food Standard, version 6.

We believe that these certifications and the work we do to support them provide us with a good basis for maintaining high standards as well as an effective continuous improvement mechanism with regard to Quality food safety.

Quality control complaints per million units produced



Procurement

The selection process for all new and existing suppliers includes a company assessment, audit and full risk assessment for each material to be supplied.

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

A.G. BARR is committed to ensuring that it supplies high quality soft drinks that are sourced and manufactured in a fair, ethical and environmentally responsible way. We work closely with our suppliers to ensure that this objective is met. We maintain rigorous ethical policies across our procurement operations based on Institute of Purchase and Supply recommendations.

'Brick by Brick' Appeal
Pictured are members of the Scottish sales team who helped to raise over £30,000 for the Prince & Princess of Wales Hospice Glasgow 'Brick by Brick' Appeal. From left to right: Stevie Nixon, Chris Turner, Claire Dalgleish, Ian Johnstone and Liz Ross.

Our Community

Key achievements

- Continued support for good causes in cash, in kind and with time
- Giving opportunities for our employees to get involved in their communities
- Focus support on what is needed in our communities
- A key focus on education, both in the U.K. and overseas

We typically donate about 1% of our annual profits in cash, products, merchandise, donations and employees' time, in support of charities, good causes and community groups. We spread this across a broad spectrum of activities, from contributions to national charities such as The Big Issue Scotland and The Prince's Trust, to many small and medium sized community groups throughout the U.K.

We have continued our support of the A.G. BARR Site Community Fund. The fund offers additional support to community and charity organisations in the immediate area of our eleven U.K. sites and gives our employees opportunities to offer direct support to the causes that are most important to them. In 2012, our employees facilitated cash donations to many organisations across the U.K. including the Willowbrook Hospice in Prescott, Northfield Day Centre in Moston, The Marie Curie Cancer Care Hospice in Elswick, Newcastle, Leukaemia and Lymphoma Research, Blaenau Gwent Young Stars Musical Theatre Company, Queenzieburn Senior Citizens' Club, East Glasgow Parkinson's Support Group, The Taylans Project and St Luke's Hospice.

The Prince's Charities 2012 Support

The Prince's Trust

This is the fifth year of our partnership with The Prince's Trust. We donate over £40,000 per annum to support its work, and our employees engage in a number of additional fundraising and training activities with the charity.

The Prince & Princess of Wales Hospice Glasgow: 'Brick by Brick' Appeal 2012

We have been proud supporters of The Prince & Princess of Wales Hospice Glasgow for over 15 years. Our support includes sponsoring the charity's annual Sportsman's Dinner, which raises considerable sums for the charity. In 2012 the dinner raised over £80,000.

The charity was set up to help cancer patients achieve the best quality of life possible in whatever time remains for them. It also offers respite care and emotional support to families and carers in the most difficult of times.

This year, our focus was on supporting the charity's 'Brick by Brick' Appeal 2012, to raise the money needed to build a brand new hospice in Glasgow. We raised over £30,000 towards the building of a room in the new hospice, with employees from across the business involved in numerous fundraising events including sky dives, boxing events, raffles, party nights, cake sales, bungee jumps and cycle rides.

Willowbrook Hospice (Left)
Willowbrook Hospice, Prescott offers care and support for adults with life-limiting illnesses.

Flying Start Award
Jonathan Kemp, Commercial Director, presented the A.G. BARR 'Flying Start Award' to Marie Cope at the 2012 Prince's Trust Scotland Celebrate Success Awards in Glasgow.

The British Asian Trust

2012 was our third year of partnering The British Asian Trust. We raise £20,000 through sponsorship support each year. Founded in 2007 by HRH The Prince of Wales, the Trust has so far raised over £2 million to help 800,000 people. The Trust supports specially selected charities in Bangladesh, India, Pakistan, Sri Lanka and the U.K. through empowering local communities to transform lives.

Education Partnerships

We continue to work in partnership with local schools as part of the Enterprise in Education and Local Partnership Agreement Schemes.

In 2012 we increased our participation in the scheme by becoming a partner of our local secondary school, Our Lady's High, Cumbernauld. Our HR team have already helped a number of pupils at the school with mock job interviews and interview feedback as part of the partnership scheme.

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, distribution and warehousing facilities.

The aim of these schemes is to support community-wide efforts to prepare young people for the challenges of adulthood and work. The schemes give young people an idea of the range of opportunities available to them if they decide they would like to pursue a career with A.G. BARR.

Our educational partnership with Lenzie Academy has grown this year to include major projects on our new product development. Teachers working in partnership with our employees have delivered classes on the science, taste, aroma and colour testing of soft drinks. Students developed a new drinks concept, which resulted in a new special edition product that was a great success in the market. We continue to support the curriculum for excellence by providing real life projects, such as mock interviews, sponsorship of the Academy's Food and Drink Challenge and classes to develop an understanding of business dynamics.

Andrew Memmott
Operations Director and Chair of the Environmental Committee

Lenzie Academy
Head Teacher Brian Paterson and pupils from Lenzie Academy pictured with a donated IRN-BRU mountain bike which was raffled by the school to raise funds for a school in Malawi.

Increasing Investment.

The new site at Milton Keynes which will be operational in the summer of 2013, will initially support a high speed canning line and then potentially further PET production. The 265,000 sq.ft facility, incorporating manufacturing, logistics and offices, will allow us to increase our operational capacity, build on our high levels of customer service, whilst also increasing our business continuity provision and providing capacity for long term growth.

Crossley Project Milton Keynes Timelapse
To view a video of the construction project simply scan this QR code with your smartphone using one of the free scanner apps available.

The can line will more than double our current capacity, initially producing both 330ml and 500ml cans at speeds of up to 120,000 cans per hour. The logistics facility will replace the operation we currently run through the Eddie Stobart Lutterworth site.

The site has been designed with future expansion in mind with additional space provided which would facilitate a doubling of the initial volume expectations from the site across both manufacturing and logistics.

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.

Facts & Figures

c.£44m investment
37 week build programme
3 main turnkey contracts for production equipment
120,000 cans per hour – 33 cans per second

410,000

floor tiles laid by hand in production hall

135,000 sq.ft

warehouse

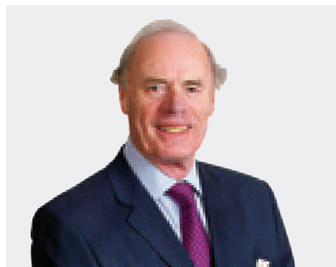
95,000 sq.ft

production hall

Rockstar

In a significant year of growth, Rockstar's revenue almost doubled with a very positive take up of the Rockstar innovation programme across the market.

Board of Directors

Ronald G. Hanna, C.A.	Roger A. White, M.A. (Hons)	Alex B.C. Short, B.A. (Hons), F.C.M.A.	Jonathan D. Kemp, B.A. (Hons)
			
Biographies			
Formerly Chief Executive of Bett Brothers plc, joint managing director of Cala plc, director of Scottish Western Trust and senior consultant at PA Management Consultants.	Roger is a member of the Board of Management and Executive Council and past President of the British Soft Drinks Association (BSDA). Roger is also the BSDA representative with UNESDA, the European soft drinks trade association. Previously held numerous senior positions in food group Rank Hovis McDougall. Scottish PLC Chief Executive of the year in 2010.	A member and former Chairman of the Group of Scottish Finance Directors. 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 has had a successful career in various commercial roles within Procter and Gamble.
Term of Office			
Joined the Company in 2003 as a Non-Executive Director. Appointed Chairman in 2009.	Joined the Company in 2002 as Managing Director. Appointed Chief Executive in 2004.	Joined the Company as Finance Director in June 2008.	Joined the Company in 2003 as Commercial Director.
Independent			
Yes	No	No	No
External Appointments			
Chairman of both Bowleven plc and Troy Income & Growth Trust plc.	None.	Non-Executive Director of Goals Soccer Centres plc.	None.
Committee Membership			
Nomination Committee (Chair), Remuneration Committee.	Treasury Committee.	Health & Safety Committee (Chair), Treasury Committee.	Health & Safety Committee.

Andrew L. Memmott, BSc, MSc.	W. Robin G. Barr, C.A.	Martin A. Griffiths, L.L.B. (Hons), C.A.	John R. Nicolson, B.A. (Hons)
Joined the Company following three years with Co-operative Wholesale Society.	Former President of the British Soft Drinks Association.	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.	John's career has involved positions with ICI, Unilever and Fosters Brewing Group. He was an Executive Director of Scottish & Newcastle PLC.
Joined the Company's Project Engineering Team in June 1990. Appointed Operations Director in 2008.	Joined the Company in 1960. Appointed Director in 1964 and Chairman in 1978. Retired as Chairman and appointed Non-Executive Director in 2009.	Joined the Company in 2010 as a Non-Executive Director.	Joined the company in 2013 as a Non-Executive Director.
No	No	Yes	Yes
None.	None.	Finance Director of Stagecoach Group plc, Senior Independent Non-Executive Director of Robert Walters plc and Co-Chairman of Virgin Rail Group.	Regional President Americas for Heineken and a member of the Heineken NV Executive Committee. In addition he serves as Deputy Chairman of CCU SA (Chile) and Deputy President on CCR SA (Costa Rica).
Environmental Committee (Chair), Health & Safety Committee.	Audit Committee, Nomination Committee, Remuneration Committee (Chair).	Audit Committee (Chair), Nomination Committee, Remuneration Committee.	Audit Committee.

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 (2012: 52 weeks) ended 26 January 2013.

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 page 3, the Business Review on pages 9 to 26 and the Corporate Social Responsibility report on pages 29 to 38.

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 26 January 2013 attributable to equity shareholders amounted to £25.564m (2012: £28.146m).

An interim dividend for the current year of 2.616p (2012: 2.43p) per ordinary share was paid on 19 October 2012.

A second interim dividend of 7.40p per ordinary share was paid to shareholders on 18 January 2013, in lieu of the final dividend for the current year (2012 final dividend: 6.88p).

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 £17.314m (2012: £21.441m).

Directors

The following were directors of the Company during the financial year ended 26 January 2013:

- R.G. Hanna
- R.A. White
- A.B.C. Short
- J.D. Kemp
- A.L. Memmott
- W.R.G. Barr
- M.A. Griffiths
- J.R. Nicolson (appointed 1 January 2013)
- J. Warburton (resigned 20 August 2012)

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 40 and 41.

Directors' interests

The directors' interests in ordinary shares of the Company are shown within the Directors' Remuneration Report on page 58. 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 £779,000 (2012: £738,000).

Political donations and political expenditure

No Group company made any political donations or incurred any political expenditure in the year (2012: £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 29 to 38.

The total of the Company's cash donations for charitable purposes during the year was £293,328 (2012: £240,873). 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 26 January 2013.

Post balance sheet events

Relevant post balance sheet events requiring disclosure are included in note 29 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, the Group's intranet site, introduced during the current year, provides up-to-date information regarding the Group's activities.

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 26 January 2013 were 35 (28 January 2012: 28) based on the ratio of Company trade payables (note 20) at the end of the year to the amounts invoiced during the year by suppliers.

Substantial shareholdings

As at 21 March 2013, 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	10,431,000	8.93	Indirect
Standard Life Investments Limited	11,618,984	9.95	Direct and indirect
Finsbury Growth & Income Trust plc	4,610,070	3.95	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. At the AGM, 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.

Share capital
As at 26 January 2013 the Company's issued share capital comprised a single class of ordinary shares of 4 1/6 pence each. All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attaching to the shares are set out in the Articles. Note 27 to the financial statements contains details of the ordinary share capital.

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 26 January 2013 the Company had authority, pursuant to the shareholders' resolution of 21 May 2012, to purchase up to 10% of its issued ordinary share capital. This authority will expire at the conclusion of the 2013 AGM. It is proposed that this authority be renewed at the 2013 AGM, as detailed in the Notice of AGM.

At 26 January 2013 Robert Barr Limited, as trustee of the General Employee Benefit Trust, the Savings Related Benefit Trust, the All-Employee Share Ownership Plan Trust and the Long Service Award Trust (the 'RBL Trustee'), held 1.09% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. As at 26 January 2013, Equiniti Share Plan Trustees Limited (the 'AESOP Trustee') held 1.52% 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 Trustee and the RBL Trustee under the Plan which have not been appropriated to participants.

The voting rights in relation to the RBL Trustee's shareholdings are exercised by the RBL Trustee, who may vote or abstain from voting the shares as it sees 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 52. Plan shares which have been appropriated to participants are held in trust for those participants by the AESOP Trustee. Voting rights in respect of shares which have been appropriated to participants are exercised by the AESOP Trustee on receipt of participants' instructions. If a participant does not submit an instruction to the AESOP Trustee, no vote is registered in respect of those shares. In addition, the AESOP Trustee does 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 51 to 58. 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 2013 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 9 to 17. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 18 to 26.

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 financial statements.

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 2013 AGM.

Corporate governance

The Company's statement on corporate governance is included in the Statement on Corporate Governance on pages 46 to 50 of this report. The Statement on Corporate Governance 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 28 May 2013 at the offices of KPMG, 191 West George Street, Glasgow, G2 2LJ. The Notice of the AGM is set out on pages 111 to 112 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
21 March 2013

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. The board currently has eight members, comprising four executive directors, the non-executive Chairman, two independent non-executive directors and one non-independent non-executive director. Biographical details of the directors are set out on pages 40 and 41.

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.R. Nicolson, 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 M.A. Griffiths and J.R. Nicolson 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 and J.R. Nicolson both fulfilled the role of senior independent director during the year to 26 January 2013; J. Warburton was the senior independent director until he resigned from the board on 20 August 2012 and J.R. Nicolson became the senior independent director with effect from his appointment to the board on 1 January 2013.

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 51 to 58.

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 seven 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 using written survey questionnaires. 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 the 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 (and/or board committee meetings) may be held to progress the Company's business. A part of each board meeting is dedicated to the discussion of specific strategy matters.

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 scheduled board and committee meetings in the year to 26 January 2013 was as follows:

	Board Maximum 9	Audit Committee Maximum 4	Remuneration Committee Maximum 5	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	–	5	1
W.R.G. Barr	9	4	5	1
M.A. Griffiths	9	4	5	1
J. Warburton*	3	1	2	1
J.R. Nicolson**	1	–	–	–

* J. Warburton resigned from the board and all committees of the board on 20 August 2012. J. Warburton could have attended a maximum of 5 board meetings, 2 Audit Committee meetings, 2 Remuneration Committee meetings and 1 Nomination Committee meeting.

** J.R. Nicolson was appointed to the board on 1 January 2013 and the Audit Committee on 17 January 2013. J.R. Nicolson could have attended a maximum of one board meeting and no committee meetings.

During the year, the board also convened 5 additional board meetings and 2 additional sub-committee meetings in relation to the proposed merger with Britvic plc. All of the directors who were entitled to attend those board meetings attended each board meeting, with the exception of A.B.C. Short and A.L. Memmott, who attended 4, and M.A. Griffiths, who attended 3. Both of the sub-committee meetings were attended by R.G. Hanna, R.A. White and A.B.C. Short (with no further directors required to attend the sub-committee meetings).

Conflicts of interest

The Articles 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 51 to 58.

Audit Committee

The Audit Committee comprises three non-executive directors: M.A. Griffiths, W.R.G. Barr and J.R. Nicolson. 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 Group's risk register and 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;
- reviewed the effectiveness of the Group's anti-bribery systems and controls;
- 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;
- reviewed its policies on the supply of non-audit services by the external auditors and on the employment of former employees of the Group's external auditors;
- 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; and
- reviewed the performance of the Audit Committee and its terms of reference.

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 3 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 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

The Nomination Committee comprises R.G. Hanna, W.R.G. Barr, 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 18 to 26.

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 2012 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 17 January 2013, 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 26 January 2013 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 26 January 2013 with the provisions of the Code, except in relation to provisions A.4.1, B.1.2, C.3.1, D.1.5, D.2.1, as explained below.

The Company did not comply with provision A.4.1 of the Code at all times during the year ended 26 January 2013 due to the fact that the board did not have an appointed senior independent director in place during the period between 20 August 2012, when J. Warburton resigned from the board, and 1 January 2013, when J.R. Nicolson was appointed to the board. J.R. Nicolson was appointed senior independent director with effect from his appointment to the board.

Subject to the following, 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. During the period between 20 August 2012 and 1 January 2013, the board composition was the same with the exception that there was only one independent non-executive director. Therefore, during the year to 26 January 2013 the composition of the board did not, at any time, 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 26 January 2013 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
21 March 2013

Directors' Remuneration Report

Remuneration Committee

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

- W.R.G. Barr (chairman)
- R.G. Hanna
- M.A. Griffiths
- J. Warburton (resigned 20 August 2012)

Remit

The Remuneration Committee meets at least twice a year and is responsible for determining, within agreed terms of reference, all aspects of the remuneration of the executive directors' and such other members of senior management as it is designated to consider. The Remuneration Committee reviews the remuneration trends, pay levels and employment conditions across the Group. 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 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.

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 26 January 2013, 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 60.1% of the total executives' package (2012: 57.7%).

The executive directors' remuneration consists of the following elements:

Base salary and benefits

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

Annual bonus

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

Long Term Incentive Plan ('LTIP')

This scheme was approved by shareholders at the AGM held on 19 May 2003 and amended by resolution of the shareholders at the AGM held on 26 May 2009. It is available to reward executive directors 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. EPS is calculated on the basis of profit before tax, adjusted to exclude exceptional items and other significant non-recurring items as the Remuneration Committee considers appropriate. 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.

Remuneration policy (Continued)

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 was re-approved by shareholders for a further period of 10 years at the 2012 AGM. 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 partnership, matching and free shares must be removed from the trust if employment with the Company ceases.

Savings Related Share Option Scheme ('SAYE')

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

Executive Share Option Scheme ('ESOS')

The ESOS is HMRC approved and was approved by shareholders at the 2010 AGM. 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 57. The contributions paid to the defined contribution section in respect of three directors are disclosed on page 58.

During the year to 26 January 2013, R.A. White, A.B.C. Short and J.D. Kemp participated in 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 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 three executive directors. As a result, from April 2011 employer 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. From April 2012, employer contributions to the defined contribution section of the Scheme reduced in respect of J.D. Kemp.

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 showing a detailed analysis of directors' emoluments on page 54. 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:

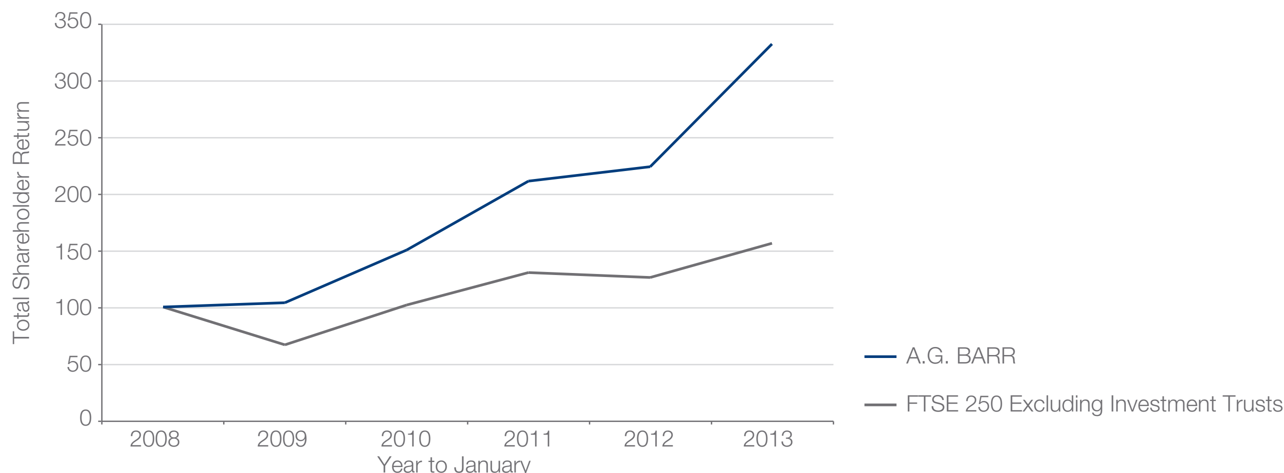
	Effective date of contract	Notice period required from director	Notice period required from Company
Executive			
R.A. White	21 June 2002	6 months	1 year
A.B.C. Short	28 May 2008	6 months	1 year
J.D. Kemp	11 October 2003	6 months	1 year
A.L. Memmott	01 March 2008	6 months	1 year
Non-executive			
R.G. 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
J.R. Nicolson	01 January 2013	3 months	3 months

Statement of consideration of conditions elsewhere in the Group

In determining remuneration, consideration is 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, the average base salary increase for the executive directors was 5.7% and for all other staff was 4.0%.

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.



Detailed analysis of directors' 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	LTIP cash bonus £000	Total 2013 £000	Emoluments 2012 £000	Value of LTIP shares vested in 2012 £000	Total 2012 £000
Executive										
R.A. White	345	–	345	26	193	516	1,080	524	485	1,009
A.B.C. Short	233	(14)	219	19	118	323	679	334	264	598
J.D. Kemp	204	(12)	192	19	103	290	604	294	273	567
A.L. Memmott	183	(14)	169	21	92	236	518	267	197	464
Non-executive										
R.G. Hanna	119	–	119	–	–	–	119	111	–	111
W.R.G. Barr	42	–	42	–	–	–	42	39	–	39
J. Warburton*	28	–	28	–	–	–	28	39	–	39
M.A. Griffiths	42	–	42	–	–	–	42	39	–	39
J.R. Nicolson**	3	–	3	–	–	–	3	–	–	–
	1,199	(40)	1,159	85	506	1,365	3,115	1,647	1,218	2,866

* J. Warburton resigned 20 August 2012.
** J.R. Nicolson appointed 1 January 2013.

R.A. White's gross salary is stated after the deduction of his contribution of £34,000 to the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme ('URBS').

The 'LTIP cash bonus' column in the table above relates to cash bonuses paid to each of the executive directors during the year to 26 January 2013 in compensation for the waiver by them of LTIP awards made to them during 2009 which were due to vest on or around 6 October 2012. Having met the relevant performance criteria under the LTIP rules, these directors elected, pursuant to a resolution of the Remuneration Committee and with the consent of the trustee of the LTIP, to waive those LTIP awards and receive an equivalent cash bonus in substitution for the awards. The Remuneration Committee chose to pay these cash bonuses in recognition of the fact that, due to the potential merger with Britvic plc, the Company was in a prohibited period in terms of the Model Code on Directors' Dealings in Securities. Had the LTIP awards vested in accordance with their terms, the Remuneration Committee was of the view that the directors would have been prejudiced as a result of not being able to deal in the Company's shares which they would have received. In order to determine the value of each cash bonus, the Remuneration Committee calculated the number of shares which would have vested pursuant to each director's LTIP award after applying the applicable performance conditions and multiplying such number by the average closing price of the shares for the 60 dealing days prior to 5 September 2012 (being the date when it was announced that the Company was in preliminary merger discussions with Britvic plc). The cash bonus paid to R.A. White constituted a smaller related party transaction under the Listing Rules and was subject to the requirements of Listing Rule 11.1.10.

The aggregate value of gains realised on the exercise of share options in the year to 26 January 2013 under the SAYE scheme was £10,313. The aggregate value of gains realised on share awards in the year to 28 January 2012 under the LTIP was £1,217,790. This gain for the year to 28 January 2012 is shown in the table above in order to provide a comparable figure for total emoluments and LTIP awards for the year to 26 January 2013, due to the fact that, as noted above, cash bonuses were made to directors in lieu of LTIP awards during the year to 26 January 2013.

Benefits in kind include the provision of a company car and fuel. No director waived emoluments in respect of the years ended 26 January 2013 or 28 January 2012.

A salary sacrifice arrangement is operated by the Company. Members who join this arrangement no longer pay contributions to the pension scheme but receive a lower taxable salary. A.B.C. Short, J.D. Kemp and A.L. Memmott participated in this arrangement during the years ended 26 January 2013 and 28 January 2012. 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 28 January 2012 Number	Shares awarded Number	Shares vested Number	Shares lapsed Number	At 26 January 2013 Number	Value vested £000
R.A. White	13 June 2012	353	–	848	(848)	–	–	3
A.B.C. Short	13 June 2012	353	–	848	(848)	–	–	3
J.D. Kemp	13 June 2012	353	–	848	(848)	–	–	3
A.L. Memmott	13 June 2012	353	–	848	(848)	–	–	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	Date of award	Restated Share price on date of award Pence*	Restated At 28 January 2012 Number*	Shares awarded Number*	Shares vested Number	Shares lapsed Number	Shares cancelled Number	At 26 January 2013 Number	Value vested £000	Vesting date
R.A White	06 October 2009	287	121,503	–	–	–	(121,503)	–	–	31 October 2012
	02 April 2010	325	104,685	–	–	–	–	104,685	–	30 April 2013
	26 April 2011	445	78,705	–	–	–	–	78,705	–	30 April 2014
	04 April 2012	393	–	98,172	–	–	–	98,172	–	30 April 2015
A.B.C. Short	06 October 2009	287	75,939	–	–	–	(75,939)	–	–	31 October 2012
	02 April 2010	325	65,427	–	–	–	–	65,427	–	30 April 2013
	26 April 2011	445	49,191	–	–	–	–	49,191	–	30 April 2014
	04 April 2012	393	–	59,973	–	–	–	59,973	–	30 April 2015
J.D. Kemp	06 October 2009	287	68,346	–	–	–	(68,346)	–	–	31 October 2012
	02 April 2010	325	58,884	–	–	–	–	58,884	–	30 April 2013
	26 April 2011	445	44,271	–	–	–	–	44,271	–	30 April 2014
	04 April 2012	393	–	52,332	–	–	–	52,332	–	30 April 2015
A.L. Memmott	06 October 2009	287	55,566	–	–	–	(55,566)	–	–	31 October 2012
	02 April 2010	325	51,252	–	–	–	–	51,252	–	30 April 2013
	26 April 2011	445	39,654	–	–	–	–	39,654	–	30 April 2014
	04 April 2012	393	–	46,857	–	–	–	46,857	–	30 April 2015

* The number of shares as at 28 January 2012, the number of shares awarded during the year to 26 January 2013 and the share prices on the date of award have been restated to reflect the share subdivision that took place in the year to 26 January 2013.

As disclosed under the detailed analysis of directors' emoluments table on page 55, the four executive directors received cash compensation for the forfeiture of the LTIP award made to them in October 2009.

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 26 January 2013 over the ordinary share capital of the Company were as follows:

	Restated Options at 28 January 2012 Number*	Options granted during the year Number	Options exercised during the year Number	Options lapsed during the year Number	Options at 26 January 2013 Number	Restated Exercise price Pence*	Market value at date of exercise Pence	Date from which exercisable	Expiry date
R.A. White	1,650	–	(1,650)	–	–	163	475	01 December 2012	01 June 2013
	4,113	–	–	–	4,113	254	–	01 October 2015	01 April 2016
	–	1,089	–	–	1,089	358	–	01 January 2018	01 July 2018
A.B.C. Short	2,937	–	–	–	2,937	254	–	01 October 2015	01 April 2016
	–	1,675	–	–	1,675	358	–	01 January 2018	01 July 2018
J.D. Kemp	4,896	–	–	–	4,896	254	–	01 October 2015	01 April 2016
	–	670	–	–	670	358	–	01 January 2018	01 July 2018
A.L. Memmott	1,650	–	(1,650)	–	–	163	475	01 December 2012	01 June 2013
	4,113	–	–	–	4,113	254	–	01 October 2015	01 April 2016
	–	1,089	–	–	1,089	358	–	01 January 2018	01 July 2018

* The number of options as at 28 January 2012 and the exercise price per share have been restated to reflect the share subdivision that took place in the year to 26 January 2013.

The closing share price for the Company on 26 January 2013 was 550p. The lowest and highest prices during the year were 348p and 550p respectively.

Directors' pensions

During the year to 26 January 2013, 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 under the defined benefit section of the Scheme 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 26 January 2013 £000 per annum	Transfer value of net increase in year, net of member contributions £000	Value of accrued pension entitlement at 28 January 2012 £000	Value of accrued pension entitlement at 26 January 2013 £000	Total change in value during year, net of member contributions £000
R.A. White	–	65	n/a	1,021	1,058	37
A.L. Memmott	1	41	11	812	797	(15)

During the year to 26 January 2013, 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:

	2013 £000	2012 £000
J.D. Kemp	**48**	39
A.L. Memmott	**49**	46
A.B.C. Short	**50**	50

An accrued liability of £226,133 is included in the closing balance sheet for the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme. The liability has been accrued in respect of R.A. White (£212,758), A.B.C Short (£12,226) and J.D. Kemp (£1,149). The URBS was approved by the Remuneration Committee and is an unfunded employer financed retirement benefits scheme.

Interests in shares

The interests of directors in the ordinary share capital of the Company at 26 January 2013 were as follows:

	2013		2012 restated*	
	Beneficial	Non-beneficial**	Beneficial	Non-beneficial
Executive				
R.A. White	**349,411**	–	346,440	–
A.B.C. Short	**57,062**	**1,270,201**	55,740	1,727,388
J.D. Kemp	**135,464**	–	142,542	–
A.L. Memmott	**83,552**	–	80,241	–
Non-executive				
R.G. Hanna	**150,000**	–	150,000	–
W.R.G. Barr	**7,516,326**	**10,128,708**	7,516,326	10,128,708
J. Warburton***	–	–	4,500	–
M.A. Griffiths	**5,400**	–	5,400	–
J.R. Nicolson****	–	–	–	–

* The number of shares as at 28 January 2012 has been restated to reflect the share subdivision that took place in the year to 26 January 2013.
** A.B.C. Short's non-beneficial shareholding represents his position as director of Robert Barr Ltd, the trustee of various employee benefit trusts. W.R.G. Barr's non-beneficial shareholding represents his position as trustee of various family and charitable trusts.
*** J. Warburton resigned 20 August 2012.
**** J.R. Nicolson appointed 1 January 2013.

There have been the following changes notified in the directors' shareholdings between 26 January 2013 and 21 March 2013: A.B.C. Short an increase in beneficial holding of 62 shares and a decrease in non-beneficial holding of 8,078 shares, R.A. White an increase in beneficial holding of 62 shares, A.L. Memmott an increase in beneficial holding of 64 shares and J.D. Kemp an increase in beneficial holding of 64 shares.

By order of the board

J.A. Barr
Company Secretary
21 March 2013

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 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 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 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 the 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.

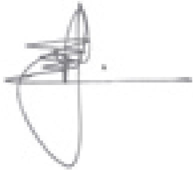
Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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 40 and 41 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 3 to 38 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
21 March 2013

A.B.C. Short
Finance Director

Rubicon

Rubicon's taste of the exotic continued its growth within A.G. BARR's portfolio, growing by over 8% during the year. The brand has more than doubled in size since its acquisition in 2008.

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Catch & Win On-Pack Promotion
Rubicon caught attention nationwide with a new on-pack promotion as part of its Love Cricket Campaign. The 'Catch & Win' promotion, which appeared on over 10 million packs from July 2012, offered consumers the chance to win a Sky Sports HD Package and a HD television each week. One lucky consumer also had the chance to win an all-inclusive trip for two to Sri Lanka to meet Rubicon ambassador and cricket legend, Muttiah 'Murali' Muralitharan.

7.6%

Increase in full year dividend for the 2012 financial year.

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 26 January 2013 set out on pages 65 to 109. 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 59 and 60, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 26 January 2013 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- 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 46 to 50 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.

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 45, in relation to going concern;
- the part of the Corporate Governance Statement on pages 46 to 50 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
21 March 2013

Consolidated Income Statement

For the year ended 26 January 2013

	Note	2013 Before exceptional items £000	2013 Exceptional items £000	2013 Total £000	2012 Before exceptional items £000 Restated (note 1)	2012 Exceptional items £000 Restated (note 1)	2012 Total £000 Restated (note 1)
Revenue	2	**237,595**	**–**	**237,595**	222,896	–	222,896
Cost of sales		**(129,591)**	**–**	**(129,591)**	(117,825)	(1,111)	(118,936)
Gross profit	2, 6	**108,004**	**–**	**108,004**	105,071	(1,111)	103,960
Operating expenses	5, 6	**(73,058)**	**(3,158)**	**(76,216)**	(71,358)	2,975	(68,383)
Operating profit		**34,946**	**(3,158)**	**31,788**	33,713	1,864	35,577
Finance income	7	**369**	**–**	**369**	936	–	936
Finance costs	7	**(335)**	**–**	**(335)**	(1,096)	–	(1,096)
Profit before tax		**34,980**	**(3,158)**	**31,822**	33,553	1,864	35,417
Tax on profit	8	**(6,358)**	**100**	**(6,258)**	(7,933)	662	(7,271)
Profit attributable to equity holders		**28,622**	**(3,058)**	**25,564**	25,620	2,526	28,146

Earnings per share (p)					Restated (note 9)	Restated (note 9)	Restated (note 9)
Basic earnings per share	9	**24.70**	**(2.64)**	**22.06**	22.28	2.20	24.48
Diluted earnings per share	9	**24.68**	**(2.64)**	**22.04**	22.16	2.18	24.34

Statements of Comprehensive Income

For the year ended 26 January 2013

		Group		Company	
	Note	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Profit after tax		**25,564**	28,146	**17,314**	21,441
Other comprehensive income					
Actuarial loss on defined benefit pension plans		**(3,184)**	(9,147)	**(3,184)**	(9,147)
Effective portion of changes in fair value of cash flow hedges		**1,463**	382	**1,463**	382
Deferred tax movements on items taken direct to equity	23	**(36)**	2,027	**(36)**	2,027
Other comprehensive income for the year, net of tax		**(1,757)**	(6,738)	**(1,757)**	(6,738)
Total comprehensive income attributable to equity holders of the parent		**23,807**	21,408	**15,557**	14,703

Statement of Changes in Equity

For the year ended 26 January 2013

Group	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 28 January 2012	**4,865**	**905**	**2,228**	**–**	**119,022**	**127,020**
Cash flow hedge – recognition of fair value	**–**	**–**	**–**	**1,463**	**–**	**1,463**
Actuarial loss on defined benefit pension plans	**–**	**–**	**–**	**–**	**(3,184)**	**(3,184)**
Deferred tax on items taken direct to equity	**–**	**–**	**–**	**(336)**	**300**	**(36)**
Profit for the year	**–**	**–**	**–**	**–**	**25,564**	**25,564**
Total comprehensive income for the year	**–**	**–**	**–**	**1,127**	**22,680**	**23,807**
Company shares purchased for use by employee benefit trusts	**–**	**–**	**–**	**–**	**(2,553)**	**(2,553)**
Proceeds on disposal of shares by employee benefit trusts	**–**	**–**	**–**	**–**	**2,214**	**2,214**
Recognition of share-based payment costs	**–**	**–**	**927**	**–**	**–**	**927**
Transfer of reserve on share award	**–**	**–**	**(1,142)**	**–**	**1,142**	**–**
Deferred tax on items taken direct to reserves	**–**	**–**	**(152)**	**–**	**–**	**(152)**
Payment in respect of LTIP award	**–**	**–**	**–**	**–**	**(1,217)**	**(1,217)**
Dividends paid	**–**	**–**	**–**	**–**	**(19,398)**	**(19,398)**
At 26 January 2013	**4,865**	**905**	**1,861**	**1,127**	**121,890**	**130,648**
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 year	–	–	–	–	28,146	28,146
Total comprehensive income for the year	–	–	(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

Statement of Changes in Equity

For the year ended 26 January 2013
Continued

Company	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 28 January 2012	**4,865**	**905**	**2,228**	**–**	**99,318**	**107,316**
Cash flow hedge – recognition of fair value	**–**	**–**	**–**	**1,463**	**–**	**1,463**
Actuarial loss on defined benefit pension plans	**–**	**–**	**–**	**–**	**(3,184)**	**(3,184)**
Deferred tax on items taken direct to equity	**–**	**–**	**–**	**(336)**	**300**	**(36)**
Profit for the year	**–**	**–**	**–**	**–**	**17,314**	**17,314**
Total comprehensive income for the year	**–**	**–**	**–**	**1,127**	**14,430**	**15,557**
Company shares purchased for use by employee benefit trusts	**–**	**–**	**–**	**–**	**(2,553)**	**(2,553)**
Proceeds on disposal of shares by employee benefit trusts	**–**	**–**	**–**	**–**	**2,214**	**2,214**
Recognition of share-based payment costs	**–**	**–**	**927**	**–**	**–**	**927**
Transfer of reserve on share award	**–**	**–**	**(1,142)**	**–**	**1,142**	**–**
Deferred tax on items taken direct to reserves	**–**	**–**	**(152)**	**–**	**–**	**(152)**
Payment in respect of LTIP award	**–**	**–**	**–**	**–**	**(1,217)**	**(1,217)**
Dividends paid	**–**	**–**	**–**	**–**	**(19,398)**	**(19,398)**
At 26 January 2013	**4,865**	**905**	**1,861**	**1,127**	**93,936**	**102,694**
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 year	–	–	–	–	21,441	21,441
Total comprehensive income for the year	–	–	(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

Statements of Financial Position

As at 26 January 2013

		Group		Company	
	Note	2013 £000	2012 £000	2013 £000	2012 £000
Non-current assets					
Intangible assets	11	**74,360**	74,613	**8,902**	8,902
Property, plant and equipment	12	**69,495**	54,873	**68,059**	53,046
Investment in subsidiaries	15	**–**	–	**61,041**	61,041
		143,855	129,486	**138,002**	122,989
Current assets					
Inventories	17	**20,812**	18,971	**17,851**	16,176
Trade and other receivables	18	**47,798**	39,328	**48,975**	40,501
Derivative financial instruments	13	**1,463**	176	**1,463**	176
Cash and cash equivalents	16	**910**	8,289	**908**	7,238
		70,983	66,764	**69,197**	64,091
Total assets		**214,838**	196,250	**207,199**	187,080
Current liabilities					
Borrowings	19	**11,462**	5,000	**11,462**	5,000
Trade and other payables	20	**38,789**	36,235	**71,846**	60,221
Derivative financial instruments	13	**–**	309	**–**	309
Provisions	21	**–**	91	**–**	91
Current tax		**3,838**	4,195	**1,375**	2,024
		54,089	45,830	**84,683**	67,645
Non-current liabilities					
Borrowings	19	**15,000**	9,849	**15,000**	9,849
Deferred tax liabilities	23	**11,700**	13,164	**1,421**	1,883
Retirement benefit obligations	26	**3,401**	387	**3,401**	387
		30,101	23,400	**19,822**	12,119
Capital and reserves attributable to equity holders					
Called up share capital	27	**4,865**	4,865	**4,865**	4,865
Share premium account		**905**	905	**905**	905
Share options reserve		**1,861**	2,228	**1,861**	2,228
Cash flow hedge reserve		**1,127**	–	**1,127**	–
Retained earnings		**121,890**	119,022	**93,936**	99,318
		130,648	127,020	**102,694**	107,316
Total equity and liabilities		**214,838**	196,250	**207,199**	187,080

Company Number: SC005653

The financial statements on pages 65 to 109 were approved by the board of directors and authorised for issue on 21 March 2013 and were signed on its behalf by:

R.G. Hanna
Chairman

A.B.C. Short
Finance Director

Cash Flow Statements

For the year ended 26 January 2013

	Note	Group 2013 £000	Group 2012 £000 Restated	Company 2013 £000	Company 2012 £000 Restated
Operating activities					
Profit before tax		**31,822**	35,417	**22,071**	27,371
Adjustments for:					
Interest receivable	7	**(369)**	(936)	**(369)**	(931)
Interest payable	7	**335**	1,096	**335**	1,094
Depreciation of property, plant and equipment	12	**6,519**	6,974	**6,188**	6,208
Amortisation of intangible assets	11	**253**	327	**–**	74
Share-based payment costs		**927**	905	**927**	905
Gain on sale of property, plant and equipment		**(187)**	(358)	**(178)**	(369)
Payment in respect of LTIP award		**(1,217)**	–	**(1,217)**	–
Government grants released	22	**–**	(72)	**–**	(72)
Operating cash flows before movements in working capital		**38,083**	43,353	**27,757**	34,280
(Increase)/decrease in inventories		**(1,841)**	1,838	**(1,675)**	165
Increase in receivables		**(8,470)**	(4,595)	**(8,474)**	(4,410)
Increase/(decrease) in payables		**2,356**	(3,529)	**11,398**	3,462
Difference between employer pension contributions and amounts recognised in the income statement		**39**	(5,791)	**39**	(5,791)
Cash generated by operations		**30,167**	31,276	**29,045**	27,706
Tax on profit paid		**(8,267)**	(7,711)	**(6,054)**	(5,488)
Net cash from operating activities		**21,900**	23,565	**22,991**	22,218
Investing activities					
Purchase of property, plant and equipment		**(21,166)**	(6,937)	**(21,128)**	(5,536)
Proceeds on sale of property, plant and equipment		**324**	6,086	**244**	6,091
Interest received		**30**	25	**30**	21
Net cash (used in)/generated from investing activities		**(20,812)**	(826)	**(20,854)**	576
Financing activities					
New loans received		**25,000**	7,500	**25,000**	7,500
Loans repaid		**(15,000)**	(17,500)	**(15,000)**	(17,500)
Bank arrangement fees paid		**–**	(60)	**–**	(60)
Purchase of Company shares by employee benefit trusts		**(2,553)**	(3,158)	**(2,553)**	(3,158)
Proceeds from disposal of Company shares by employee benefit trusts		**2,214**	1,123	**2,214**	1,123
Dividends paid		**(19,398)**	(9,965)	**(19,398)**	(9,965)
Interest paid		**(243)**	(801)	**(243)**	(856)
Net cash used in financing activities		**(9,980)**	(22,861)	**(9,980)**	(22,916)
Net decrease in cash and cash equivalents		**(8,892)**	(122)	**(7,843)**	(122)
Cash and cash equivalents at beginning of year		**8,289**	8,411	**7,238**	7,360
Cash and cash equivalents at end of year	16	**(603)**	8,289	**(605)**	7,238

Notes to the accounts

1 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 except for the derivative financial instruments and the assets of the Group pension scheme which are stated at fair value and the liabilities of the Group pension scheme which are valued using the projected unit credit method. The directors have adopted the going concern basis in preparing these accounts for the reasons set out in note 31.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the accounting policies on page 78.

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 29 January 2012 that have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 29 January 2012 and not adopted early

A number of new standards and amendments to standards and interpretations are effective for future year ends, and have not been applied in preparing these consolidated financial statements. These standards and amendments are listed in the table below:

International Accounting Standards and Interpretations	Effective date
IFRS 1 First time adoption of IFRSs (amended 2012)	1 January 2013
IFRS 7 Financial instruments: Disclosures (amended 2011)	1 January 2015
IFRS 9 Financial instruments: Classification and measurement (revised 2009)	1 January 2015
IFRS 9 Financial instruments: Classification and measurement (revised 2010)	1 January 2015
IFRS 10 Consolidated financial statements	1 January 2013
IFRS 11 Joint arrangements	1 January 2013
IFRS 12 Disclosures of interests in other entities	1 January 2013
IFRS 13 Fair value measurement	1 January 2013
IAS 1 Presentation of financial statements (revised 2011)	1 July 2012
IAS 19 Employee benefits (revised 2011)	1 January 2013
IAS 27 Consolidated and separate financial statements (revised 2011)	1 January 2013
IAS 28 Investments in associates and joint ventures (revised 2011)	1 January 2013
IAS 32 Financial instruments: Presentation (amended 2011)	1 January 2014
IFRIC 20 Stripping costs in the production phase of a surface mine	1 January 2013

The Directors have reviewed the requirements of the new standards and interpretations listed above, and with the exception of IAS 19 (revised 2011) Employee Benefits ('IAS 19R'), they are not expected to have a material impact on the Group's financial statements in the period of initial application.

1 Accounting policies (continued)

Changes in accounting policy and disclosures

In June 2011, the IASB issued an amended version IAS 19R. The Group will be required to apply the new version of IAS 19R to its financial statements for the year commencing 27 January 2013 and restate comparative amounts accordingly. The IAS 19R change that will have the most significant effect on the Group's reported profit is that the Group's annual expense for defined benefit pension schemes will be required to include net interest expense or income calculated by applying the discount rate to the net defined benefit asset or liability.

This net interest expense or income will replace the finance charge on scheme liabilities and the expected return on scheme assets and is expected to result in a higher annual expense. The effect of IAS 19R for the year ended 26 January 2013 is to reduce the net finance income relating to defined benefit plans (notes 7 and 26) to nil and create a net finance charge relating to defined benefit plans of £21,000. Under IAS 19R the plan administration costs relating to managing the assets should be included within operating profit. As the plan administration costs are met by the Group (note 30) IAS 19R has no effect on the operating profit. Had IAS 19R been applied to the Group's financial statements for the year ended 26 January 2013 the consolidated statement of financial position would have been the same as reported. The effect on the consolidated income statement, consolidated statement of comprehensive income and the consolidated cash flow statement is summarised as follows:

Extract of Consolidated Income Statement	2013 £000	Effect of applying IAS 19 Revised £000	2013 Restated £000
Operating profit	31,788	–	31,788
Finance income	369	(209)	160
Finance costs	(335)	(21)	(356)
Profit before tax	31,822	(230)	31,592
Tax on profit	(6,258)	53	(6,205)
Profit attributable to equity holders	25,564	(177)	25,387

Extract of Consolidated Statement of Comprehensive Income	2013 £000	Effect of applying IAS 19 Revised £000	2013 Restated £000
Profit after tax	25,564	(177)	25,387
Other comprehensive income			
Actuarial loss on defined benefit pension plans	(3,184)	230	(2,954)
Effective portion of changes in fair value of cash flow hedges	1,463	–	1,463
Deferred tax movements on items taken direct to equity	(36)	(53)	(89)
Other comprehensive income for the year, net of tax	(1,757)	177	(1,580)
Total comprehensive income attributable to equity holders of the parent	23,807	–	23,807

Extract of Consolidated Cash Flow Statement	2013 £000	Effect of applying IAS 19 Revised £000	2013 Restated £000
Operating activities			
Profit on ordinary activities before tax	31,822	(230)	31,592
Interest receivable	(369)	209	(160)
Interest payable	335	21	356

IAS 19R has no other impact on any further line items in the consolidated cash flow statement.

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.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany 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, after deducting promotional costs invoiced by customers and 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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in the same line in which the transaction is recorded.

Exceptional items

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

1 Accounting policies (continued)

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.

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%. The useful lives of all intangible assets are reviewed annually and amended, as required, on a prospective basis.

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 accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. The purchase price of an asset will include the fair value of the consideration paid to acquire the asset.

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. The carrying value of the property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the recoverable amount may be less than the carrying value.

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.

An item of property, plant and equipment is derecognised on disposal or where no future economic benefits are expected to arise from the continued use of the asset.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within administration costs 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 heritable 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 in the income statement 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. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that is based on current market assessments of the time value of money and risks specific to the asset for which the future cash flow estimates have not been adjusted.

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.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the impairment loss was recognised although any reversal cannot result in a carrying amount that would exceed the carrying amount that would have been recognised, net of amortisation, had no impairment loss been recognised in prior years.

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 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.

1 Accounting policies (continued)

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.

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 remeasurement 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.

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 13. 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 forward foreign currency contracts hedging overseas purchases 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 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 direct labour costs and 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 charge 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 26. 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.

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.

1 Accounting policies (continued)

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:

Retirement benefit obligations (note 26)

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 11)

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.

Restatements

Revenue

The revenue figure for all comparative periods presented has been restated to include, as a deduction therefrom, customer invoiced promotional investment that was previously included within distribution costs. The change in policy reduces the revenue to include certain invoiced costs associated with promotional activities to bring the reporting to a basis consistent with the accounting policy adopted by our peer group and in line with the prospectus which detailed the proposed merger with Britvic plc issued in December 2012. The change in policy reduces the revenue to the amount that will be collected net from customers following deductions made and invoiced by customers for promotional activity rebates. This has no impact on the operating profit previously reported.

Cost of sales

Rockstar royalties

Royalties incurred under the Rockstar franchise agreement have been restated to cost of sales from administration costs. As sales of the Rockstar brand increase, this amendment has been made to give a more accurate reflection of the gross profitability of the Group and impacts all comparative periods presented. This restatement has no impact on the operating profit of the Group.

Foreign exchange

Foreign exchange gains and losses incurred on forward currency contracts have been restated to cost of sales from administration costs. The forward currency contracts are used to purchase raw materials from overseas, therefore this restatement more accurately reflects the cost of goods to the Group. This restatement has no impact on the operating profit of the Group.

Fair value movements on financial instruments

Previously fair value movements on forward foreign exchange contracts recognised in the consolidated income statement were included within administration costs. In the year to 26 January 2013 the policy has been amended to include these costs within finance income and finance costs as this provides a clearer presentation of the trading of the Group.

The effect on the gross profit, operating profit and profit before tax for the year to 28 January 2012 following the aforementioned restatements are shown in the following table:

	Before exceptional items £000	Impact of change in revenue policy £000	Impact of change in royalties policy £000	Impact of change in foreign exchange policy £000	Impact of change in fair value policy for financial instruments £000	Restated before exceptional items £000
Revenue	236,998	(14,102)	–	–	–	222,896
Cost of sales	(117,142)	–	(1,202)	519	–	(117,825)
Gross profit	119,856	(14,102)	(1,202)	519	–	105,071
Operating expenses	(86,495)	14,102	1,202	(519)	352	(71,358)
Operating profit	33,361	–	–	–	352	33,713
Finance income	936	–	–	–	–	936
Finance costs	(744)	–	–	–	(352)	(1,096)
Profit before tax	33,553	–	–	–	–	33,553
Tax on profit	(7,933)	–	–	–	–	(7,933)
Profit attributable to equity holders	25,620	–	–	–	–	25,620

Earnings per share

A share subdivision of the Company's issued and to be issued share capital was approved at the annual general meeting on 21 May 2012. This resulted in treble the number of shares being in issue after the subdivision.

As a result of the change in the number of shares in issue and in line with the requirements of IAS 33 Earnings per share, the earnings per share figures for the year to 28 January 2012 have been restated as if the subdivision had taken place at 30 January 2011, the first day of that financial year.

2 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 (after aggregation): there has been no change to the segments during the year. The performance of the operating segments is assessed by reference to their gross profit before exceptional items. Exceptional items are reported separately in note 6.

Year ended 26 January 2013

	Carbonates £000	Still drinks and water £000	Other (including ice-cream) £000	Total £000
Total revenue	**182,921**	**53,639**	**1,035**	**237,595**
Gross profit before exceptional items	**92,519**	**14,827**	**658**	**108,004**

Year ended 28 January 2012 (restated – see note 1)

	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	170,864	51,452	580	222,896
Gross profit before exceptional items	91,401	13,153	517	105,071

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

Other segments represent income from water coolers for the Findlays 19 litre water business, rental income for vending machines, the sale of Rubicon ice-cream and other soft drink related items such as water cups. Rubicon ice-cream was launched in the year to 26 January 2013.

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 consolidated income statement in the prior year 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:

	2013 £000	2012 £000
Capital expenditure	**21,166**	6,937
Depreciation and amortisation	**6,772**	7,301

Capital expenditure comprises cash additions to property, plant and equipment (note 12).

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

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	2013 £000	2012 £000 Restated (note 1)
U.K.	**231,565**	217,186
Rest of the world	**6,030**	5,710
	237,595	222,896

The Rest of the world revenue includes sales to Ireland and wholesale export houses.

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

Major customers
No single customer accounted for 10% or more of the Group's revenue in either of the years presented.

3 Profit before tax

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

	2013 £000	2012 £000
Depreciation of property, plant and equipment	**6,519**	6,974
Profit on disposal of property, plant and equipment	**(187)**	(309)
Fair value movements in financial instruments	**(133)**	352
Research and development costs	**779**	738
Impairment of inventories	**348**	352
Amortisation of intangible assets	**253**	327
Cost of inventories charged in cost of sales (comparative restated – see note 1)	**129,591**	118,936
Government grants released	**–**	(72)
Operating lease rentals payable – property	**564**	563
Operating lease rentals payable – motor vehicles	**1,152**	879
Operating lease rentals receivable – property	**–**	(25)
Trade receivables impairment movement	**(284)**	273
Share-based payment costs	**927**	905

3 Profit before tax (continued)

Included within administration costs (note 5) 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:

	2013 £000	2012 £000
Statutory audit services		
Fees payable to the auditor of the parent Company and consolidated accounts	**77**	75
Fees payable to the auditor for other services:		
Audit of the Company's subsidiaries pursuant to legislation	**5**	5
Non-audit services		
Audit related assurance services	**20**	19
Other assurance services	**569**	–
Tax compliance services	**21**	22
Tax advisory services	**48**	30
Fees in respect of the Group's pension plans		
Audit	**13**	13

£566,000 of the fees within other services related to reporting accountants' work performed on the proposed merger with Britvic plc. These costs have been included within the exceptional merger related costs as part of the exceptional costs in the year to 26 January 2013 (see note 6).

4 Employees and directors

	2013	2012
Average monthly number of people employed by the Group (including executive directors)		
Production and distribution	**789**	783
Administration	**187**	189
	976	972

Staff costs for the Group for the year

	2013 £000	2012 £000
Wages and salaries	**32,583**	32,207
Social security costs	**3,280**	3,219
Share-based payments	**927**	905
Pension costs – defined contribution plans	**1,685**	1,594
Pension costs – defined benefit plans	**1,152**	304
Pension costs – defined benefit plans past service credit	**(200)**	(2,582)
Pension costs – defined benefit plans curtailment	**–**	(497)
	39,427	35,150

5 Net operating expenses before exceptional items

	2013 £000	2012 £000 Restated (note 1)
Distribution costs (including selling costs)	**47,398**	46,070
Administration costs	**25,660**	25,288
	73,058	71,358

6 Exceptional items

	2013 £000	2012 £000
Dual running costs	**–**	182
External manufacture	**–**	929
Total cost of sales	**–**	1,111
Release of environmental provision for site closure	**–**	(63)
Net redundancy charge for production site closure	**–**	109
Total distribution costs	**–**	46
Merger related costs	**2,866**	–
Crossley project	**122**	–
ERP project	**45**	–
Redundancy costs for distribution operation reorganisation	**125**	–
Curtailment of retirement benefit scheme (note 26)	**–**	(497)
Pension increase exchange exercise net of associated costs (note 26)	**–**	(2,488)
Gain on disposal of property, plant and equipment	**–**	(49)
Mansfield site closure costs	**–**	13
Total administration costs/(credit)	**3,158**	(3,021)
Total operating expenses/(credit)	**3,158**	(2,975)
Total exceptional costs/(credit)	**3,158**	(1,864)

During the year to 26 January 2013, A.G BARR p.l.c. and Britvic plc announced shareholder approval of a proposed all-share merger. Professional and legal fees and employee costs of £2,866,000 were incurred in relation to the proposed merger and have been classified as exceptional in the current year. The deal has since been referred to the Competition Commission for further investigation (see note 29).

Construction of a new production site at Crossley in Milton Keynes commenced in July 2012. Project management and associated recruitment costs of £122,000 have been treated as exceptional in the year to 26 January 2013.

During the year to 26 January 2013 preliminary work in relation to the replacement of the existing Enterprise Resource Planning (ERP) system was undertaken with costs of £45,000 treated as exceptional.

A further £125,000 of redundancy costs relating to a reorganisation of the distribution operations within England was incurred in the year.

In the year to 28 January 2012 the Mansfield distribution site was sold. During the period of the closure, a third party had taken over the distribution operations with dual running costs of £182,000 incurred.

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.

6 Exceptional items (continued)

An environmental provision of £63,000 relating to the closure of Mansfield was released during the prior year and redundancy costs of £109,000 were recognised as result of the site closure.

In the prior year a curtailment in the Group retirement pension plan arose due to the Mansfield site closure. An exceptional credit of £497,000 was recognised reflecting a decrease in the number of employees within the scheme.

A pension increase exchange exercise was undertaken during the year to 28 January 2012 resulting in an improvement in the risk profile of the defined benefit scheme. An associated pension credit of £2,582,000 and consultancy costs of £94,000 were recognised as exceptional in this year.

A gain on disposal of Mansfield assets of £49,000 was recognised during the prior year, with £13,000 of costs associated with the closure of the site also being incurred in the year to 28 January 2012.

7 Finance income and Finance costs

Finance income

	2013 £000	2012 £000
Interest receivable	**27**	59
Net finance income relating to defined benefit plans (note 26)	**209**	877
Fair value movements in financial instruments	**133**	–
	369	936

Finance costs

	2013 £000	2012 £000 Restated (note 1)
Interest payable	**(235)**	(649)
Amortisation of loan arrangement fees	**(100)**	(95)
Fair value movements in financial instruments	**–**	(352)
	(335)	(1,096)

8 Taxation

	2013			2012		
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	**8,304**	**(72)**	**8,232**	8,296	(515)	7,781
Adjustments in respect of prior years	**(322)**	**–**	**(322)**	205	–	205
Total current tax expense/(credit)	**7,982**	**(72)**	**7,910**	8,501	(515)	7,986
Deferred tax						
Origination and reversal of:						
Temporary differences	**(92)**	**(28)**	**(120)**	726	(147)	579
Adjustment for change in deferred tax rate	**(1,526)**	**–**	**(1,526)**	(1,466)	–	(1,466)
Adjustments in respect of prior years	**(6)**	**–**	**(6)**	172	–	172
Total deferred tax credit (note 23)	**(1,624)**	**(28)**	**(1,652)**	(568)	(147)	(715)
Total tax expense/(credit)	**6,358**	**(100)**	**6,258**	7,933	(662)	7,271

In addition to the above movements in deferred tax, a deferred tax charge of £36,000 (2012: credit of £2,027,000) has been recognised in other comprehensive income and a further £152,000 charge (2012: nil) has been taken direct to reserves (note 23).

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

	2013 £000	2013 %	2012 £000	2012 %
Profit before tax	**31,822**		35,417	
Tax at 24.33% (2012: 26.31%)	**7,742**	**24.3**	9,318	26.3
Tax effects of:				
Items that are not deductible in determining taxable profit	**330**	**1.0**	316	0.9
Exceptional items that are not deductible in determining taxable profit	**640**	**2.0**	–	–
Current tax adjustment in respect of prior years	**(322)**	**(1.0)**	205	0.6
Deferred tax adjustment in respect of prior years	**(6)**	**–**	172	0.5
Deferred tax adjustment in respect of change of deferred tax rate	**(1,526)**	**(4.8)**	(1,466)	(4.1)
Allowable loss on disposal of properties	**–**	**–**	(1,181)	(3.3)
Current year impact of change in deferred tax rate	**10**	**–**	(51)	(0.1)
Share options permanent difference	**(244)**	**(0.8)**	(1)	–
Tax deduction available in respect of cash settlement of LTIP awards	**(296)**	**(0.9)**	–	–
Other differences	**(70)**	**(0.2)**	(41)	(0.1)
Total tax expense	**6,258**	**19.7**	7,271	20.5

The weighted average tax rate was 19.7% (2012: 20.5%).

The 2012 Budget on 21 March 2012 announced that the U.K. corporation tax rate will continue to reduce. Ultimately the corporation tax rate is expected to be 20% by 2015. A reduction in the rate from 26% to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 and substantive enactment of the rate of 23% with effect from 1 April 2013 took place on 3 July 2012.

The deferred tax liability at 26 January 2013 has therefore been calculated having regard to the rate of 23% substantively enacted at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

9 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.

	2013	2012 Restated (note 1)
Profit attributable to equity holders of the Company (£000)	**25,564**	28,146
Weighted average number of ordinary shares in issue	**115,883,733**	114,985,479
Basic earnings per share (pence)	**22.06**	24.48

The weighted average number of shares in issue and the diluted weighted average number of shares in issue have been restated for the year ended 28 January 2012 following the share subdivision on 28 May 2012 (note 27). This is in line with the requirement of IAS 33 Earnings per share.

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

9 Earnings per share (continued)

	2013	2012 Restated (note 1)
Profit attributable to equity holders of the Company (£000)	**25,564**	28,146
Weighted average number of ordinary shares in issue	**115,883,733**	114,985,479
Adjustment for dilutive effect of share options	**96,007**	641,976
Diluted weighted average number of ordinary shares in issue	**115,979,740**	115,627,455
Diluted earnings per share (pence)	**22.04**	24.34

The underlying EPS figure is calculated by using Profit attributable to equity holders before exceptional items:

	2013	2012 Restated (note 1)
Profit attributable to equity holders of the Company before exceptional items (£000)	**28,622**	25,620
Weighted average number of ordinary shares in issue	**115,883,733**	114,985,479
Underlying earnings per share (pence)	**24.70**	22.28

This measure has been included in the financial statements as it provides a closer guide to the underlying financial performance as the calculation excludes the effect of exceptional items.

10 Dividends

	2013 per share	2012 per share restated	2013 £000	2012 £000
Paid final dividend	**6.88p**	6.22p	**7,872**	7,124
Paid first interim dividend	**2.62p**	2.43p	**3,009**	2,841
Paid second interim dividend – in lieu of final dividend for the year ended 26 January 2013	**7.40p**	–p	**8,517**	–
	16.90p	8.65p	**19,398**	9,965

The dividend per share figures for the year ended 28 January 2012 have been restated to take into account the share subdivision that took place on 28 May 2012. This share subdivision has had no impact on the total dividend paid by the Company.

A second interim dividend was paid to shareholders on 18 January 2013 in lieu of the final dividend for the year ended 26 January 2013.

11 Intangible assets

Group	Goodwill £000	Brands £000	Customer relationships £000	Water rights £000	Total £000
Cost					
At 28 January 2012 and at 26 January 2013	23,274	50,276	3,532	742	77,824
Amortisation and impairment losses					
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
Amortisation for the year	–	–	253	–	253
At 26 January 2013	336	290	2,096	742	3,464
Carrying amounts					
At 26 January 2013	**22,938**	**49,986**	**1,436**	**–**	**74,360**
At 28 January 2012	22,938	49,986	1,689	–	74,613

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 in the year to 28 January 2012 and the Rubicon asset has six years remaining. This period has been reviewed at the statement of financial position date and remains appropriate.

Company	Goodwill £000	Brands £000	Customer relationships £000	Water rights £000	Total £000
Cost					
At 28 January 2012 and at 26 January 2013	1,920	7,290	1,000	742	10,952
Amortisation and impairment losses					
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
Amortisation for the year	–	–	–	–	–
At 26 January 2013	18	290	1,000	742	2,050
Carrying amounts					
At 26 January 2013	**1,902**	**7,000**	**–**	**–**	**8,902**
At 28 January 2012	1,902	7,000	–	–	8,902

All intangible assets noted above were recognised on the acquisition of the Strathmore Water business. The amortisation charge represents the spreading of the cost over the customer relationships expected useful life, with the asset being fully amortised during the year to 28 January 2012.

The amortisation costs for both the Group and Company for all years presented have been included in the income statement as administration costs.

11 Intangible assets (continued)

Impairment tests for goodwill and brands

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

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

At 26 January 2013	Goodwill £000	Brands £000	Customer relationships £000	Total £000
Rubicon operating unit	**21,036**	**42,986**	**1,436**	**65,458**
Strathmore operating unit	**1,902**	**7,000**	**–**	**8,902**
Total	**22,938**	**49,986**	**1,436**	**74,360**

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

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

	2013			2012		
	Gross margin %	**Growth rate %**	**Discount rate %**	Gross margin %	Growth rate %	Discount rate %
Rubicon operating unit	**32.85**	**2.25**	**9.85**	33.10	2.25	9.09
Strathmore operating unit	**31.98**	**2.25**	**9.85**	30.75	2.25	9.09

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

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

The discount rate reflects management's estimate of pre-tax cost of capital 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 2014 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%, 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.

12 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 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
Additions	931	–	2,836	17,511	21,278
Transfer from assets under construction	7,128	–	1,601	(8,729)	–
Disposals	(3)	(7)	(11,283)	–	(11,293)
At 26 January 2013	**37,926**	**538**	**70,175**	**10,046**	**118,685**
Depreciation					
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
Amount charged for year	379	9	6,131	–	6,519
Disposals	(3)	(7)	(11,146)	–	(11,156)
At 26 January 2013	**3,561**	**516**	**45,113**	**–**	**49,190**
Net book value					
As at 26 January 2013	**34,365**	**22**	**25,062**	**10,046**	**69,495**
As at 28 January 2012	26,685	31	26,893	1,264	54,873

Included within the additions for the year to 26 January 2013 for both the Group and the Company is £98,000 of loan arrangement fees and £25,910 of interest in respect of the £15,000,000 facility arranged and drawn down in the year for the building work at Crossley, Milton Keynes.

During the year a full review was carried out of the asset register to identify redundant assets and to physically verify the assets on the register. This resulted in disposals of assets with a cost of £8,470,000 and an associated net book value of £10,400 being recorded in the above note.

12 Property, plant and equipment (continued)

Company	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 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
Additions	931	–	2,804	17,532	21,267
Transfer from assets under construction	7,128	–	1,563	(8,691)	–
Disposals	(2)	–	(10,236)	–	(10,238)
At 26 January 2013	**37,430**	**394**	**67,753**	**9,997**	**115,574**
Depreciation					
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
Amount charged for year	357	2	5,829	–	6,188
Disposals	(2)	–	(10,170)	–	(10,172)
At 26 January 2013	**3,273**	**375**	**43,867**	**–**	**47,515**
Net book value					
As at 26 January 2013	**34,157**	**19**	**23,886**	**9,997**	**68,059**
As at 28 January 2012	26,455	21	25,414	1,156	53,046

At 26 January 2013, the Group and the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £20,789,526 (2012: £2,322,031).

13 Financial instruments

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

Group **At 26 January 2013**	**Loans and receivables £000**	**Derivatives used for hedging £000**	**Assets at fair value through profit or loss £000**	**Total £000**
Assets as per statement of financial position				
Derivative financial assets	**–**	**1,463**	**–**	**1,463**
Trade and other receivables	**47,798**	**–**	**–**	**47,798**
Cash and cash equivalents	**910**	**–**	**–**	**910**
Total	**48,708**	**1,463**	**–**	**50,171**

Group At 28 January 2012	Loans and receivables £000	Derivatives used for hedging £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

Company **At 26 January 2013**	**Loans and receivables £000**	**Derivatives used for hedging £000**	**Assets at fair value through profit or loss £000**	**Total £000**
Assets as per statement of financial position				
Derivative financial assets	**–**	**1,463**	**–**	**1,463**
Trade and other receivables	**48,975**	**–**	**–**	**48,975**
Cash and cash equivalents	**908**	**–**	**–**	**908**
Total	**49,883**	**1,463**	**–**	**51,346**

Company At 28 January 2012	Loans and receivables £000	Derivatives used for hedging £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

The assets at fair value through profit or loss as at 28 January 2012 represent foreign exchange forward contracts not elected for hedge accounting.

13 Financial instruments (continued)

The derivatives used for hedging at 26 January 2013 represent foreign exchange forward contracts that have been elected for hedge accounting.

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 26 January 2013	Derivatives at fair value through profit or loss £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	26,513	26,513
Trade payables	–	12,545	12,545
Total	–	39,058	39,058

Group At 28 January 2012	Derivatives at fair value through profit or loss £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

Company At 26 January 2013	Derivatives at fair value through profit or loss £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	26,513	26,513
Trade payables and amounts due to other subsidiary companies	–	45,634	45,634
Total	–	72,147	72,147

Company At 28 January 2012	Derivatives at fair value through profit or loss £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

The derivative financial liability as at 28 January 2012 related to forward foreign currency contracts that were not elected for hedge accounting.

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:

	2013 £000	2012 £000
Derivative financial assets	**1,463**	176
Derivative financial liabilities	**–**	(309)

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 2013 £000**	**Fair value 2013 £000**	Book value 2012 £000	Fair value 2012 £000
Current assets				
Cash and cash equivalents	**910**	**910**	8,289	8,289
Financial instruments	**1,463**	**1,463**	176	176
Total financial assets	**2,373**	**2,373**	8,465	8,465

Financial liabilities	**Book value 2013 £000**	**Fair value 2013 £000**	Book value 2012 £000	Fair value 2012 £000
Current liabilities				
Borrowings	**11,513**	**11,513**	5,000	5,000
Financial instruments	**–**	**–**	309	309
Non-current liabilities				
Borrowings	**15,000**	**14,503**	10,000	9,887
Total financial liabilities	**26,513**	**26,016**	15,309	15,196

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 1.49% and a discount rate of 3%.

14 Financial assets at fair value through profit or loss

Group	2013 £000	2012 £000
Foreign exchange forward contracts	–	176

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. All of the contracts in place at 28 January 2012 matured in the year to 26 January 2013.

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

15 Investment in subsidiary undertakings

Investments in Group undertakings are recorded at cost of £61,041,000 for both years presented, which is the fair value of the consideration paid at the date the investments were acquired.

The principal subsidiaries are as follows:

Principal subsidiaries	Principal activity	Country of incorporation	Country of principal operations
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.

16 Cash and cash equivalents

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Cash and cash equivalents (excluding bank overdrafts)	**910**	8,289	**908**	7,238

Cash and cash equivalents include the following for the purposes of the cash flow statements:

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Cash and cash equivalents	**910**	8,289	**908**	7,238
Bank overdrafts (note 19)	**(1,513)**	–	**(1,513)**	–
	(603)	8,289	**(605)**	7,238

17 Inventories

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Returnable containers	**485**	552	**441**	513
Materials	**6,463**	5,822	**4,247**	3,358
Finished goods	**13,864**	12,597	**13,163**	12,305
	20,812	18,971	**17,851**	16,176

18 Trade and other receivables

	Group		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Trade receivables	**42,659**	37,701	**42,659**	37,701
Less: provision for impairment of receivables	**(455)**	(739)	**(455)**	(739)
Trade receivables – net	**42,204**	36,962	**42,204**	36,962
Other receivables	**22**	20	**22**	20
Prepayments	**5,572**	2,346	**5,555**	2,325
Amounts due by subsidiary companies	**–**	–	**1,194**	1,194
	47,798	39,328	**48,975**	40,501

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 receivables. The amounts due from subsidiary companies are considered to be 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.

1.2% (2012: 3.3%) of the trade receivables are overdue in excess of 30 days.

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	**2013 £000**	2012 £000
Major customers	**39,142**	33,965
Direct to store customers	**3,517**	3,736
Total	**42,659**	37,701

The Group's and Company's most significant customer, a U.K. major customer, accounts for £2,532,000 of the trade receivables carrying amount at 26 January 2013 (28 January 2012: £2,157,000).

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 2013 £000**	**Impairment 2013 £000**	Gross 2012 £000	Impairment 2012 £000
Not past due	**41,571**	**(120)**	36,081	–
Past due 1 to 30 days	**566**	**(158)**	367	(89)
Past due 31 to 60 days	**140**	**(51)**	231	(61)
Past due 61 + days	**382**	**(126)**	1,022	(589)
Total	**42,659**	**(455)**	37,701	(739)

18 Trade and other receivables (continued)

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

	Group		Company	
	2013 £000	2012 £000	**2013 £000**	2012 £000
U.K. Sterling	**47,473**	39,012	**47,456**	38,991
US Dollars	**56**	64	**56**	64
Euro	**269**	252	**269**	252
	47,798	39,328	**47,781**	39,307

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

Group and Company	**2013 £000**	2012 £000
At start of year	**739**	466
Net provision (utilised)/charged during the year	**(284)**	273
At end of year	**455**	739

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 (2012: AA(-) rated).

19 Borrowings

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

Group and Company	**2013 £000**	2012 £000
Current		
Bank borrowings	**11,513**	5,000
Non-current		
Bank borrowings	**15,000**	10,000
Total borrowings	**26,513**	15,000

The current borrowings figures consists of a term loan of £10,000,000 (2012: £5,000,000) and a bank overdraft of £1,513,000 (2012: nil).

The term loan of £10,000,000 is scheduled to be repaid in July 2013 in line with the facility agreement.

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 £10,000,000 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 26 January 2014.

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

During the year, a revolving facility of £15,000,000 was negotiated to fund the building of the new manufacturing site at Crossley. This facility has been fully drawn down at the year end and is repayable in June 2015. The arrangement fee of £98,000 has been capitalised as part of the construction costs.

	2013 £000	2012 £000
Current bank borrowings	**11,513**	5,000
Unamortised arrangement fee	**(51)**	–
Current bank borrowings disclosed in the statement of financial position	**11,462**	5,000

	2013 £000	2012 £000
Non-current bank borrowings	**15,000**	10,000
Unamortised arrangement fee	**–**	(151)
Non-current bank borrowings disclosed in the statement of financial position	**15,000**	9,849

Bank borrowings are secured on the entire net assets of the Group with security falling away in July 2013 on fulfilment of certain conditions being met.

The movements in the borrowings are analysed as follows:

	2013 £000	2012 £000
Opening loan balance	**15,000**	25,000
Borrowings made	**25,000**	7,500
Repayments of borrowings	**(15,000)**	(17,500)
Bank overdrafts (note 16)	**1,513**	–
Closing loan balance	**26,513**	15,000

The reconciliation to net debt is as follows:

	2013 £000	2012 £000
Closing loan balance	**26,513**	15,000
Cash and cash equivalents (note 16)	**910**	8,289
Net debt	**25,603**	6,711

The undrawn facilities at 26 January 2013 are as follows:

	Total facility £000	Drawn £000	Undrawn £000
Term loan	10,000	10,000	–
Revolving credit facility	10,000	–	10,000
Revolving credit facility for Crossley	15,000	15,000	–
Overdraft	5,000	1,513	3,487
	40,000	**26,513**	**13,487**

19 Borrowings (continued)

The maturity profile of the borrowings are as follows:

	2013 £000	2012 £000
Less than one year	**11,513**	5,000
One to two years	**–**	10,000
Two to five years	**15,000**	–
	26,513	15,000

20 Trade and other payables

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Trade payables	**12,545**	9,065	**12,545**	9,065
Other taxes and social security costs	**2,009**	4,538	**2,001**	4,538
Accruals	**24,235**	22,632	**24,211**	22,592
Amounts due to subsidiary companies	**–**	–	**33,089**	24,026
	38,789	36,235	**71,846**	60,221

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

At 26 January 2013	Borrowings £000	Trade payables £000	Financial instruments £000	Total £000
0 to 6 months	**6,682**	**12,545**	**–**	**19,227**
7 to 12 months	**–**	**–**	**–**	**–**
1 to 2 years	**5,141**	**–**	**–**	**5,141**
2 to 5 years	**224**	**–**	**–**	**224**
5+ years	**15,077**	**–**	**–**	**15,077**
	27,124	**12,545**	**–**	**39,669**

At 28 January 2012	Borrowings £000	Trade payables £000	Financial instruments £000	Total £000
0 to 6 months	5,108	9,065	174	14,347
7 to 12 months	–	–	135	135
1 to 2 years	10,108	–	–	10,108
2 to 5 years	–	–	–	–
5+ years	–	–	–	–
	15,216	9,065	309	24,590

As trade payables are not interest bearing, their fair value is taken to be the book value. Disclosures relating to borrowings are included in note 19.

21 Provisions

Group and Company	2013 £000	2012 £000
Opening provision	**91**	777
Provision created during the year	**–**	60
Provision released during the year	**(2)**	(70)
Provision utilised during the year	**(89)**	(676)
Closing provision	**–**	91

The opening provision relates to redundancy costs associated with the closure of the Mansfield production site. £89,000 of this provision was utilised during the year with the balance being released.

22 Deferred income

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
At start of year	**–**	72	**–**	72
Credit to income statement	**–**	(72)	**–**	(72)
At end of year	**–**	–	**–**	–

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 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 in the year to 28 January 2012.

23 Deferred tax assets and liabilities

Group	Retirement benefit obligations £000	Share-based payments £000	Total deferred tax asset £000	Retirement benefit surplus £000	Foreign exchange contract hedge £000	Accelerated tax depreciation £000	Total deferred tax liability £000	Net deferred tax liability £000
At 29 January 2011	–	876	876	(565)	–	(16,217)	(16,782)	(15,906)
Credit/(charge) to the income statement (note 8)	–	51	51	(1,376)	–	2,040	664	715
(Charge)/credit to other comprehensive income	–	(11)	(11)	2,038	–	–	2,038	2,027
Transfer from asset to liability category	97	–	97	(97)	–	–	(97)	–
At 28 January 2012	97	916	1,013	–	–	(14,177)	(14,177)	(13,164)
Credit/(charge) to the income statement (note 8)	385	(84)	301	–	–	1,351	1,351	1,652
Credit/(charge) to other comprehensive income	300	–	300	–	(336)	–	(336)	(36)
(Charge)/credit to other reserves	–	(152)	(152)	–	–	–	–	(152)
At 26 January 2013	**782**	**680**	**1,462**	**–**	**(336)**	**(12,826)**	**(13,162)**	**(11,700)**

23 Deferred tax assets and liabilities (continued)

Company	Retirement benefit obligations £000	Share-based payments £000	Total deferred tax asset £000	Retirement benefit surplus £000	Foreign exchange contract hedge £000	Accelerated tax depreciation £000	Total deferred tax liability £000	Net deferred tax liability £000
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 asset to liability category	97	–	97	(97)	–	–	(97)	–
At 28 January 2012	97	916	1,013	–	–	(2,896)	(2,896)	(1,883)
Credit/(charge) to the income statement	385	(84)	301	–	–	349	349	650
Credit/(charge) to other comprehensive income	300	–	300	–	(336)	–	(336)	(36)
(Charge)/credit to other reserves	–	(152)	(152)	–	–	–	–	(152)
At 26 January 2013	**782**	**680**	**1,462**	**–**	**(336)**	**(2,547)**	**(2,883)**	**(1,421)**

As disclosed in note 8, the U.K. government has introduced legislation to reduce the main rate of corporation tax from 26% to 24% from April 2012 and to 23% from April 2013. This has resulted in a £499,000 charge to equity in the year to 26 January 2013, included within the net charge for the year of £188,000.

Further reductions to the main rate are proposed to reduce the rate to 20% by 2015. 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 £2,382,000 (2012: £1,895,000).

A further deferred tax asset of £1,026,000 (2012: £1,115,000) has not been recognised in respect of acquired tax losses in Taut (U.K.) Limited, a subsidiary of the Company.

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 business 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. Due to the hedging arrangements that have been in place for the year ended 26 January 2013, 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 (year ended 28 January 2012: 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. The Treasury Committee assesses whether hedge accounting should be elected for each forward option contract.

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.

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 inflows 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.

For the year ended 26 January 2013, 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 (year ended 28 January 2012: 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.

24 Financial risk management (continued)
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 18 to 26. 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 26 January 2013, the net debt/EBITDA ratio was 0.6 times (year ended 28 January 2012: 0.2 times).

The Group monitors capital efficiency on the basis of the return on capital employed ratio ('ROCE'). In the financial year ended 26 January 2013, ROCE decreased to 20.6% from 22.8%. The slight reduction has been caused by the £17m of assets relating to Milton Keynes which are not generating any return during the construction period. Restating ROCE to take account of this would generate a ROCE slightly ahead of the position reported last year.

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

	2013 £000	2012 £000
No later than one year	**1,222**	1,436
More than one year but not more than five years	**1,610**	1,482
Due beyond five years	**363**	559
Total lease commitments	**3,195**	3,477

26 Retirement benefit obligations
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 schemes are held separately from those of the Company and are invested in managed funds. Full valuations of these schemes were 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, 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 26 January 2013 by a qualified independent actuary.

The valuation used for the defined benefit schemes 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	2013 £000	2012 £000
Present value of funded obligations	**90,295**	83,341
Fair value of scheme assets	**(86,894)**	(82,954)
Deficit recognised in the statement of financial position	**3,401**	387

The amounts recognised in the income statement are as follows:

	2013 £000	2012 £000
Interest on obligation	**3,967**	4,357
Expected return on scheme assets	**(4,176)**	(5,234)
Net finance income relating to defined benefit schemes (note 7)	**(209)**	(877)
Curtailment gain	**–**	(497)
Past service credit	**(200)**	(2,582)
Current service cost	**1,361**	1,181
Total cost/(income) recognised in the income statement	**952**	(2,775)

The current service charge has been included within administration costs in the income statement. The curtailment gain in the year to 28 January 2012 arose due to the closure of the Mansfield production site. The Group's defined benefit obligation reduced by £497,000, with a corresponding £497,000 credit being recognised in the consolidated income statement within exceptional items.

As disclosed in note 6, a pension increase exercise was undertaken during the prior year, resulting in a past service cost credit of £2,582,000 being recognised as an exceptional item in the year to 28 January 2012. A final sweep up exercise took place during the year to 26 January 2013 resulting in a past service cost credit of £200,000 being included within administration costs.

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

	2013 £000	2012 £000
Opening defined benefit obligation	**(83,341)**	(77,414)
Service cost	**(1,361)**	(1,181)
Interest cost	**(3,967)**	(4,357)
Curtailment gain	**–**	497
Past service credit	**200**	2,582
Actuarial losses	**(4,102)**	(6,201)
Members' contributions	**(55)**	(68)
Benefits paid	**2,263**	2,714
Premiums paid	**68**	87
Closing defined benefit obligation	**(90,295)**	(83,341)

26 Retirement benefit obligations (continued)

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

	2013 £000	2012 £000
Opening fair value of scheme assets	**82,954**	79,506
Expected return	**4,176**	5,234
Actuarial gains/(losses)	**918**	(2,946)
Employer's contributions	**1,122**	3,893
Members' contributions	**55**	68
Benefits paid	**(2,263)**	(2,714)
Premiums paid	**(68)**	(87)
Closing fair value of scheme assets	**86,894**	82,954

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

	2013 £000	2012 £000
Opening net (liability)/surplus	**(387)**	2,092
Total (expense)/credit recognised in the income statement	**(952)**	2,775
Employer's contributions	**1,122**	3,893
Net actuarial losses recognised in the year	**(3,184)**	(9,147)
Closing net liability	**(3,401)**	(387)

Cumulative gains/(losses)

	2013 £000	2012 £000
Cumulative amount at start of year	**(5,608)**	3,539
Actuarial losses recognised in the year	**(3,184)**	(9,147)
Cumulative amount at end of year	**(8,792)**	(5,608)

Actual return on scheme assets

	2013 £000	2012 £000
Actual return on scheme assets	**5,094**	2,288

Principal assumptions

Financial assumptions	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Discount rate	**4.60%**	4.80%	5.70%	5.70%	6.50%
Expected return on scheme assets	**5.08%**	6.54%	6.42%	6.25%	6.70%
Future salary increases	**4.30%**	4.35%	4.75%	4.75%	4.75%
Inflation assumption	**3.30%**	3.10%	3.50%	3.50%	3.50%

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 on 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 4.6% assumption as at 26 January 2013 and is the expected long term rate of return for the year ending 26 January 2014.

Mortality assumptions

The mortality tables adopted in finalising the fair value of the liabilities are S1NMA and S1NFA based on the member's year of birth. 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 26 January 2013.

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

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Equities	**56,829**	53,595	55,247	42,521	32,783
Bonds	**25,894**	24,526	22,087	21,739	18,333
Cash	**4,171**	4,833	2,172	4,102	5,997
Total market value of scheme assets	**86,894**	82,954	79,506	68,362	57,113

The history of the schemes is as follows:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	**(90,295)**	(83,341)	(77,414)	(74,217)	(62,102)
Scheme assets	**86,894**	82,954	79,506	68,362	57,113
(Deficit)/surplus	**(3,401)**	(387)	2,092	(5,855)	(4,989)

Sensitivity review

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

	Change in assumption	Impact on overall liabilities
Discount rate	Increase/decrease by 0.1%	Decreases/increases liabilities by £1.7m
Rate of inflation	Increase/decrease by 0.1%	Increases/decreases liabilities by £1.4m
Life expectancy	Increase/decrease by 1 year	Increases/decreases liabilities by £2.7m

The Group expects to pay £1.3m of contributions to the defined benefit schemes in the year to 26 January 2014.

As disclosed in note 1, the IASB issued IAS 19R, an amendment to IAS 19, in June 2011. The interest cost and expected return on assets will be replaced with a net interest amount that will be calculated by applying the discount rate to the net defined benefit liability. This is applicable to financial periods starting on or after 1 January 2013 and will be adopted by the Group for the year commencing 27 January 2013. The estimated impact of applying IAS 19R on the Group for the year ended 26 January 2013 is included in note 1.

26 Retirement benefit obligations (continued)

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

	2013 £000	2012 £000
Defined contribution costs	**1,685**	1,594

27 Share capital

	2013		2012	
Group and Company	**Shares**	**£**	Shares	£
Issued and fully paid	**116,768,778**	**4,865,366**	38,922,926	4,865,366

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

At the annual general meeting on 21 May 2012 a resolution was passed to subdivide the Company's issued and to be issued share capital. Each ordinary share of 12.5 pence each was subdivided into three ordinary shares of 4 1/6 pence each. The subdivision trebled the number of ordinary shares in issue and the board believes that the subdivision may improve liquidity and marketability of the shares.

During the year to 26 January 2013 the Company's employee benefit trusts purchased 600,491 (2012: 741,708) shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 26 January 2013 the shares held by the Company's employee benefit trusts represented 1,336,531 (2012: 1,781,337) shares at a purchased cost of £6,424,258 (2012: £6,678,941).

The number of shares purchased and held by employee benefit trusts in the year to 28 January 2012 have been restated to reflect the share subdivision noted above.

28 Share-based payments

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

- Savings Related Share Option Scheme which is open to all employees
- 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 26 January 2013 and 28 January 2012 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:

	2013		2012	
	Options	Average exercise price in pence per share	Options	Average exercise price in pence per share
At start of the year	**1,628,145**	**213p**	1,872,114	214p
Granted in the year	**845,678**	**358p**	–	–p
Forfeited	**(46,517)**	**262p**	(162,129)	242p
Exercised	**(727,935)**	**163p**	(81,840)	177p
At end of the year	**1,699,371**	**305p**	1,628,145	213p

At 26 January 2013 there were 10,908 options (2012: nil) that were exercisable at an exercise price of £1.63. The outstanding options at the year end had exercise prices of £1.63, £2.54 and £3.58 (2012: £1.63 and £2.54).

The weighted average share price on the dates that options were exercised in the year to 26 January 2013 was £4.70.

The weighted average remaining contractual life of the outstanding share options at the year end is 3 years (2012: 3 years).

The number of options granted, forfeited and exercised, and the exercise prices for the year ended 28 January 2012 have been restated to reflect the share subdivision. The restatement reflects the position as if the share subdivision had taken place on 30 January 2011.

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	4 April 2012
Number of share awards granted	257,334
Share price at date of grant	393p
Contractual life in years	3.00
Dividend yield	2.97%
Expected outcome of meeting performance criteria (at grant date)	75%
Fair value determined at grant date	359p

85,778 share awards were granted under the LTIP on 4 April 2012 when the share price was £11.78. These have been restated in the table above to reflect the share split which took place in the year (note 27).

28 Share-based payments (continued)

AESOP

As described in the Directors' Remuneration Report, there are two elements to the AESOP.

The partnership share element provides that for every three shares that a participant purchases in A.G. BARR p.l.c., up to a maximum contribution of £125 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual. There are various rules as to the period of time that the shares must be held in trust but after five years, the shares can be released tax free to the participant.

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

29 Subsequent events

On 13 February 2013 the Office of Fair Trading ('OFT') announced its decision to refer the proposed merger of A.G. BARR p.l.c. and Britvic plc to the Competition Commission. As a result of the OFT's decision the merger has now lapsed and Britvic plc has confirmed that the Scheme will not proceed. Under Rule 12.2 of the Takeover Code, the Offer Period in relation to Britvic plc has now ended and a competition reference period has now commenced.

The boards of A.G. BARR p.l.c. and Britvic plc intend to work together with the Competition Commission during its investigation with a view to seeking clearance of the proposed merger. The Competition Commission's investigation is expected to take approximately six months. If clearance is received from the Competition Commission on terms satisfactory to both A.G. BARR p.l.c. and Britvic plc, the boards of A.G. BARR p.l.c. and Britvic plc will each reconsider, at that time, the terms of a possible merger between A.G. BARR p.l.c. and Britvic plc. There can be no certainty or assurance that, following such clearance, any such merger would be forthcoming or that any offer will be made by either A.G. BARR p.l.c. or Britvic plc.

A.G. BARR p.l.c. and Britvic plc consider there to be compelling rationale for clearance. The view of the two boards on the benefits of the transaction is unchanged and they continue to believe that it is in the interests of the two shareholder groups. A.G. BARR p.l.c. and Britvic plc will continue to work closely with the authorities to expedite clearance.

30 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Company and related parties are as follows:

	Sales of goods and services		Purchase of goods and services	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Rubicon Drinks Limited	**38,197**	37,317	**51,590**	47,864
Findlays Limited	**–**	–	**235**	189
Barr Leasing Limited	**–**	–	**–**	183

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 18) and to subsidiary companies (note 20) are balances due by and due to dormant subsidiary companies.

	Amounts owed by related parties		Amounts due to related parties	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Rubicon Drinks Limited	**–**	–	**29,736**	21,390
Taut (U.K.) Limited	**1,194**	1,194	**–**	–
Findlays Limited	**–**	–	**2,084**	1,636
Barr Leasing Limited	**–**	–	**991**	991

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:

	2013 £000	2012 £000
Salaries and short term benefits	**2,308**	2,071
Payment in respect of LTIP award	**1,217**	–
Pension and other costs	**290**	263
Share-based payments	**30**	24
	3,845	2,358

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 £365,741 (2012: £492,171) for administration services in respect of the retirement benefit plans. At the year end £10,600 (2012: £nil) was outstanding to the service provider on behalf of the retirement benefit plans.

31 Going concern

The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements. The statement of financial position shows net assets of £130,648,000 (2012: £127,020,000) and the Company has sufficient reserves to continue making dividend payments. The Group's net debt position has increased from £6,711,000 at 28 January 2012 to £25,603,000 at 26 January 2013, however there is borrowing headroom of £14,397,000 at the year end.

Review of Trading Results

	2013 £000	2012 £000 Restated	2011 £000 Restated	2010 £000 Restated	2009 £000 Restated
Revenue	**237,595**	222,896	209,320	190,043	160,211
Cost of sales	**(129,591)**	(117,825)	(109,298)	(99,140)	(86,209)
Gross profit	**108,004**	105,071	100,022	90,903	74,002
Distribution costs (including selling costs)	**(47,398)**	(46,070)	(42,803)	(37,339)	(30,480)
Administration costs	**(25,660)**	(25,288)	(24,743)	(23,804)	(20,468)
Operating expenses	**(73,058)**	(71,358)	(67,546)	(61,143)	(50,948)
Operating profit before exceptional items	**34,946**	33,713	32,476	29,760	23,054
Exceptional items	**(3,158)**	1,864	(1,156)	(3,432)	130
Operating profit after exceptional items	**31,788**	35,577	31,320	26,328	23,184
Finance income	**369**	936	539	117	1,062
Finance expense	**(335)**	(1,096)	(1,423)	(1,995)	(1,037)
Net finance income/(expense)	**34**	(160)	(884)	(1,878)	25
Profit before tax	**31,822**	35,417	30,436	24,450	23,209
Tax on profit	**(6,258)**	(7,271)	(7,851)	(6,502)	(6,134)
Profit after tax	**25,564**	**28,146**	**22,585**	**17,948**	**17,075**
		Restated	Restated	Restated	Restated
Earnings per share on issued share capital (pence)	**21.89**	24.10	19.34	15.37	14.62
Dividends recognised as an appropriation in the year (pence)	**16.90**	8.65	7.87	7.15	6.60

The figures for the years 2009 to 2012 have been restated to the reflect the change in accounting policies as disclosed in note 1. There is no impact on profit before tax for any of the years presented.

The earnings per share for the years 2009 to 2012 have been restated to reflect the effect of the share subdivision approved at the annual general meeting on 21 May 2012. Each ordinary share of 12.5 pence each was subdivided into three ordinary shares of 4 1/6 pence (see note 27).

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 ninth 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 Tuesday, 28 May 2013 at 9.30 a.m. to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 12 (inclusive) will be proposed as ordinary resolutions and Resolutions 13 and 14 will be proposed as special resolutions.

1. To receive and approve the audited accounts of the group and the Company for the year ended 26 January 2013 together with the directors' and auditors' reports thereon.

2. To receive and approve the directors' remuneration report for the year ended 26 January 2013.

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

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

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

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

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

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

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

10. To elect Mr John Ross Nicolson as a director of the Company.

11. 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.

12. 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 "2006 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 2006 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 2014 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.

13. THAT, subject to the passing of resolution 12 set out in the notice of the annual general meeting of the Company convened for 28 May 2013 ("**Resolution 12**"), 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 "**2006 Act**"), to allot equity securities (within the meaning of section 560 of the 2006 Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of 4 1/6 pence each in the capital of the Company ("**Ordinary Shares**")), wholly for cash either pursuant to the authority conferred on them by Resolution 12 or by way of a sale of treasury shares (within the meaning of section 560(3) of the 2006 Act) as if section 561(1) of the 2006 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 2014 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.

14. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "**2006 Act**") to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of 4 1/6 pence each in the capital of the Company ("**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 11,676,877;

    (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 2014 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

19 April 2013

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 113 to 116 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 ninth annual general meeting (the "AGM") of A.G. BARR p.l.c. (the "Company").

Resolutions 1 to 12 (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 13 and 14 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 26 January 2013 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 26 January 2013 which is set out on pages 51 to 58 of this document.

Resolutions 3 to 10 inclusive – Re-election and election of directors

The Company's articles of association require that all newly appointed directors retire at the first annual general meeting following their appointment. Consequently, Mr John Nicolson will retire and offer himself for election.

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 other directors of the Company are retiring and offering themselves for re-election.

Biographical details of the directors are set out on pages 40 and 41 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 (or election in the case of Mr John Nicolson) of the directors.

Resolution 11 – 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 12 – 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 12, 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 18 April 2013 (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 12, 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 18 April 2013 (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 12 will expire on the earlier of 31 July 2014 (being the latest date by which the Company must hold its annual general meeting in 2014) and the conclusion of the annual general meeting of the Company held in 2014.

Resolution 13 – Disapplication of statutory pre-emption rights

If the directors wish to allot new shares for cash, the Companies Act 2006 (the "**2006 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 13, 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 13 would also cover the sale of treasury shares for cash.

Sub-paragraph (a) of Resolution 13 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 13 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 18 April 2013 (being the latest practicable date prior to the publication of this document).

The authority sought under Resolution 13 will expire on the earlier of 31 July 2014 (being the latest date by which the Company must hold an annual general meeting in 2014) and the conclusion of the annual general meeting of the Company held in 2014.

Resolution 14 – Purchase of own shares

The 2006 Act permits a company to purchase its own shares provided the purchase has been authorised by shareholders in general meeting.

Resolution 14, 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 11,676,877 Ordinary Shares, representing 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 2014 (being the latest date by which the Company must hold an annual general meeting in 2014) and the conclusion of the annual general meeting of the Company held in 2014.

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 2013 (being the latest practicable date prior to the publication of this document), options had been granted over 2,428,311 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 14) were exercised in full, the Option Shares would represent approximately 2.31% of the Company's issued share capital as at 1 April 2013. As at 1 April 2013, the Company did not hold any treasury shares.

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 6DA.

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 6DA 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 6DA.

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 26 May 2013 (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 18 April 2013 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 116,768,778 ordinary shares of 4 1/6 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 18 April 2013 were 116,768,778 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 to: 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; and
14.2 copies of the letters of appointment of the Company's non-executive directors.

A.G. BARR p.l.c.
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD
01236 852 400
www.agbarr.co.uk

Registered Office
Westfield House
4 Mollins Road
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Secretary
Julie A. Barr, M.A. (Hons.),
L.L.B. (Dip.), M.B.A.

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