STRONG FROM THE INSIDE OUT

A.G. BARR P.L.C. ANNUAL REPORT AND ACCOUNTS JANUARY 2016

STRATEGIC REPORT

I am pleased to present A.G. Barr p.l.c.'s Annual Report for the year ended 30 January 2016. The report provides an overview of our business model and a comprehensive review of our strategy, its execution, our financial performance and information on how we govern our business.

We have delivered a creditable financial performance over the past 12 months and, through continued investment in our strong and flexible business model, I believe we are well placed to continue to deliver consistent long-term shareholder value.

ROGER WHITE
CHIEF EXECUTIVE

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WE ARE A GROWTH DRIVEN, BRANDED CONSUMER GOODS BUSINESS, DELIVERING LONG-TERM SUSTAINABLE VALUE. WE BUILD GREAT TASTING BRANDS THAT PEOPLE LOVE, OFFERING THEM CHOICE AND ENJOYMENT.

STRONG FROM THE INSIDE OUT

OVER THE COURSE OF THE LAST 12 MONTHS THE BUSINESS HAS DELIVERED SUBSTANTIAL CHANGE DESIGNED TO SUPPORT THE LONG-TERM DELIVERY OF SHAREHOLDER VALUE. WE DELIVERED A ROBUST FINANCIAL PERFORMANCE ACROSS THE GROUP DESPITE CHALLENGING CONSUMER MARKET CONDITIONS AND THE SCALE AND COMPLEXITY OF OUR CHANGE ACTIVITY.

FINANCIAL HIGHLIGHTS

See pages 34 and 35, 106 and 125 for the definitions of these measures.

REVENUE
£258.6m
-0.9%

PROFIT BEFORE TAX
£41.3m
+7%

EBITDA MARGIN
19.5%
+3.7%

OUR BUSINESS

Established over 140 years ago in Scotland, we are a FTSE 250 business operating across the UK and with a growing international presence.

At our core, we are a successful branded soft drinks business, building a diverse and differentiated portfolio of great tasting brands that people love.

We make it our business to understand what our consumers want.

Whether it's our iconic **IRN-BRU**, launched in 1901 and still going strong today, our market leading **RUBICON** exotic fruit juice drinks, or our pure, clear Scottish spring water **STRATHMORE**, our brands offer people a choice of great tasting products and bring exciting innovation to the market.

Enhancing our portfolio, we also operate long-term successful partnerships, complementing our own range of products with global brands **ROCKSTAR** and **SNAPPLE** in the UK and beyond.

But we're not just about soft drinks – with the addition of **FUNKIN** we have moved into the cocktail mixer segment, broadening and strengthening our portfolio with a unique and exciting market leading brand in a growing market.

Employing almost 1,000 people across 10 UK locations, we are proud to be a sustainable business that listens to our consumers, builds lasting customer relationships, takes care of our employees, gives something back to our communities and works to minimise our environmental impact.

NET DEBT

£11.3m

REPORTED EARNINGS PER SHARE

29.63p

+14%

FULL YEAR DIVIDEND PER SHARE

13.33p

+10%

CHANGE FOR A STRONGER FUTURE

Over the course of the last 12 months the business has delivered substantial change designed to support the long-term delivery of shareholder value. We delivered a robust financial performance across the Group despite challenging consumer market conditions and the scale and complexity of our change activity.

Overall in the period we maintained our market share and, importantly, we have continued to invest in developing our brands for the long-term.

During the year we made further progress in the development of our portfolio. I am pleased to report that the Funkin business acquired in 2015 continued its expected growth momentum under our ownership and we plan to further develop the Funkin brand to ensure it continues to meet our acquisition expectations.

Our relationships with our key partners, Rockstar and Dr Pepper Snapple Group, with the Snapple brand, continued to progress with further growth and the development of new brand flavours and formats. In addition we have made significant progress in our ambition to extend our international footprint, building a growing and differentiated portfolio of brands to compete in our selected markets.

At the core of our development activity is our drive to reformulate and realign our portfolio to meet rapidly changing consumer preferences. I am pleased with our progress in this area, further details of which will be covered within this report.

Whilst we have continued to invest in the long-term health of the business, we have also maintained strong capital disciplines. We exit the year with a strong balance sheet, providing us with the flexibility to exploit growth opportunities as they arise and to maintain our progressive dividend policy.

DIVIDEND

The Board is pleased to recommend a final dividend of 9.97p per share to give a total dividend for the full year of 13.33p per share, a full year increase of 10.0% on the prior year.

PEOPLE

I would like to take this opportunity to thank the whole team across the Group for their hard work and diligence in what has been a demanding year.

I was pleased to welcome David Ritchie to our Board in April 2015. David has made a very positive impact and brings a wealth of experience and insight which will support the business going forward.

We expect to further strengthen our Board across the next year as we strive to develop an even more balanced and effective team.

PROSPECTS

The business is in good shape to navigate through the challenges that exist across the market. The combination of strong foundations and a motivated and experienced management team, capable of both adapting and then successfully executing our strategy, ensures we are well positioned to further grow and develop our business across 2016 and beyond.

JOHN NICOLSON
CHAIRMAN

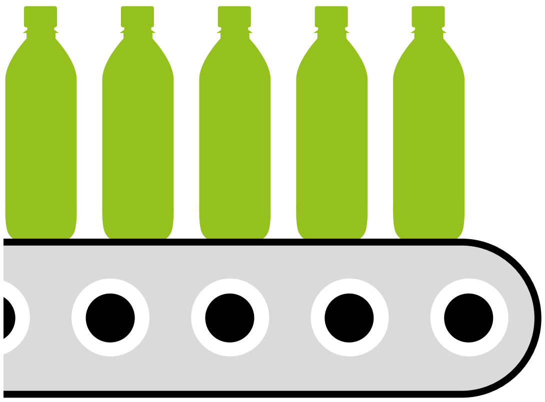
“OVERALL IN THE PERIOD WE MAINTAINED OUR MARKET SHARE AND, IMPORTANTLY, WE HAVE CONTINUED TO INVEST IN DEVELOPING OUR BRANDS FOR THE LONG-TERM.”

JOHN NICOLSON, CHAIRMAN

SIMPLE, EFFECTIVE, PROFITABLE

WE MAKE

We pride ourselves on our effective manufacturing capabilities, producing high quality products across our well invested and efficient production sites, in Cumbernauld, Forfar and our new state of the art facility at Milton Keynes. From sourcing our raw materials across the globe, to designing our packaging materials, we strive for continuous improvements, keep safety at the forefront of all we do, and invest accordingly to ensure we produce the best tasting products as efficiently as possible.



WE MOVE

With a fleet of more than 100 vehicles, and long standing relationships with our key distribution partners, we strive to deliver a great service to all our customers, from the biggest food service customer to the smallest local shop. Operating across multiple routes to market, we have a well established and efficient distribution network, with our Direct Store Delivery channel in particular setting us apart, by offering a tailored and personal service to thousands of independent retailers across the UK.

WE ARE A GROWTH DRIVEN, BRANDED CONSUMER GOODS BUSINESS, DELIVERING LONG-TERM SUSTAINABLE VALUE.

WE BUILD GREAT TASTING BRANDS THAT PEOPLE LOVE, OFFERING THEM CHOICE AND ENJOYMENT.

OUR BUSINESS MODEL IS SIMPLE, EFFECTIVE AND PROFITABLE.

This simple but effective approach is supported by **strong partnerships**, **talented people** and **responsible actions**. Our business model has proven successful for more than 140 years and continues to create and deliver value in all that we do.

WE MARKET

Listening carefully to our consumers is paramount and by doing so we have developed a diverse and differentiated brand portfolio of great tasting products to satisfy their needs and offer choice. And when it comes to marketing and building our brands we like to have some fun, appealing to our broad range of consumers, whether that's through national TV campaigns, digital media, sponsorship or supporting local community events.

WE SELL

Building long lasting relationships with our customers across all our key markets is fundamental to our business. Whether it's a multiple grocer, a wholesaler, a regional restaurant group or a local independent retailer, we work collaboratively with all our customers to understand their businesses and find winning consumer propositions in a practical, fun and profitable way.

"WE HAVE DELIVERED A CREDITABLE FINANCIAL PERFORMANCE IN WHAT HAS ULTIMATELY BEEN A SUCCESSFUL BUT CHALLENGING YEAR FOR THE BUSINESS."

ROGER WHITE, CHIEF EXECUTIVE

BUILDING AN EVEN **STRONGER** BUSINESS

We have delivered a creditable financial performance in what has ultimately been a successful but challenging year for the business.

The markets we operate in have seen significant levels of change and volatility and the consumers in our core UK business have continued to develop their tastes, habits and preferences for products, shopping and communication, at real pace. Although we recognised the changes in our marketplace some time ago, we have accelerated our actions over the last 12 months to ensure we are set to meet the challenges now and in the future.

- In the reporting period we maintained overall market share in UK soft drinks and total Group revenue was £258.6m (2015: £260.9m).
- Statutory profit before tax increased from £38.6m to £41.3m, an increase of 7.0%.
- Adjusted* profit before interest and tax increased by 7.0% from £39.8m to £42.6m.
- Operating margins advanced once again as we maintained a tight control of our cost base.
- Business Process Redesign implemented and stabilised.
- Further significant capital investment across our supply chain footprint.
- We also benefited from the inclusion of a strong profit performance from the Funkin business in its first year of our ownership.

MARKET PERFORMANCE

The UK soft drinks market has not yet appeared to benefit from the improvement in underlying consumer purchasing power. Using data from our new data provider IRI (IRI Marketplace data to 31 January 2016) we can see the impact of general price deflation, poor summer weather and retail competition feeding through into the overall soft drinks category performance.

The market was down in value terms by 1.8% with volume flat. Within this performance carbonates were down c.1.5% in both value and volume, and stills, although slightly up in volume terms, were down 2.0% in value.

The growth driver in overall soft drinks was once again water, offset by significant value declines in fruit juice, dilutables, sports drinks and some areas of carbonates. At a channel level, soft drinks performance was influenced by deflation and poor weather, the latter having a marked impact on the impulse channel. Previously much of the market growth has been delivered by the significant growth in carbonated energy, however this subsector only grew by 1% in volume terms and was flat in value in the period.

The market has seen growth in brands which appeal to consumers' changing lifestyles and preferences – sugar free products, lower sugar brands and premium products, such as those within mixers, have continued to outperform the overall category.

INTERNATIONAL

30%

REVENUE GROWTH OF ALMOST 30% ACROSS OUR INTERNATIONAL BUSINESS

PORTFOLIO

8.8%

8.8% REDUCTION IN AVERAGE CALORIFIC CONTENT OF COMPANY OWNED BRANDS IN THE LAST FOUR YEARS

PEOPLE

78%

78% POSITIVE ENGAGEMENT SCORE FROM OUR "YOUR VOICE MATTERS" EMPLOYEE SURVEY

Our portfolio continues to develop to meet these market challenges and opportunities. We are well positioned to benefit from the high levels of loyalty to our existing brands along with the opportunities to further drive the distribution of our differentiated portfolio of increasingly relevant brands.

Our core brands have stood up well in the market despite the difficulties of the weather and the challenges related to our internal change agenda, which hampered our performance during the summer period. We are particularly pleased that we have been able to capitalise on the growing cocktail consumption trend with our successful and market leading Funkin product portfolio.

STRATEGY UPDATE

The fundamentals of our strategy remain in place, having served us well in the creation of long-term shareholder value. However, we continue to evolve and develop specific areas of focus within our overall strategy. In particular, we have prioritised the development of our portfolio into further consumption occasions, as demonstrated by the development of the Funkin business and brand. Similarly, the realignment of our portfolio to respond to changes in consumer attitudes and preferences will see a significant amount of our effort and focus in the coming period.

We have created a select and differentiated portfolio to develop in our chosen international focus markets and we expect to see continued growth in this area of the business. During the period our international business grew revenue by almost 30% on last year and would have grown by over 40% if measured on a constant currency basis. Our push to develop outside the UK core market is also allowing us to build stronger, more significant relationships with our chosen partners, Rockstar and Dr Pepper Snapple Group. We expect to create increasingly significant growth opportunities in both our core UK market and in our selected international territories as we go forward.

The development of our existing soft drinks portfolio will continue to be a key area of our strategic focus. To ensure success in the UK market we are focusing our marketing efforts on our "lower" and "no" sugar products and are substantially reducing the sugar content of our portfolio to reflect consumers' changing preferences. We have already made significant progress in this area, reducing the average calorific content of our Company owned portfolio by 8.8% in 4 years, and we anticipate the scale of this change to accelerate over the next year as we reduce our overall exposure to high sugar products where appropriate. We remain convinced that our decisive actions, and the progress we have made to date, demonstrate that we are playing an important part in addressing the complex and very important UK consumer health issues.

"WE ARE WELL PLACED TO CONTINUE OUR DELIVERY OF CONSISTENT LONG-TERM SHAREHOLDER VALUE BASED ON OUR PROVEN SOLID BUSINESS FUNDAMENTALS, OUR BALANCE SHEET STRENGTH AND CAPACITY AND OUR ABILITY TO FLEX AND DEVELOP OUR STRATEGY TO MAXIMISE OUR LONG-TERM GROWTH POTENTIAL."

Motivated and engaged employees are at the heart of our successful business and I am pleased to report that employee engagement levels, as measured in our latest employee engagement survey, are steadfastly industry leading. Across the business, our functional and site teams have worked both effectively and safely across the last 12 months to ensure we continue to deliver for our customers.

SUMMARY

The second half of the last financial year saw our sales and financial performance recover as we stabilised our operating platform following a very significant level of investment and consequential change across the summer of 2015. I am confident that our investments in the business, not just in 2015 but over the last few years, will benefit us greatly as we look forward and face the market challenges over the coming years.

Although the details of the Chancellor's proposed soft drinks levy are still to be consulted upon, we believe our combination of brand strength, ongoing product reformulation and consumer driven innovation will allow us to minimise the financial impact on the business at the proposed point of implementation in April 2018. Based on the Government's currently proposed metrics, should a levy be introduced, we expect at least two thirds of our portfolio will be lower or no sugar, and would therefore be levy free at that time. For the balance of our portfolio, which would attract a levy, we anticipate that brand loyalty and consumer preference will drive continued demand. We will, of course, play an active role in the consultation between the Government and the soft drinks industry on the proposed levy, and are fully committed to working towards an outcome that benefits consumers, shareholders and other stakeholders.

We are well placed to continue our delivery of consistent long-term shareholder value based on our proven solid business fundamentals, our balance sheet strength and capacity and our ability to flex and develop our strategy to maximise our long-term growth potential.

ROGER WHITE
CHIEF EXECUTIVE

*Adjusting for discontinued business, income received in the prior year associated with the termination of the Orangina franchise and one-off transaction fees incurred in the year ended January 2016.

BUSINESS IMPROVEMENT

£12m

INVESTMENT IN BUSINESS PROCESS REDESIGN PROJECT

DELIVERING LONG-TERM VALUE

OUR STRATEGIC PRIORITIES ARE TO:

CONNECT WITH CONSUMERS

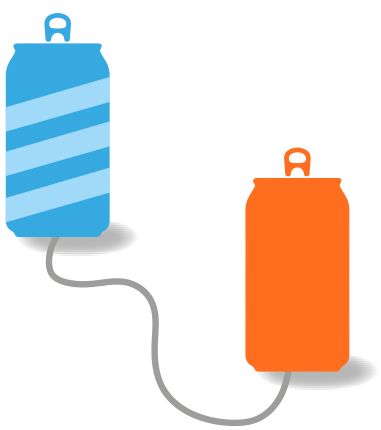
Consumer insight drives our business. Our consumers are growing in number, location and diversity and we ensure that we take the time to listen, to understand their needs and to offer them a choice of great tasting, high quality products.

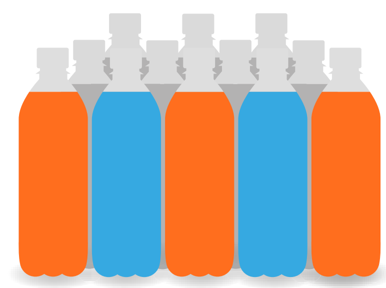
BUILD OUR BRANDS

We are brand owners and builders, offering a diverse and differentiated portfolio of products that people love. With our own powerful brands, complementary franchise partner brands, and a strong track record of bringing successful innovation to the market, we seek to build brand awareness, grow our brand equity and outperform the market.

UNDERSTAND OUR CUSTOMERS

Building and maintaining long lasting and successful customer relationships, across multiple routes to market, is central to our business. We work closely with our customers to develop joint plans which allow us to share in success. We pride ourselves on our ability to turn these shared plans into effective actions, supporting our customers with excellent in-store activation of our brand led activities, and delivering the highest possible levels of service.





OUR OVERARCHING BUSINESS STRATEGY IS TO DELIVER LONG-TERM SUSTAINABLE VALUE IN ALL THAT WE DO.

DEVELOP PARTNERSHIPS

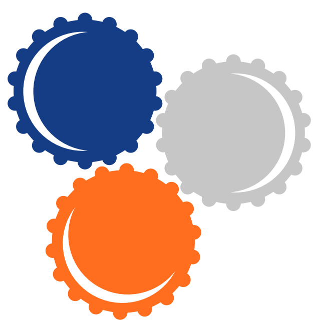
With strong ambitions, both within the UK and internationally, we recognise the advantages that working in partnership can deliver. By working closely with others, whether that be brand franchise partners, international distributors or 3rd party logistics providers, we develop complementary relationships that deliver shared benefits and support our growing business.

DRIVE EFFICIENCY

We continually strive for efficiency across our business, ensuring strong financial controls are in place while also investing for growth. As our business develops, we are committed to driving continuous improvement across our processes and technology. As an asset backed business we drive operational improvements, flexibility and efficiency through our expansionary capital investment programme, equipping us with some of the industry's most advanced operational capability.

ACT WITH RESPONSIBILITY

We believe that how we act reflects who we are. We take our responsibilities seriously and aim to be a sustainable and responsible business that listens to our consumers, takes care of our people, works to minimise our environmental impact and gives something back to the communities we serve.



STRONG CONSUMER CONNECTION

THE MARKETS IN WHICH WE OPERATE HAVE SEEN A NUMBER OF SIGNIFICANT DEVELOPMENTS OVER THE PAST YEAR, WITH CONSUMERS' TASTES AND BEHAVIOURS CONTINUING TO EVOLVE AND CHANGE.

Innovation continues to play a central role in our portfolio development, satisfying our consumers' needs for great tasting and exciting new products, and we delivered a strong innovation programme across 2015.

Our core soft drinks business generated more than £7m of incremental revenue in 2015 through new flavours, limited editions, new pack sizes and new formats, responding to the ever increasing consumer preference for differentiation, newness and lower sugar options.

Energy drinks continues to be a category driven by consumer demand for fresh and innovative new product development. With a strong reputation and proven track record for bringing exciting innovation to the market through our Rockstar energy drink brand, we continued this strategy in 2015, introducing consumers to both new flavours and new experiences, contributing to a further successful year of growth for Rockstar.

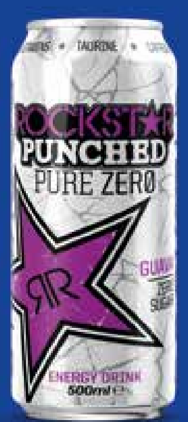
The cocktail market continues to grow at pace, and is particularly attuned to consumer trends across the food and drink category. Our Funkin business delivered a very successful innovation programme across the year, responding with speed and agility to meet fast evolving consumer tastes in the cocktail market. In addition to a complete rebranding exercise across all formats, we introduced 5 new Funkin Pro syrup flavours to the market in 2015 to meet the growing demand for premium and niche new products, reinforcing Funkin's position as the market leader in the cocktail mixer segment.

NEW FUNKIN SYRUPS
Leading the way in cocktail mixer innovation, our creative new range of Funkin syrups introduced new and exciting flavours to the mixologist's toolkit.

BARR LIMITED EDITION
With more than 1 million units sold, our limited edition Barr flavour "Tropicoola" drove engagement and excitement across the summer of 2015.

EVOLVING TASTES

THE MARKETS IN WHICH WE OPERATE HAVE SEEN A NUMBER OF SIGNIFICANT DEVELOPMENTS OVER THE PAST YEAR, WITH CONSUMERS' TASTES AND BEHAVIOURS CONTINUING TO EVOLVE AND CHANGE.



ROCKSTAR INNOVATION
With zero sugar, our new Rockstar Punched Pure Zero delivers the full on Punched Guava taste and packs a 100% energy punch.

BUILDING STRONG BRANDS

OUR BRAND PORTFOLIO PERFORMED WELL IN THE FACE OF THE DIFFICULT MARKET CONDITIONS ACROSS 2015 AS WELL AS THE SPECIFIC CHALLENGES WE EXPERIENCED WHILE DELIVERING A SIGNIFICANT INTERNAL CHANGE PROGRAMME.

IRN-BRU SPECIAL TARTAN PACKS

Our 2015 IRN-BRU marketing programme got off to a fantastic start with our special edition 2L tartan packs. Engaging digital and social media content generated excitement around the initiative which saw sales of the special tartan packs reach almost 670,000 cases.

OVERALL WE MAINTAINED OUR SHARE OF THE TOTAL SOFT DRINKS MARKET AND WE HAVE CONTINUED TO INVEST IN THE LONG-TERM HEALTH OF ALL OUR CORE BRANDS.

IRN-BRU

IRN-BRU delivered a resilient performance, growing its share of the "other flavour carbonates" category in the period. IRN-BRU's position in Scotland remains extremely strong, supported by some exciting and unique marketing initiatives including special edition tartan packs and our "Made in Scotland from Girders" anniversary campaign.

However our significant growth potential for the IRN-BRU brand lies in England & Wales. We set out in 2015 to increase brand awareness in the "rest of the UK" and our "Gets you Through" campaign has played a central role in delivering this strategy. The campaign saw IRN-BRU advertised on a national basis for the first time, through both TV and digital channels, and delivered a significant increase in consumer brand awareness. This national strategy is supported further by our football sponsorship programme – IRN-BRU is the only FMCG brand with UK wide reach across 114 football communities.

IRN-BRU Sugar Free continues to grow in popularity, aligned to the increasing consumer trend towards lower and no sugar products, and now accounts for more than 1 in 3 IRN-BRU purchases. IRN-BRU Sugar Free increased its share of the UK carbonates market, up 2% value (as measured by IRI Markeplace data).

BRU-PLANET

Our BRU-PLANET initiative, which offered 2 lucky winners the holiday of a lifetime, engaged consumers across the whole of the UK and generated our highest ever number of entries for an on pack offer.

IRN-BRU NATIONAL TV CAMPAIGN

Our IRN-BRU "Gets you Through" campaign went national in 2015 with 2 new adverts released across the UK to an overwhelmingly positive consumer reaction. Our biggest national advertising investment to date, the campaign generated more than 228 million views on TV, video on demand and social media.

RUBICON MANGO MONTH
Rubicon's Mango Month has become a regular feature on the exotic juice calendar. The initiative heralds the arrival of the new season mangoes in May, with on pack offers driving distribution and building the Rubicon brand.

RUBICON NATIONAL TV CAMPAIGN
Our new "Believe in Beach" campaign introduced the Rubicon brand to a more mainstream audience through TV, video on demand and social media. The campaign generated record social media results for Rubicon, with 4.3 million Facebook views and 6 million video views.

EXOTICS – RUBICON AND KA
The fruit juice market performance across the past 12 months has been weak, with value declining 6% (as measured by IRI Marketplace data). Rubicon's performance has been broadly in line with the market, however Rubicon carbonates has proved to be more resilient to the challenging market conditions. Despite this difficult environment we have continued to invest in the brand equity and remained focused on our brand strategy. Our "It's a Family Thing" campaign reinforced the brand's position as a favourite with ethnic consumers while our "Believe in Beach" campaign developed the Rubicon brand as a mainstream offering through a new national TV advert.

KA MUSIC SPONSORSHIP
The KA Rated Awards recognise and award urban music talent. Our 2015 event welcomed 900 attendees and was watched by an audience of 25,000 via live streaming. With 10 awards presented and 6 urban music performances the event was a #1 trending topic on Twitter in the UK.

STRATHMORE TWIST REBRAND

Our Strathmore Twist packaging was refreshed in September 2015 and brought into line with the core water range. With a much more contemporary feel the new design has a sense of energy, fitting with Strathmore's "Do More" proposition.

BARR XTRA COLA OUTDOOR CAMPAIGN

Barr's biggest and boldest outdoor campaign hit Scotland in Summer 2015 communicating the full cola taste and no sugar credentials of Barr Xtra Cola.

STRATHMORE AND BARR

The overall category performance in soft drinks was once again driven by growth in water. Total Strathmore volumes increased across the year, but in the current deflationary market, value declined slightly. However sparkling water delivered a strong performance.

2015 was a year packed full of Strathmore sports sponsorships, from Scottish Rugby to the World Gymnastics Championships, driving strong consumer engagement, increasing brand visibility and reinforcing the Strathmore "Do More" initiative to encourage healthier and more active lifestyles.

The Barr range of flavoured carbonates has developed further across 2015 with new innovation and limited editions and an impactful outdoor advertising campaign for Xtra Cola. The full range is now categorised as lower or no sugar, following a considerable reformulation programme, delivering increased choice across our portfolio in response to changing consumer preferences.

FUNKIN

Within a growing cocktail market, the Funkin brand has performed extremely well thanks to its market leading position, quality products, strong execution and exciting innovation, with UK sales in particular delivering a strong performance. Consumer dynamics remain very positive with cocktail distribution increasing. Innovation within the category is one of the keys to success and with an exciting innovation pipeline for 2016 we look forward to even greater brand development across the next 12 months.

NEW FUNKIN PACKAGING

In addition to an exciting and innovative new range of Funkin Pro syrups introduced across 2015, the entire Funkin brand underwent a full packaging rebrand, with a bolder and more vibrant design redefining the brand identity.

FUNKIN COCKTAILS ON THE MENU

Our Funkin team recently worked with a leading restaurant chain to introduce cocktails into their restaurants for the first time. Working together to create a tailored cocktail menu, and delivering bespoke training to staff, the initial trial has proven extremely successful and the concept will now be rolled out to more than 50 outlets.

STRONG CUSTOMER RELATIONSHIPS

The UK retail landscape continues to undergo a considerable amount of change, with competition between outlets and channels growing, and increasingly overlapping, while retailers try to adapt to changing shopper habits. It has never been more important for us to work with our customers to develop winning strategies and to ensure the highest possible levels of service to ensure we remain a key partner and supplier.

We have continued to focus on driving our "go to market" strategy across a wide platform, managing multiple channels and increasingly diverse routes to market.

We have taken a number of actions across the year to facilitate and enhance our customer relationships, from growing the capability of our salesforce through learning and development, to investing in new technology and systems to facilitate better data provision and decision making. These actions, combined with our pride in our in-market execution and a genuine desire to work in partnership with our customers, are essential components in our objective to deliver shared success.

IN-STORE ACTIVIATION

Our sales teams take a huge amount of pride in working with our customers to create fantastic in-store execution of our brand activity. During our BRU-PLANET campaign, which was our largest ever on-pack IRN-BRU promotion, we worked with customers to create more than 1,200 in-store special pack displays to increase visibility, drive sales and deliver shared success.

AND THE AWARD GOES TO...

In March 2015 we were delighted to be awarded the Bestway "Supplier of the Year Award" for the third year in a row.

STRONG PARTNERSHIPS

NEW SNAPPLE BRANDING

Available in 7 delicious flavours our fresh new Snapple packaging hides a little secret – under every cap is a fun fact. Did you know that the peach was the first fruit to be eaten on the moon?

We have further developed and enhanced our partnerships across 2015, working collaboratively to deliver shared success.

Rockstar has delivered another successful year of growth. Innovation continues to play an important role in the energy drink category, with consumers energised and engaged by new and exciting product development, a demand more than met across 2015 by Rockstar's strong innovation performance.

Rockstar's unique and targeted brand activity is reaching core consumers through music, gaming and action sports events, all of which are building brand awareness, loyalty and distribution. We are further developing our relationship with Rockstar outside the UK and have successfully expanded into a number of markets across 2015.

Our 10 year agreement with the Dr Pepper Snapple Group, which commenced in January 2015, is progressing to plan. Our focus in the first year of this important partnership has been on building brand awareness and redeveloping the brand identity for the UK and Europe. Snapple is now available in 12 European markets and, with strong revenue growth in its first year, is poised for even greater success across 2016.

In May we were delighted to confirm a long-term licence agreement with the Moscow Brewing Company to manufacture, sell and distribute our IRN-BRU brand in the Russian Federation. Moscow Brewing Company is a leading Russian brewer who, in addition to the management of their own brands, holds the licence for a variety of premium soft drinks. With their well established sales and distribution network, combined with increased sales and marketing focus and investment, we are confident that this is a partnership which will deliver for IRN-BRU in Russia.

COOL NEW ROCKSTAR FREEZE

Delivering exciting new flavours and a brand new sensation, our innovative Rockstar Freeze range has already seen consumers buy a cool 3 million cans since its launch in September 2015.

IRN-BRU IN MOSCOW

In May 2015 we were delighted to partner with the Moscow Brewing Company who, with state of the art facilities on the outskirts of Moscow, and national distribution coverage, will manufacture, sell and distribute our IRN-BRU brand in the Russian Federation.

STRONG DRIVE FOR **EFFICIENCY**

OUR DRIVE FOR OPERATIONAL EFFICIENCY AND CONTINUOUS IMPROVEMENT CONTINUED ACROSS 2015, DELIVERED THROUGH A SERIES OF PROJECTS WITHIN OUR FIT FOR THE FUTURE BUSINESS IMPROVEMENT PROGRAMME.

Our capital investment programme progressed during the year, with several large scale projects delivered on time and to budget. We successfully transitioned our carton packaging capability from our Tredegar site to Milton Keynes, and are benefitting from the increased efficiency provided by the new high speed carton production lines. Our position in carton packaging format has been further strengthened by the addition of new resealable single serve carton capability, known as "prisma" packs, responding to consumers' increasing desire for high quality products in premium packaging.

At the same time as increasing both our production capability and capacity, we invested £6.7m in the acquisition of 5.4 acres of additional land at Milton Keynes in May last year. This included 1.54 acres on which we have subsequently expanded our warehousing footprint with a new 60,000 sq. ft. extension as well as a further 3.86 acres of land, adjacent to our existing site, to give us additional future expansion options.

Our Business Process Redesign (BPR) project, with a total investment of £11.9m, was a significant undertaking for the business, effectively redefining all our core business processes to industry best practice standard, underpinned by a powerful and flexible new ERP system. Such a large scale change project was not without its challenges, from both an operational perspective and in terms of the extent to which our people have had to adapt to completely new ways of working, but with the business now fully stabilised we can benefit from an industry leading, modern and scalable platform capable of supporting our growth ambitions.

We also announced a further £5m investment in new, high speed glass bottle filling capability at our Cumbernauld facility. While this change has led to the end of our returnable glass bottle scheme, this investment will double the efficiency of our glass filling capability, will provide us with the flexibility to offer new glass formats across our product range, facilitates the in-house production of our franchise brand Snapple, and secures the future supply of our iconic 750ml glass bottle, ensuring that loyal fans can continue to enjoy their favourite flavours in glass, well into the future.

NEW PREMIUM "PRISMA" PACK
Our new 330ml resealable "prisma" cartons provide us with exciting brand development and innovation opportunities in a growing premium pack format.

NEW MILTON KEYNES WAREHOUSE
At 60,000 sq. ft., our new Milton Keynes warehouse increases our capacity by 60% with the addition of 8,000 new pallet spaces.

FIT FOR THE **FUTURE**

£5M NEW GLASS PRODUCTION LINE
We know how much our consumers love the taste of their favourite soft drink flavours in our iconic 750ml glass bottles. The investment in new high speed glass filling capability at our Cumbernauld factory ensures that our loyal glass bottle fans can continue to enjoy their favourite soft drinks, exactly as they are, for many years to come, as well as facilitating exciting brand development opportunities in 2016 and beyond.

STRONG SENSE OF **RESPONSIBILITY**

OMJ! – NO ADDED SUGAR!

With 50% fruit juice and no added sugar, **OMJ!** was co-created by 60 pupils in England & Wales, meets strict government guidelines for schools and tastes amazing. Available in both still and lightly sparkling varieties, it counts as one of your five a day and comes in four delicious flavours.

OUR RESPONSIBILITY AGENDA IS NOT A STANDALONE AREA OF FOCUS, IT IS INTEGRAL TO HOW WE DO BUSINESS.

We have always been driven to do the right thing, whether for our consumers, our people, our environment or our communities, a value firmly embedded in all our activities.

OUR CONSUMERS

Consumer attitudes to health and wellbeing are translating into changing consumer behaviours and we have continued to respond to the increasing demand for greater choice and for healthier products.

Lower and no sugar products now account for around 40% of our portfolio and, through a combination of reformulation, increased investment in the marketing and promotion of lower sugar drinks, as well as the introduction of innovative new products, we have reduced the average calorific content of our Company owned brands by 8.8% in just 4 years.

We have ambitious plans in place to further this progress and we will play our part in delivering the soft drink industry's 5 year calorie reduction target of 20% by 2020, communicated by the British Soft Drinks Association last year.

We know that our consumers are more interested in their health and wellbeing than ever before. We are taking active steps to raise consumers' awareness of the benefits of a healthy and more active lifestyle through the power of our Strathmore brand. Through our extensive sports sponsorship programme and our "Do More" Strathmore campaign, we are playing our part in motivating, encouraging and inspiring consumers to lead healthier lives.

"DO MORE" WITH STRATHMORE

Strathmore was proud to sponsor a host of sporting activities across 2015, from the World Gymnastic Championships to the Mountain Bike World Cup, and through the "Do More" Strathmore campaign we are playing our part in raising awareness of the benefits of a healthy and more active lifestyle.

OUR PEOPLE

The safety of our employees is paramount and that means continuing to reinforce good safety management practices as well as raising awareness of improved ways of thinking and working. In 2015 we saw a 37.5% year on year improvement in RIDDOR reportable accidents and a 44.4% reduction in lost time accidents. This significant improvement in safety performance reflects the priority that is given to safety across the business as evidenced through our "near miss" reporting initiative which saw over 1,900 preventative safety conversations conducted across the year.

The strength of our business lies in the strength of our talented and dedicated people. We wouldn't be the innovative, creative and successful Company we are today without the people who work for us. With a strong performance focused culture we invest in the development of all our people, supporting them to build their competency, capability and leadership.

In its second year, we received an impressive 83% response rate to our Your Voice Matters employee engagement survey, with almost 800 people taking the time to share their views and opinions. We were delighted to achieve a 78% overall engagement score, and with the insight provided by external benchmarked data, as well as our own year on year comparisons, we have developed both corporate and team level action plans for the year ahead to build further on our areas of strength and make progress on our areas for improvement.

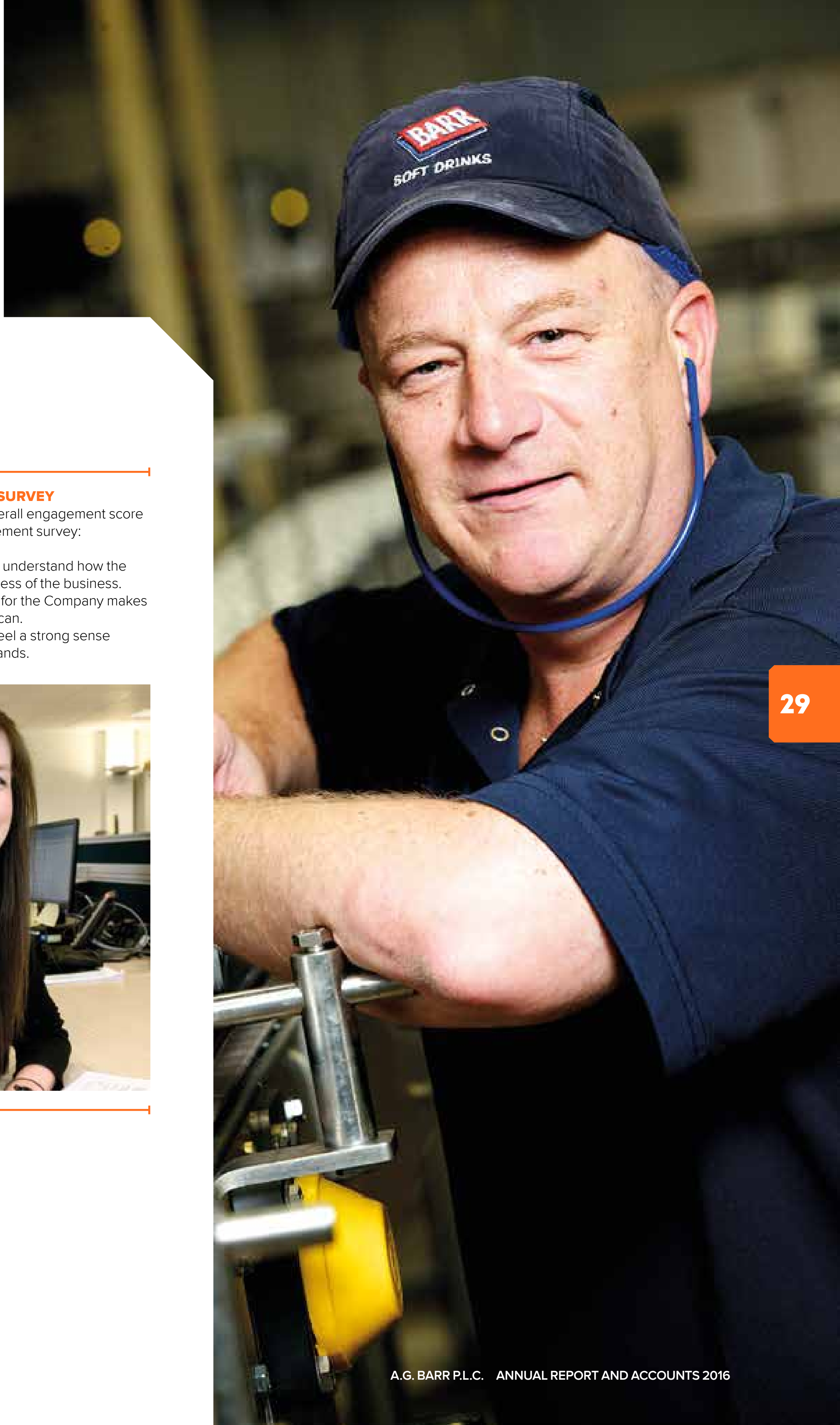
We believe in creating the right environment for our people to learn and develop, enhancing each individual's potential as well as developing future leaders. High performing teams and individuals working collaboratively and innovatively lead to greater business performance and we have invested in a range of learning and development programmes across 2015. From a new Sales & Marketing competency framework rolled out to 180 of our commercial colleagues, to 3 new leadership programmes developed for our Supply Chain management population, we have delivered over 7,000 hours of learning across our workforce in support of each employee's Personal Development Plan.

We recognise the value of a diverse workforce and are committed to treating all employees fairly and with respect. In support of our behavioural framework, "Barr Behaviours", we have recently updated our recruitment practices, introducing improvements designed to ensure that new people joining the business are selected based on their abilities and their potential to enhance our business performance in line with our culture and values, regardless of their race, age, gender, disability or sexual orientation.

Gender split	Board and Company Secretary	Senior Managers	All employees
Male	8	73	700
Female	2	22	263
Total	**10**	**95**	**963**

SUPPORTING NEW WAYS OF WORKING

We made a significant investment in learning across 2015 to support our Business Process Redesign (BPR) project. With the introduction of brand new technology and ways of working across the business, we delivered 155 face-to-face courses to 1,024 employees over a 5 week period, and saw 876 online courses, all of which resulted in an impressive overall learning feedback score of 97%.



YOUR VOICE MATTERS EMPLOYEE SURVEY

We were delighted to achieve a 78% overall engagement score in this year's Your Voice Matters engagement survey:

- 87% of our employees said that they understand how the work they do contributes to the success of the business.
- 79% of our people said that working for the Company makes them want to do the best work they can.
- 81% of the workforce said that they feel a strong sense of loyalty to the business and our brands.

OUR ENVIRONMENT

Our environment and natural resources are precious and we take our environmental responsibilities seriously, continuing to strive for opportunities to improve our sustainability, whether through our energy use, our water and waste control or our general environmental impact.

Climate Change Agreements are part of a package of government measures designed to encourage UK business to save energy and reduce carbon dioxide emissions.

Although our CO_2 emissions remain similar to last year, the intensity ratio has increased, in part as a result of varying production outputs, as well as through increased hygiene activity to maintain our high quality standards. However, we are ahead of our Climate Change Agreement commitment and continue to increase the amount of carbon banked year on year.

NEW WIND TURBINE AT CUMBERNAULD

In November 2015 we unveiled a new 70m tall wind turbine that will part power our Cumbernauld factory, providing up to 8% of the total electricity used on site; the equivalent of powering up to 280 homes*. As well as generating environmental benefits for our site, the wind turbine will also support the local community with an estimated £120,000 being donated to local good causes over the life of the turbine, through an employee charity nomination initiative.

* Based on 2014 average household usage figure of 4000 kW per hour.

We continue to carefully manage our waste and water outputs and delivered a positive performance across 2015. We are delighted to confirm that more than 99% of our waste was sorted and sent for recycling or energy recovery, meaning less than 1% of our factory waste was sent to landfill.

As an essential component of our products, we are vitally aware of the importance of managing water as a resource. This year our water consumption has seen a small increase from 1.51 to 1.67 litres per litre of product, however this increase is attributable to the commissioning of our new carton production lines at Milton Keynes, and we expect to see a reduction in water consumption in the year ahead.

AG BARR PLC GHG EMISSIONS IN TONNES CO_2e

	2014-15	2015-16
Scope 1	5,421	5,399
Scope 2	11,698	12,123
Intensity Ratio*	37.22	39.36

* Intensity ratio is kg of CO_2e per 1000 litres of product produced.

CAN RECYCLING SCHEME

Through our support of the Every Can Counts scheme, a unique 'out-of-home' recycling programme for aluminium cans, we encouraged an estimated 1 million revellers to recycle empty drinks cans at the world famous Nottinghill Carnival in August. The highly visible recycling exchange gave out a free can of KA "KAnival Krush" in return for a bag of empty cans for recycling. The empty cans were placed into segregated bins ready to be recycled after the event.

REDUCED CARBON FOOTPRINT

Our £5m investment in new high speed glass filling capability at our Cumbernauld factory will allow us to decommission the returnable glass bottle washing equipment, which accounts for more than 80% of our current glass line's carbon footprint, and will save over 1.5 million litres of water each year, almost enough water to fill an Olympic swimming pool.

OUR COMMUNITY

We have always supported and worked closely with the communities in which we operate and, as we grow as a business, our community engagement is just as important to us as ever. By providing financial, in kind, practical and employee volunteering support to charities, good causes and community groups, we continued to support our local, national and international communities across 2015.

In the last 12 months we continued to work with national UK charities such as The Prince's Trust, international charities such as the British Asian Trust, as well as supporting a number of local community and charity organisations who work in areas close to our sites. We are increasingly focusing our community investment on promoting physical activity and healthy lifestyles with a particular emphasis on community and charity road races and were pleased to provide over 500,000 bottles of Strathmore water to a variety of events across 2015.

Our Site Community Fund provides employees, at each of our sites, with the opportunity to support charities and community organisations which are important to them as teams or as individuals and we are extremely proud that so many of our employees continued to nominate good causes as well as supporting and engaging in initiatives throughout the year, helping groups and charities carry on their valuable work.

SUPPORTING THE BRICK BY BRICK APPEAL

In 2012 the Prince & Princess of Wales Hospice in Glasgow launched its "Brick by Brick Appeal" to raise £21m to build a new purpose built hospice and bring 21st century hospice care to the people of Glasgow. As a long time supporter of the hospice we pledged our support and were delighted when the hospice recently confirmed that our direct corporate and employee fundraising efforts raised £74,000 for their appeal in the last 3 years.

The Prince & Princess of Wales Hospice

Brick by Brick APPEAL
A new home for Glasgow's Hospice

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INSPIRING YOUNG PEOPLE TO HELP THEMSELVES

The Prince's Trust supports 13 to 30 year olds who are unemployed, struggling at school or at risk of exclusion, helping young people develop key skills, confidence and motivation, to enable them to move into work, education or training.

As part of our support of the 2015 programme, we helped a group of young people create their own unique and original IRN-BRU Christmas cards, the sale proceeds of which were reinvested back into The Prince's Trust.

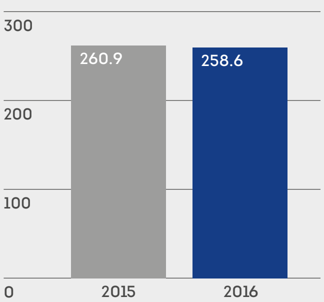
KEEPING SCOTLAND BEAUTIFUL

In 2015 we announced a new partnership with Keep Scotland Beautiful in support of the Clean Up Scotland mass engagement campaign. The campaign aims to change long-term behaviour and attitudes in Scotland by making littering unacceptable. It encourages people across the country to sign the pledge and become anti-litter champions in their local communities. Our employees undertook a community litter pick around our Cumbernauld headquarters.

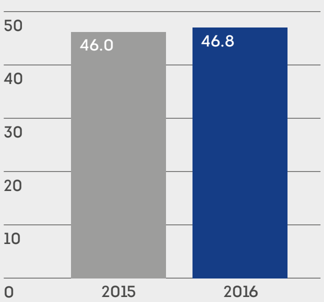
ASSESSING PERFORMANCE

THE PRINCIPAL KEY PERFORMANCE INDICATORS USED BY MANAGEMENT IN ASSESSING THE PERFORMANCE OF THE GROUP ARE AS FOLLOWS:

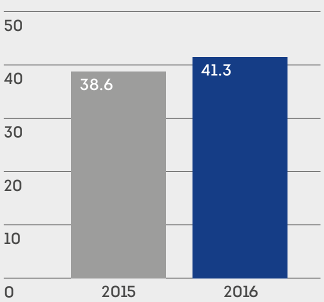
REVENUE
£258.6m
-0.9%



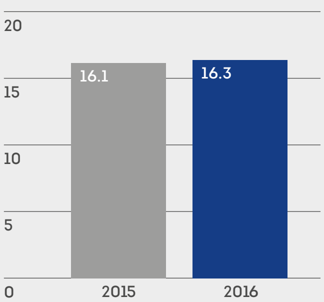
GROSS MARGIN
46.8%
+87bps



PROFIT BEFORE TAX
£41.3m
+7.0%



OPERATING PROFIT MARGIN
16.3%



PERFORMANCE HIGHLIGHTS

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

GROSS MARGIN
Gross profit before exceptional items divided by revenue.

PROFIT BEFORE TAX
Profit before tax and after exceptional items.

OPERATING PROFIT MARGIN
Operating profit before exceptional items and before the deduction of interest and 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.

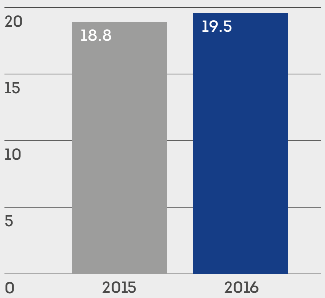
FREE CASH FLOW
Net cash flow excluding the movements in borrowings, expansionary capex, shares, dividend payments and non-cash exceptional items.

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

DIVIDEND PER SHARE
Dividend payable in respect of the financial year.

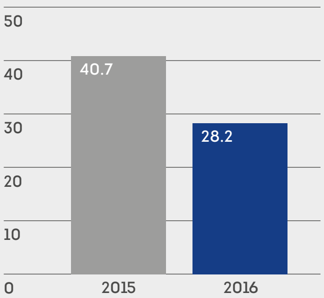
EBITDA MARGIN

19.5%



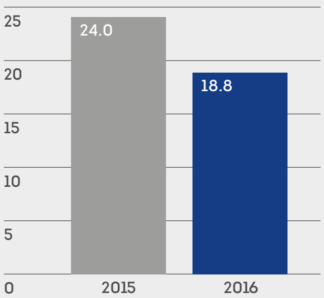
FREE CASH FLOW

£28.2m



RETURN ON CAPITAL EMPLOYED

18.8%



"WE HAVE CONTINUED OUR BUSINESS STRATEGY OF FOCUSING ON LONG-TERM SUSTAINABLE PROFIT GROWTH."

STUART LORIMER, FINANCE DIRECTOR

UNDERLYING **RESILIENCE**

Unless otherwise stated the following is based on results for the 53 week period ended 30 January 2016. Comparatives are for the 52 week period ended 25 January 2015.

Our 2015/16 performance reflects the combination of a challenging external commercial environment, disappointing summer weather and the implementation of our business process redesign project which disrupted customer service during the summer period, when 2014/15 comparatives benefited from considerably better weather and a well executed Glasgow 2014 Commonwealth Games campaign. It is a testament to the commitment of our people and the underlying resilience of the business model that we have been able to deliver a creditable performance in the year.

While certain brands experienced volume under-performance, and general market deflation resulted in lower net sales, our focus on sustained cost control and commodity risk management underpinned our performance and improved margins. Our robust business model, combined with the integration of our newly acquired Funkin cocktail business, delivered profit before tax of £41.3m, 7.0% ahead of the prior year. On an adjusted* basis, profit before tax and interest was £42.6m, an increase of 7.0% on the prior year.

KEY PERFORMANCE METRICS

- Net revenue down 0.9% to £258.6m (2015: £260.9m).
- Gross margin up 87 bps to 46.8%.
- Net margin up 14 bps to 16.3%.
- Net debt of £11.3m.
- Earnings per share (EPS) increasing 14% to 29.63 pence per share (2015: 26.00 pence per share).
- Proposed final dividend of 9.97p per share (2015: 9.01p) to give a proposed total dividend for the year of 13.33p per share, an increase of 10.0% over the prior year.

In a difficult economic environment we have continued our business strategy of focusing on long-term sustainable profit growth through margin improvement, driven by brand growth and cost discipline. Our strong cash generation has supported the funding of our Funkin acquisition, investment in our core asset base and the continuation of our progressive dividend policy.

SEGMENT PERFORMANCE

In a competitive market, our overall carbonates business delivered share gains (as measured by IRI) in a deflationary environment. Adjusted* year-on-year revenue from carbonates declined 3.1% (£6.1m), with favourable product mix partially offsetting price deflation and volume decline. Our flagship IRN-BRU brand held market share and our partnership brand, Rockstar, continues to grow both overall volume and value share.

The still drinks and water segment experienced modest volume growth (excluding the discontinued Findlays water cooler business) but was negatively impacted by general market deflation and price repositioning of our Sun Exotic brand.

The Others segment is dominated by the first time inclusion of our newly acquired Funkin cocktail mixer business in 2015/16 and by the discontinued Orangina and Findlay businesses in 2014/15. Funkin is performing well in a growing market. All areas of its business, syrups, purees and mixers, grew volume and value resulting in overall strong revenue and margin growth for the business which remains well on track with the acquisition business case.

MARGINS

Carbonates gross margins, stripping out the effect of discontinued Orangina sales, benefited from favourable commodity pricing and supply chain savings and improved 1.3pp to 52%. Margins in the stills business were impacted as promotional pricing pressure and Rubicon availability challenges in the summer offset very positive growth in the Snapple brand following our new franchise agreement.

Adjusted* gross profit increased by £2.5m, delivering a 0.5% increase in gross margin to 46.9%.

We remain risk aware and constantly review the outlook on commodity costs, locking in pricing when we consider it optimal from a risk management perspective. We enter 2016 with good coverage across all our core commodity requirements.

Below gross profit, administration and distribution costs were broadly flat reflecting our continued focus on cost control and supply chain efficiencies.

Profit benefited from the contribution from the Funkin business and improved process controls which enabled our trade receivables and inventory provisions to be reduced. Operating margin increased from 16.1% to 16.3%.

INTEREST

Net finance charges, totalling £0.8m, are £0.6m higher than the prior year due to the notional (non cash) interest costs related to the final salary pension scheme deficit which, on an IAS19 basis, increased from £0.1m at January 2014 to £18.3m at January 2015. As at January 2016, the reported deficit was £12.9m.

The constituent elements of the interest charge comprised:

	2016 £m	2015 £m
Finance income	**0.1**	0.1
Finance costs	**(0.2)**	(0.3)
Interest related to Group borrowings	**(0.1)**	(0.2)
Finance costs related to pension	**(0.7)**	–
Net finance costs	**(0.8)**	(0.2)

TAXATION

The tax charge of £7.0m is £1.6m lower than the prior year and represents an effective tax rate of 17.1%. This is a decrease of 5.2pp from the prior year and reflects the change in corporation tax rates in the year from 21% to 20% and the impact on deferred tax resulting from the future reduction in the corporation tax rates to 18% in 2020.

"IT IS A TESTAMENT TO THE COMMITMENT OF OUR PEOPLE AND THE UNDERLYING RESILIENCE OF THE BUSINESS MODEL THAT WE HAVE BEEN ABLE TO DELIVER A CREDITABLE PERFORMANCE IN THE YEAR."

BALANCE SHEET

The Group's balance sheet strengthened over the 12 month period ended 30 January 2016 with net asset growth of over 15% to £180.1m. The acquisition of Funkin Limited, significant expansionary capital expenditure and a £5.4m IAS19 pension deficit reduction were the main drivers.

The key balance sheet highlights can be summarised as:

- Non-current assets increased by over £32m as we reflected the Funkin acquisition and completed our Company wide business process redesign implementation as well as the next phase of our Milton Keynes investment.
- Our expansion plans continued with the acquisition of land and the subsequent warehouse build at Milton Keynes and the new glass line in Cumbernauld, which will enable us to bring Snapple brand production in-house during 2016.
- Successful sale of our Tredegar site.
- Inventory reduced by £1.1m (6.6%), as the prior year inventory build in advance of the Tredegar site closure was unwound.
- Trade payables reduced by £13.7m. Prior year payables were distorted by large capital creditors while the 53 week year in 2015/16 resulted in month end supplier payments occurring before the year end.
- ROCE was 18.8% reflecting the investment in Funkin Limited.

The movement from a net cash position as at January 2015 (£10.3m) to a net debt position as at January 2016 (£11.3m) primarily reflects the Funkin acquisition (£17.5m) and the continued capital investment in land, warehousing and production capabilities.

In the year ahead, capital expenditure is anticipated to continue at a similar level with the completion of several key expansion projects, including our new flexible glass line in Cumbernauld and the warehouse expansion at Milton Keynes.

We remain well financed with significant facility headroom and a low level of balance sheet leverage.

CASH FLOW

The business remains highly cash generative with EBITDA of £50.5m (up 2.9%), representing an EBITDA margin of 19.5%.

Working capital movements have been impacted by the incorporation of Funkin which has increased the movements in inventory, receivables and payables.

Despite a stock build to support the downtime associated with the glass line installation at Cumbernauld, overall inventories have decreased, a result of the reduction of the prior year's increased inventory (put in place to mitigate risk ahead of the now completed Tredegar site closure) and the improved stock management enabled by our new business processes and systems.

Receivables are marginally above the prior year as a result of strong last quarter sales and the extra week of trading in the current year. Our aged debt remains in line with previous years.

2015/16 has witnessed a significant increased cash outflow within payables as the phasing of supplier payments at the end of the current year combined with an unusually high level of opening capital payables brought forward from the prior year. We continue to pay suppliers on time and in full.

The Group utilises its cash appropriately and with care. More than £19m was invested in long-term assets (both infrastructure investment and the business process redesign) and £14.3m was distributed in dividends to our shareholders.

Shares with a net value of £2.0m were purchased on behalf of various employee benefit trusts to satisfy the ongoing requirements of the Group's employee share schemes.

The Group closed the year with a net debt position of £11.3m, £6.8m of cash offset by £18.1m of bank borrowings including overdrafts. The Group has sufficient banking facilities at its disposal to meet expected future requirements.

Free cash flow statement	2016 £m	2015 £m
Operating profit	**42.1**	42.1
Depreciation and amortisation	**8.4**	7.0
EBITDA	**50.5**	49.1
Decrease/(Increase) in inventories	**1.8**	(0.7)
Decrease/(Increase) in receivables	**0.6**	(4.4)
(Decrease)/Increase in payables	**(15.8)**	9.6
Movement in pension liability	**(0.7)**	(0.9)
Share-based payment costs	**0.5**	0.9
Exceptional cash items	**(1.0)**	(1.7)
Loss/(Gain) on sale of property, plant and equipment	**0.2**	(0.1)
Net operating cash flow	**36.1**	51.8
Net interest	**(0.2)**	(0.2)
Taxation	**(6.8)**	(7.0)
Cash flow from operations	**29.1**	44.6
Maintenance capex	**(1.8)**	(4.5)
Capex proceeds	**0.9**	0.6
Free cash flow	**28.2**	40.7
Expansionary capex	**(12.9)**	(7.0)
Dividends	**(14.3)**	(13.1)
Acquisition of subsidiary (net of cash acquired)	**(15.7)**	–
Acquisition of intangible assets	**(4.8)**	(7.1)
Net purchases of shares by employee benefit trusts	**(2.0)**	(1.0)
Loans (Repaid)/received (incl arrangement fees)	**2.4**	(0.1)
Cash flow from financing	**(47.3)**	(28.3)
Net (Decrease)/increase in cash	**(19.1)**	12.4
Opening cash and cash equivalents	**25.3**	12.9
Closing cash and cash equivalents	**6.2**	25.3
Borrowings	**(17.5)**	(15.0)
Closing net (debt)/cash	**(11.3)**	10.3

Given the current low debt, the benign outlook for short term interest rates and the expectation of continued strong free cash generation, no interest rate hedging activity has taken place during the period.

EXCEPTIONAL ITEMS

The Group had no exceptional items in the year. Prior year reorganisations (including the closure of our Tredegar operation) were completed successfully in the year with cost in line with provisions created in prior periods. One-off transaction fees totalling £0.8m, relating to the successful Funkin acquisition and other smaller projects, have been included within operational overheads and have not been treated as exceptional items. The exceptional cash items for the year ended 30 January 2016 reflect redundancy costs included in the exceptional items charged in the year ended 25 January 2015.

PENSIONS

The Group continues 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 senior managers.

The defined benefit scheme is closed to new entrants. As at the end of January 2016 the IAS19 valuation of the scheme was a deficit of £12.9m, a £5.4m improvement from the prior year. The reduction in the deficit was driven by changing financial assumptions.

The pension scheme commitments and risk position are under continual review as part of the Group's ongoing strategic risk management. While the Group believes that the overall pension deficit is supportable, we are currently in consultation with the pension Trustee and membership on a proposal to close this scheme to future accrual during 2016.

SHARE PRICE AND MARKET CAPITALISATION

At 30 January 2016 the closing share price for A.G. BARR p.l.c. was £5.28, a reduction of 15.5% on the closing January 2015 position. The Group is a member of the FTSE 250, with a market capitalisation of £617m at the year end.

STUART LORIMER
FINANCE DIRECTOR

* Adjusting for discontinued business, income received in the prior year associated with the termination of the Orangina franchise and one-off transaction fees incurred in the year ended January 2016.

IDENTIFYING, EVALUATING AND MANAGING RISK

RISK MANAGEMENT APPROACH

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness, supported by the Audit Committee and the Risk Committee. A risk management framework is in place which sets out the ongoing processes for the identification, assessment and management of risks, and for their ongoing monitoring and review. The Board has defined its risk appetite in a number of key areas for the business – this sets out the relative level of risk that the Group is prepared to seek or accept in the pursuit of its strategic objectives. The aim is to ensure that the risks taken by the Group fall within its defined risk appetite.

Effective risk management is essential to enable us to achieve our operational and strategic objectives and deliver long-term value creation. During the reporting period we have continued to focus on embedding a culture of risk management throughout the organisation which will contribute towards successful strategy execution.

ROBUST RISK ASSESSMENT

The risk management framework sets out a systematic approach to risk management which is designed to identify risks to the business, regardless of source. Once identified, risks are assessed according to the likelihood and impact of the risk occurring and an appropriate risk response is determined in line with the Group's risk appetite. Risks are re-assessed based on the strength of the mitigating controls implemented. The implementation of risk mitigation plans is subject to ongoing monitoring and review. A risk scoring matrix is used to ensure that a consistent approach is taken across the business at both a corporate and functional level. This risk assessment and review process is documented in the appropriate risk register. The Group's risk register is reviewed quarterly by the Risk Committee and by the Board and the Audit Committee twice each year.

RISK CONTROL ASSURANCE

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

During the year the Audit Committee has reviewed reports covering the internal audit work. This has included assessment of the general control environment, identification of any control weaknesses and quantification of any associated risk, together with a review of the status of mitigating actions. The Audit Committee has also received reports from management in relation to specific risk items together with reports from external auditors, who consider controls to the extent necessary to form an opinion as to the truth and fairness of the financial statements.

The Group's internal control and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss.

The report of the Audit Committee can be found on page 58.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has carried out a robust, systematic assessment of the principal risks facing the Group during the period, including those which would threaten its business model, future performance, solvency or liquidity. The principal risks as determined by the Board are listed in the table below, together with corresponding mitigating actions. This is not intended to be an exhaustive list of all risks and uncertainties that may arise.

PRINCIPAL RISKS AND UNCERTAINTIES
RISKS RELATING TO THE GROUP

Risk	Impact	Mitigating Actions
Changes in consumer preferences, perception or purchasing behaviour	Consumers may decide to purchase and consume alternative brands or spend less on soft drinks.	The Group offers a broad range of branded products across a range of flavours, subcategories and markets which offer choice to the end consumer. Changing consumer attitudes and behaviours are monitored on an ongoing basis and inform our brand plans and new product development.
Changing consumer attitudes towards sugar/government intervention on sugar	Consumers may decide to purchase and consume alternative brands or spend less on soft drinks.	Externally, we are responding as a soft drinks industry to the increased focus of the media and government on sugar through the British Soft Drinks Association. The Group offers a broad range of branded products, many of which are low sugar or sugar free. We continue to progress reformulation projects to reduce sugar levels in our products. Our new product development activity is focused on development of lower calorie products and our marketing programmes incorporate our lower calorie choices.
Adverse publicity in relation to the soft drinks industry, the Group or its brands	Adverse publicity in relation to the soft drinks industry, the Group or its brands could have an adverse impact on the Group's reputation, consumer consumption patterns, sales and operating profits.	Our risk management process is designed to identify and monitor events that may impact the Group as a result of adverse publicity and to ensure that controls are in place to manage these risks. We liaise with relevant industry bodies who work with government and policy makers. Nutritional information is shown on all of our products and we have signed up to the UK Government's front-of-pack nutritional labelling scheme. Processes are in place to ensure compliance with health and safety legislation and ethical working standards and these are regularly reviewed by the Board and management committee. Quality standards are well defined, implemented and monitored. A Corporate Social Responsibility Committee is in place, with a clearly defined and communicated Corporate Social Responsibility Policy. The Group maintains and develops ISO 9001 and 14001 systems and BRC standards which are subject to annual external audits, with any non-conformances addressed in a timely manner.
Failure to maintain customer relationships or take account of changing market dynamics	Failure to maintain appropriate customer relationships or a reduction in the customer base could have an adverse impact on the Group's sales and operating profits.	The Group offers a broad range of brands that it manufactures and distributes through a variety of trade channels and customers. Performance is monitored closely by the Board and management committee by trade channel and customer as appropriate. This includes monitoring of metrics which review brand equity strength, financial and operational performance. The Group focuses on delivering high quality products and invests heavily in building brand equity. We work closely in partnership with our customers on an ongoing basis. Members of the senior management team meet with key customers throughout the year.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISKS RELATING TO THE GROUP CONTINUED

Risk	Impact	Mitigating Actions
Inability to protect the Group's intellectual property rights	Failure to protect the Group's intellectual property rights could result in a loss of brand value.	The Group invests considerable effort in proactively protecting its intellectual property rights, for example through trademark and design registrations and vigorous legal enforcement as and when required.
Failure of the Group's operational infrastructure	A catastrophic failure of the Group's major production or distribution facilities could lead to a sustained loss in capacity or capability.	Assets within the Group are proactively managed and maintained. Risk assessments are carried out on a regular basis and appropriate actions taken. Robust business continuity plans are in place and are regularly tested.
Loss of continuity of supply of major raw materials	The loss of continuity of supply of major raw material ingredients and/or packaging materials could impact our ability to manufacture, with an adverse impact on the Group's sales and operating profits.	There is a robust supplier selection process in place. Supplier performance is monitored on an ongoing basis and audits are undertaken for major suppliers. Multiple sources of supply are sourced wherever possible. Commodity risks are reviewed and managed by the procurement team and reviewed by the Treasury and Commodity Committee. Contingency measures are in place and are tested regularly.
Loss of product integrity	A loss of product integrity in the manufacturing supply chain could lead to a product withdrawal or recall.	Appropriate risk assessments are carried out on a regular basis and robust quality controls and processes are in place to maintain the high quality of our products. Product recall procedures are tested regularly.
Failure of critical IT systems	A failure of critical IT systems could result in a loss of key systems, business interruption, lost sales or lost production.	IT assets within the Group are proactively managed and procedures exist that support rapid and clean recovery. Robust business continuity plans and contingency measures are in place and are regularly tested.
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.	Our underlying objective is to secure budgeted exchange rates and thereby reduce the volatility through our cost of goods. Financial risks are reviewed and managed by the Treasury and Commodity Committee, which seeks to minimise adverse effects on the Group's financial performance through hedging known currency exposures 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.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the directors have assessed the viability of the Company over a three year period to January 2019, taking account of the Group's current position and the Group's principal risks, as detailed in the Strategic Report. Based on this assessment, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to January 2019.

In making this statement, the directors have considered the resilience of the Group in severe but plausible scenarios, taking account of its current position and prospects, the principal risks facing the business and how these are managed. This assessment has considered the potential impact of these risks on the Company's business model, future performance, solvency and liquidity over the three year period. The following three principal risks were selected for enhanced stress testing: changing consumer preferences, loss of product integrity and major raw material supply disruption. These are the principal risks assessed to have the highest probability of occurrence or the most severe impact; they were stress tested both individually and in combination, taking account of the Group's current position, the Group's experience of managing adverse conditions in the past and the mitigating actions available to the business. A reverse stress test was also performed, allowing the Board to assess scenarios and circumstances that would render its business model unviable and enabling the identification of potential business vulnerabilities and the development of appropriate mitigating actions.

The Board selected the period of three years as an appropriate period for the Company's viability statement for the following reasons:

- The Company operates on a three year business cycle; and
- Management currently use three year forecasts as part of the business planning process and capital investment cycle.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

JOHN R. NICOLSON
B.A. (HONS)
CHAIRMAN

John's career was spent with ICI, Unilever, Fosters Brewing Group, Scottish & Newcastle PLC, and latterly as President Americas for Heineken NV. He held various positions in Marketing and Sales before moving into Corporate Development and then General Management.

Term of Office
Joined the Company in 2013 as a Non-Executive Director. Appointed Chairman January 2015.

External Appointments
Non-Executive Director of Stocks Spirits Group PLC, Deputy Chairman of CCU SA (Chile) and Non-Executive Director of North American Breweries Inc.

Committee Membership
Nomination Committee (Chair)
Remuneration Committee.

ROGER A. WHITE
M.A. (HONS)
CHIEF EXECUTIVE

Roger is a member of the Board of Management and Executive Council and is a past President of the British Soft Drinks Association. Previously held numerous senior positions in food group Rank Hovis McDougall. Scottish PLC Chief Executive of the year in 2010. Honorary Doctorate University of Edinburgh 2014.

Term of Office
Joined the Company in 2002 as Managing Director. Appointed Chief Executive in 2004.

External Appointments
Non-Executive Director of Troy Income & Growth Trust.

STUART LORIMER
BAcc. (HONS), C.A. M.C.T.
FINANCE DIRECTOR

Stuart was with Diageo for 22 years in a range of roles and countries, ultimately as the FD for Diageo's Global Supply Operation.

Term of Office
Joined the Company as Finance Director in January 2015.

External Appointments
None.

JONATHAN D. KEMP
B.A. (HONS)
COMMERCIAL DIRECTOR

Jonathan has had a successful career in various commercial roles within Procter and Gamble.

Term of Office
Joined the Company in 2003 as Commercial Director.

External Appointments
None.

ANDREW L. MEMMOTT
BSc, MSc.
SUPPLY CHAIN DIRECTOR

Andrew joined the Company following three years with Cooperative Wholesale Society.

Term of Office
Joined the Company's Project Engineering Team in June 1990. Appointed Operations Director in 2008.

External Appointments
None.

MARTIN A. GRIFFITHS
L.L.B. (HONS), C.A.
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

A Chartered Accountant, Martin is a former Chairman of the Scottish Finance Directors Group and a former Director of Troy Income & Growth Trust plc, Trainline Holdings Limited, RoadKing Infrastructure (HK) Limited and Citybus (HK) Limited. He is also a former Senior Independent Non-Executive Director of Robert Walters plc and was young Scottish Finance Director of the year in 2004.

Term of Office
Joined the Company in 2010 as a Non-Executive Director.

External Appointments
CEO of Stagecoach Group, Co-Chairman of Virgin Rail Group Holdings Limited, Virgin Trains East Coast and Chairman of Rail Delivery Group Limited.

Committee Membership
Audit Committee (Chair)
Nomination Committee
Remuneration Committee.

W. ROBIN G. BARR
C.A.
NON-EXECUTIVE DIRECTOR

Robin is a past President of the British Soft Drinks Association.

Term of Office
Joined the Company in 1960. Appointed Director in 1964 and Chairman in 1978. Retired as Chairman and appointed Non-Executive Director in 2009.

External Appointments
None.

Committee Membership
Audit Committee
Nomination Committee
Remuneration Committee.

PAMELA POWELL
B.A., M.B.A.
NON-EXECUTIVE DIRECTOR

Pam was formerly Group Director of Strategy and Innovation at SABMiller plc, SVP Global Personal Care at Coty Beauty Inc, and VP Skincare and Global Brand Director Dove at Unilever plc.

Term of Office
Joined the Company in 2013 as a Non-Executive Director.

External Appointments
Non-Executive Director of Premier Foods plc.

Committee Membership
Audit Committee
Nomination Committee
Remuneration Committee.

DAVID J. RITCHIE
B.A. (HONS), A.C.A.
NON-EXECUTIVE DIRECTOR

David is a qualified Chartered Accountant and is Chief Executive of Bovis Homes Group PLC (Bovis). He joined Bovis in 1998 from KPMG as Group Financial Controller becoming Group Finance Director in 2002 and Chief Executive in 2008.

Term of Office
Joined the Company in April 2015 as Non-Executive Director.

External Appointments
CEO of Bovis Homes Group PLC.

Committee Membership
Audit Committee
Nomination Committee
Remuneration Committee (Chair).

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements of the Group for the 53 weeks (2015: 52 weeks) ended 30 January 2016.

STRATEGIC REPORT

The Companies Act 2006 requires the directors to present a review of the business during the year to 30 January 2016 and of the position of the Group at the end of the financial year, together with a description of the principal risks and uncertainties faced. The Strategic Report can be found on pages 02 to 45 and is incorporated by reference into this Directors' Report.

CORPORATE GOVERNANCE STATEMENT

The Disclosure and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Corporate Governance Report on pages 53 to 57 and is incorporated by reference into this Directors' Report.

RESULTS AND DIVIDENDS

The Group's profit after tax for the financial year ended 30 January 2016 attributable to equity shareholders amounted to £34.3m (2015: £30.0m).

An interim dividend for the current year of 3.36p (2015: 3.11p) per ordinary share was paid on 16 October 2015.

The final proposed dividend of 9.97p (2015 final dividend: 9.01p) per ordinary share will be paid on 10 June 2016 if approved at the Company's annual general meeting on 1 June 2016 ('AGM').

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented an income statement for the Company. The Company's profit for the year was £22.8m (2015: £20.6m).

DIRECTORS

The following were directors of the Company during the financial year ended 30 January 2016:

- J.R. Nicolson
- R.A. White
- S. Lorimer
- J.D. Kemp
- A.L. Memmott
- W.R.G. Barr
- M.A. Griffiths
- P. Powell
- D.J. Ritchie (appointed 1 April 2015)

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 the UK Corporate Governance Code, all directors will submit themselves for re-election at the AGM. Biographical details of the Board are set out on pages 46 and 47 of this report.

DIRECTORS' INTERESTS

Information regarding the directors' interests in ordinary shares of the Company is provided in the Directors' Remuneration Report on page 61. 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.

There have been the following changes notified in the directors' shareholdings between 30 January 2016 and 29 March 2016: S. Lorimer an increase in beneficial holding of 75 shares and a decrease in non-beneficial holding of 13,880 shares, R.A. White an increase in beneficial holding of 74 shares, A.L. Memmott an increase in beneficial holding of 74 shares, J.D. Kemp an increase in beneficial holding of 74 shares and W.R.G. Barr an increase in beneficial holding of 75 shares.

DIRECTORS' 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.

As at the date of this report, indemnities are in force between the Company and each of the directors of the corporate trustee of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme under which the Company has agreed to indemnify each director, to the extent permitted by law, in respect of certain liabilities incurred in connection with the corporate trustee's activities as a trustee of such scheme.

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 £1.1m (2015: £1.1m).

POLITICAL DONATIONS AND POLITICAL EXPENDITURE

No Group company made any political donations or incurred any political expenditure in the year (2015: £nil).

POST BALANCE SHEET EVENTS

Relevant post balance sheet events requiring disclosure are included in Note 33 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. Regular communication meetings are held to keep employees up to date with Group performance. Consultation meetings also take place when the Company is making decisions that are likely to affect employees' interests, at which employee representatives' views are taken into account. In addition to this, the Group's intranet site provides up-to-date information regarding the Group's activities.

All qualifying employees are entitled to join the Savings Related Share Option Scheme ('SAYE') and the All-Employee Share Ownership Plan ('AESOP'). Details of these share schemes are provided below.

AESOP

The AESOP is HMRC approved and the executive directors participate in both sections of the scheme, which is open to all qualifying employees.

The partnership share element provides that for every three shares a participant purchases in the Company, up to a current maximum contribution of £150 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 currently £3,600 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.

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.

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.

SUBSTANTIAL SHAREHOLDINGS

As at 30 January 2016, the Company had been notified under Rule 5 of the Financial Conduct 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
Lindsell Train Limited (discretionary clients)	14,321,850	12.27	Indirect
Caledonia Investments plc	9,457,500	8.10	Indirect
Neptune Investment Management	5,646,710	4.84	Direct

As at 29 March 2016, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interest in the Company's ordinary share capital:

	Number of shares	% of voting rights	Type of holding
Neptune Investment Management	5,826,806	5.01	Direct

Otherwise, the position remains the same as at 29 March 2016 as it did at 30 January 2016.

RELATIONS WITH SHAREHOLDERS

The Company has regular discussions with and briefings for analysts, investors and institutional shareholders. The 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 30 January 2016 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 28 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); and
- pursuant to the Listing Rules of the Financial Conduct Authority, whereby certain directors and employees of the Company require the approval of the Company to deal in the Company's ordinary shares and are prohibited from dealing during close periods.

At 30 January 2016 the Company had authority, pursuant to the shareholders' resolution of 27 May 2015, to purchase up to 10% of its issued ordinary share capital. This authority will expire at the conclusion of the 2016 AGM. It is proposed that this authority be renewed at the 2016 AGM, as detailed in the Notice of AGM.

At 30 January 2016 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 1.01% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. As at 30 January 2016, Equiniti Share Plan Trustees Limited (the 'AESOP Trustee') held 1.36% of the issued share capital of the Company in trust for participants in the AESOP.

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 AESOP 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 AESOP, eligible employees are entitled to acquire shares in the Company. Details of the AESOP are set out above. AESOP 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 AESOP as surplus assets.

The Executive Share Option Scheme ('ESOS') was approved by shareholders at the 2010 AGM. Approved Long Term Incentive Plan ('ALTIP') awards comprising both a tax-approved option granted under the ESOS and a Long Term Incentive Plan award have been granted to executive directors. ALTIP awards enable the participant and the Company to benefit from HMRC tax-approved option tax treatment in respect of part of the award, without increasing the pre-tax value delivered to participants. Other than to enable the grant of ALTIP awards, the Company has not granted awards to executive directors under the ESOS. Details of the ALTIP awards granted to executive directors are set out on page 72.

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 R.A. White, J.D. Kemp and A.L. Memmott 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. 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 2016 AGM.

GREENHOUSE GAS EMISSIONS

Disclosures regarding greenhouse gas emissions required by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 are included in the Strategic Report on page 31. This information is incorporated by reference into this Directors' Report.

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 26.

CONTRACTS OF SIGNIFICANCE

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

DISCLOSURE OF INFORMATION UNDER LISTING RULE 9.4.3R

The information required under Listing Rule 9.4.3R is provided in the Directors' Remuneration Report on page 66.

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 Strategic Report on pages 02 to 45. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 37 to 41.

After making the appropriate enquiries, the directors have concluded that the Group will be able to meet its financial obligations 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 (being at least one year following the date of approval of this annual report) and, accordingly, consider it appropriate to adopt the going concern basis in preparing the financial statements.

The Company's viability statement is set out on page 45 of the Strategic Report.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 auditor is aware of any relevant audit information.

AUDITOR

The Audit Committee has responsibility delegated from the Board for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor.

The auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution to appoint KPMG LLP as auditor of the Company and its subsidiaries, and to authorise the Audit Committee to fix their remuneration, will be proposed at the 2016 AGM.

ANNUAL GENERAL MEETING

The Company's AGM will be held at 11.00am on 1 June 2016 at the offices of KPMG, 191 West George Street, Glasgow, G2 2LJ. The Notice of the AGM is set out on pages 135 and 136 of this report. A description and explanation of the resolutions to be considered at the 2016 AGM is set out on pages 137 to 141 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
29 March 2016

CHAIRMAN'S INTRODUCTION

Dear Shareholder
I am pleased to present our Corporate Governance Report, which describes how the main principles of the 2014 UK Corporate Governance Code have been applied during the year. Information about the Board, its members and committees, and an overview of the Company's system of internal controls are included.

With the exception of the appointment of David Ritchie, our new non-executive director, there were no changes to the Board during the year. David is the CEO of Bovis Homes Group PLC and, as an experienced and successful CEO, brings a new and valuable perspective to our already strong Board. We will continue to strengthen our Board over the course of the next 12 months and expect to bring further capability, competence and experience to our boardroom.

Further details of the Board's composition are given on pages 46 and 47.

John R. Nicolson

JOHN R. NICOLSON
CHAIRMAN
29 March 2016

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 nine members, comprising four executive directors, the non-executive Chairman, three independent non-executive directors and one non-independent non-executive director. Biographical details of the directors are set out on pages 46 and 47.

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, M.A. Griffiths, 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, P. Powell and D.J. Ritchie are independent for the purposes of provision B.1.1 of the UK Corporate Governance Code, issued by the Financial Reporting Council in September 2014 (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. M.A. Griffiths fulfilled the role of senior independent director during the year to 30 January 2016. In addition to his role as Chairman of the Company, J.R. Nicolson is a director of Stocks Spirits Group plc, deputy chairman of Compania Cervecerias Unidas S.A. (Chile) and director of North American Breweries Inc. The Board does not consider that J.R. Nicolson'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 61 to 84.

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, 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 as at the date of this report includes the executive directors and nine senior managers.

BOARD PERFORMANCE EVALUATION

Every year the performance and effectiveness of the Board, its committees and individual directors is evaluated. This year the evaluation process was carried out internally, having been externally facilitated during the year to January 2014. The process was 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 results of the evaluation were shared with all members of the Board. Overall, it was noted that the Board and its committees were operating in an effective manner and performing satisfactorily, with no major issues identified.

The Chairman is pleased to confirm that, following 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. 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 seven 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 30 January 2016 was as follows:

	Board Maximum 8	Audit Committee Maximum 4	Remuneration Committee Maximum 6	Nomination Committee Maximum 3
Executive				
R.A. White*	8	–	4	3
S. Lorimer**	8	4	–	–
J.D. Kemp	8	–	–	–
A.L. Memmott	8	–	–	–
Non-executive				
J.R. Nicolson	8	–	6	3
W.R.G. Barr	8	4	6	3
M.A. Griffiths	8	4	6	3
D.J. Ritchie***	7	3	5	2
P. Powell	8	4	6	3

* R.A. White attended Board committee meetings during the year by invitation.

** S. Lorimer attended Audit Committee meetings during the year by invitation.

*** D.J. Ritchie was appointed to the Board and each of the Board committees on 1 April 2015 and could have attended a maximum of seven Board meetings, three Audit Committee meetings, five Remuneration Committee meetings and two Nomination Committee meetings.

During the year, the Board also convened one additional Board meeting in relation to a corporate transaction. All of the directors who were entitled to attend that Board meeting attended the meeting, with the exception of J.R. Nicolson.

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 Nomination Committee in discharging its responsibilities is summarised below. The work carried out by the Audit Committee is described within the Audit Committee's Report on pages 58 to 60. The work carried out by the Remuneration Committee is described within the Directors' Remuneration Report on pages 61 to 84.

NOMINATION COMMITTEE

The Nomination Committee comprises J.R. Nicolson, W.R.G. Barr, M.A. Griffiths, P. Powell and D.J. Ritchie (appointed 1 April 2015). The Nomination Committee is chaired by J.R. Nicolson. The Nomination Committee leads the process for making appointments to the Board and ensures that there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The remit of the Nomination Committee also includes reviewing the composition of the Board through a full evaluation of the skills, knowledge and experience of directors and ensuring plans are in place for orderly succession for appointments to the Board. The Nomination Committee also makes recommendations to the Board on the membership of its committees.

The Nomination Committee is required, in accordance with its terms of reference, to meet at least once per year. The Nomination Committee met three times during the year and, amongst other matters, considered and recommended the appointment of D.J. Ritchie to the Board and its committees. In identifying a potential new non-executive director, the Nomination Committee retained the services of The Zygos Partnership, an external search consultant. The Zygos Partnership has no other connection with the Company other than the provision of these services.

The Board recognises the importance of diversity to the success of the business and is firmly committed to giving due consideration to all aspects of diversity, including gender diversity. Appointments to the Board are made on merit, against objective criteria, and with due regard for the benefits of diversity on the Board. Whilst no formal measurable objectives have been set for female representation at Board level, the Board remains committed to the principles of gender diversity.

The disclosure relating to gender diversity within the Company is included in the Strategic Report on page 28.

TREASURY COMMITTEE

The Treasury Committee consists of R.A. White, S. Lorimer and senior members of the finance, legal and procurement 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 certain financial instruments in order to hedge the Group's exposure to interest rate fluctuations.

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 Group's risk management and internal control systems, including financial, operational and compliance controls, in accordance with the Code for the period from 26 January 2015 to the date of approval of this annual report.

No significant failings or weaknesses were identified from this review during the year. 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 14 January 2016, following a review and evaluation of the Group's risk management and internal control systems in place, the Audit Committee concluded that the Group has a sound system of risk management and 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 risks, as well as a reporting process to the Board. This risk management process has been in place throughout the year ended 30 January 2016 and up to the date of the approval of this annual report. The Board has carried out a robust, systematic assessment of the principal risks facing the Group during the period, including those which would threaten its business model, future performance, solvency or liquidity. Information on the Group's risk management framework is set out in the Strategic Report on pages 42 to 45.

The three main elements of the Group's internal control system 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 statement, 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.

UK 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 30 January 2016 with the provisions of the Code, except as set out below.

Prior to 1 April 2015, 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. D.J. Ritchie, an independent non-executive director, was appointed to the Board on 1 April 2015. Therefore, following D.J. Ritchie's appointment, the Board composition was the same with the exception that there were three independent non-executive directors. Accordingly, during the year to 30 January 2016 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 did not comply with provision C.3.1 of the Code at all times during the year to 30 January 2016 due to the fact that this Committee did not, during the limited period 26 January 2015 to 31 March 2015, comprise at least three independent non-executive directors. During this period, the Audit Committee comprised two independent non-executive directors and one non-independent non-executive director. Following the appointment of D.J. Ritchie to the Audit Committee on 1 April 2015, the composition of the Audit Committee complied with the Code in full.

The composition of the Company's Remuneration Committee did not comply with provision D.2.1 of the Code at all times during the year to 30 January 2016 due to the fact that this Committee did not, during the limited period 26 January 2015 to 31 March 2015, comprise at least three independent non-executive directors. During this period, the Remuneration Committee comprised two independent non-executive directors, one non-independent non-executive director and the Chairman of the Company. In addition, at the request of the Board, J.R. Nicolson continued to chair the Remuneration Committee following his appointment as Chairman of the Company on 1 January 2015 until the recruitment of a new independent non-executive director with the capability to replace him in that capacity could be completed. In this regard, D.J. Ritchie was appointed to the Remuneration Committee on 1 April 2015 and replaced J.R. Nicolson as Chairman of the Remuneration Committee with effect from 1 July 2015. Following these appointments, the composition of the Remuneration Committee complied with the Code in full.

The composition of the Company's Nomination Committee did not comply with provision B.2.1 of the Code at all times during the year to 30 January 2016 due to the fact that this Committee did not, during the limited period 26 January 2015 to 31 March 2015, comprise a majority of independent non-executive directors. During this period, the Nomination Committee comprised two independent non-executive directors, one non-independent non-executive director and the Chairman of the Nomination Committee. Following the appointment of D.J. Ritchie to the Nomination Committee on 1 April 2015, the composition of this Committee complied with the Code in full.

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, the service contracts with R.A. White, J.D. Kemp and A.L. Memmott provide for a notice period of 12 months 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 directors are entitled to a liquidated damages payment equal to the director's basic salary at termination plus the value of all contractual benefits for a two year period. Given the size of the Company and the sector dynamics at the time these directors were recruited, the Remuneration Committee considered this provision appropriate in order to attract and retain high calibre executive directors. As disclosed in the Directors' Remuneration Report, this provision will continue to be honoured as a contractual commitment made to these directors; however this provision was not included in S. Lorimer's service contract and will not be included in service contracts with other new executive directors appointed in future.

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 UK 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
29 March 2016

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee comprises four non-executive directors: M.A. Griffiths, W.R.G. Barr, P. Powell and D.J. Ritchie. D.J. Ritchie was appointed to the Audit Committee during the year. The Audit Committee is chaired by M.A. Griffiths. The Board is satisfied that M.A. Griffiths has recent and relevant financial experience as required by provision C.3.1 of the Code. Biographical details relating to each of the committee members are shown on page 47.

MEETINGS

The Audit Committee met four times during the year. The meetings are attended by the committee members and, by invitation, the Finance Director, the Central Financial Controller, the Company Secretary and representatives from the external and internal auditors. The Audit Committee regularly meets with executive directors and management, as well as privately with the external and internal auditors.

ROLE AND RESPONSIBILITIES

The primary role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. This includes:

- monitoring the integrity of the annual and interim financial statements and formal announcements relating to the Group's financial performance and reviewing any significant financial reporting judgements and disclosures which they contain;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices;
- reviewing and monitoring the effectiveness of the Group's internal control and risk management systems;
- reviewing and monitoring the effectiveness of the internal audit function and management's responsiveness to any findings and recommendations;
- reviewing and monitoring the appropriateness of the Group's whistle-blowing and anti-bribery procedures;
- making recommendations to the Board in relation to the appointment and removal of the external auditor and approving its remuneration and terms of engagement;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process;
- reviewing the policy on the engagement of the external auditor to supply non-audit services; and
- reporting to the Board on how it has discharged its responsibilities.

ACTIVITIES OF THE AUDIT COMMITTEE

During the year the Audit Committee has:

- reviewed and discussed with the external auditor the key accounting considerations and judgements reflected in the Group's results for the six month period ended 25 July 2015;
- reviewed and agreed the external auditor's audit strategy memorandum in advance of its audit for the year ended 30 January 2016;
- discussed the report received from the external auditor regarding its audit in respect of the year ended 30 January 2016, which report included comments on its findings on internal control and on the disclosure of risks and a statement on its independence and objectivity;
- received and reviewed reports from management regarding their approach to key accounting considerations and judgements in the half year and full year financial statements;
- reviewed the half year and full year financial statements;
- received reports on the operation of the Group's Risk Committee;
- reviewed the Group's risk register and the Group's principal risks, together with the systems and processes for mitigating those risks;
- discussed and agreed the nature and scope of the work to be performed by the external 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 risk management and internal control systems (including financial, operational, compliance and risk management controls);
- reviewed the appropriateness of the Group's whistle-blowing procedures;
- reviewed the effectiveness of the Group's anti-bribery systems and controls;
- received reports from internal audit covering various aspects of the Group's operations, controls and processes;
- reviewed the Group's delegated authority limits;
- made a recommendation to the Board on the reappointment of the internal auditor;
- made recommendations to the Board on the reappointment and remuneration of the external auditor and monitored the performance of the auditor;
- monitored and reviewed the performance of the internal auditor and the effectiveness of the Group's internal audit activities;
- reviewed its policies on the supply of non-audit services by the external auditor and on the employment of former employees of the Group's external auditor;
- reviewed the non-audit services provided to the Group by the external auditor 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.

SIGNIFICANT AREAS

The significant matters and key accounting judgements considered by the Audit Committee during the year were:

- The carrying value of brand support accruals: judgement is required when ascertaining the level of accrual required in relation to promotions and brand support campaigns that span the year end, or where settlement has not been fully and finally settled by the year end, or which relate to prior years. During the year the Audit Committee received presentations from members of the senior management team on the commercial investment process. It also received and considered reports from management on the level of accruals at the half year and at the year end. The Audit Committee was content that there were no issues arising.
- The valuation of inventory: the valuation of inventory is judgemental due to the volatile nature of raw material commodity prices and, as the Group uses standard costing, changes in production levels can lead to purchase price variances which require to be accounted for correctly. During the year the Audit Committee considered and was satisfied with reports from the internal auditor and management regarding the controls operating in relation to inventory management at the Milton Keynes site. The Audit Committee discussed and challenged management's judgements in relation to inventory valuation and considered reports from the external auditor on this area and were satisfied that inventory valuations were reasonable.

OTHER AREAS

Other matters considered by the Audit Committee during the year were:

- UK Corporate Governance Code: the Audit Committee considered the new requirements under the 2014 Code, including the requirement to draft a viability statement which assesses the prospects of the Group over an appropriate period.
- Accounting for the Funkin acquisition: during the year the Audit Committee considered and was satisfied with the Company's approach to accounting for the Funkin acquisition.
- Business Process Redesign ("BPR") implementation: the Audit Committee considered and was satisfied with reports from the internal and external auditors and management related to the BPR implementation.
- Restatement of segment reporting: the Audit Committee considered i) a misstatement in segment reporting in the annual report for the year to 25 January 2015; and ii) the alignment of internal management reporting and statutory reporting following the implementation of a new enterprise resource planning system during the six months to 25 July 2015 and was satisfied with the restated figures and explanatory notes contained in the interim report for the six months to 25 July 2015 in relation thereto.

The Audit Committee receives regular presentations from members of the senior management team. During the year, the Audit Committee has considered presentations from representatives of the management team on the supply of raw materials, commercial investment, product quality and the treasury function.

EXTERNAL AUDIT

The Group's external auditor is KPMG LLP. The Audit Committee reviews the external auditor's performance, independence and objectivity annually. The Audit Committee ensures that procedures are in place to safeguard the external auditor's independence and objectivity. The external auditor reports regularly to the Audit Committee on the actions that it has taken to comply with professional and regulatory requirements and current best practice in order to maintain its independence and objectivity.

The Group has a policy in place which ensures that the provision of non-audit services by the external auditor does not impair the auditor's 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 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. Details of the amounts paid to the external auditor during the year for audit and non-audit services are set out in Note 3 to the financial statements. Whilst fees for non-audit services were approximately 1.4 times those for audit services, the Audit Committee considered the nature and level of non-audit services provided and was satisfied that the objectivity and independence of the external auditor were not affected by the non-audit work undertaken. A significant proportion of the non-audit fees during the year were for services provided in relation to corporate finance transactions, and the remainder related to the provision of pension advisory, tax advisory and tax compliance services. The level of fees for non-audit services was considered by KPMG's ethics partner who concluded that they did not present a threat to KPMG's independence.

KPMG Audit Plc was appointed as the Group's external auditor in May 2009 following a competitive tender process. A resolution proposing the appointment of KPMG LLP, KPMG Audit Plc's parent entity, as the Group's external auditor was approved by shareholders at the 2014 AGM. There are no contractual obligations which restrict the Audit Committee's choice of external auditor. The senior statutory auditor rotates every five years to ensure independence; an audit partner rotation took place at the end of the 2013/14 financial year and the Audit Committee took steps to ensure that a new appropriately qualified and independent senior statutory auditor became responsible for the audit of the Group's financial statements with effect from 2014/15. The Audit Committee acknowledges the new requirement under the Code to tender the external audit contract at least every ten years. The Audit Committee carried out a review of the effectiveness of the external audit process during the year. This review included a detailed and comprehensive evaluation of the Group's external auditor by means of a written survey questionnaire completed by Audit Committee members and certain members of senior management, including the executive directors. The results of the evaluation were shared with the Group's external auditor. The Audit Committee reviewed comprehensive papers from both management and the Group's external auditor, which set out the planning and execution of the conduct of the audit. The Audit Committee held a meeting with the Group's external auditor in the absence of management to discuss further. Following this review, the Audit Committee continues to be satisfied with KPMG LLP's performance, that it remains objective and independent, and that the external audit process remains effective. The Audit Committee has recommended to the Board that a resolution proposing the appointment of KPMG LLP be put to shareholders at the 2016 AGM.

INTERNAL AUDIT

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

MARTIN A. GRIFFITHS
CHAIRMAN OF THE AUDIT COMMITTEE
29 March 2016

REMUNERATION COMMITTEE – CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 January 2016, which sets out the Directors' Remuneration Policy and the Annual Report on Remuneration. The Directors' Remuneration Policy was approved by a binding vote at the 2014 AGM and became effective for three years from the close of that meeting. For ease of reference, we are including the Policy in this year's Directors' Remuneration Report. The Annual Report on Remuneration provides details of the amounts earned in respect of the year ended 30 January 2016 and how the Policy will be operated for the year commencing 31 January 2016.

I am delighted to report on the strong level of support received from shareholders, as evidenced by the voting outcome at the 2015 AGM. The resolution seeking approval of the Annual Report on Remuneration was supported by over 99.9% of the votes cast.

During the year ended 25 January 2015, the Company appointed the Group's new Finance Director, Stuart Lorimer. As noted in last year's Directors' Remuneration Report, in order to fully integrate Stuart within the business and align his interests with those of his peers, the Remuneration Committee brought him into the existing LTIP awards, although scaled back to reflect his reduced period of employment over the performance periods. Details of the awards are set out on page 66.

John Nicolson was appointed Chairman of the Group on 1 January 2015. At the request of the Board, he agreed to continue to chair the Remuneration Committee until the recruitment of a new independent non-executive director with the capability to replace him in this capacity could be completed. In this regard, I joined the Board on 1 April 2015 and replaced John as chair of the Remuneration Committee with effect from 1 July 2015. I would like to thank John for chairing the Remuneration Committee until the end of June 2015.

2015/16 KEY DECISIONS AND PAY OUTCOMES

As described in the Strategic Report, against challenging soft drinks market conditions, the Group delivered revenue for the year ended 30 January 2016 of £258.6m, a decrease of 0.9% on the prior year. The UK soft drinks market decreased by 1.8% in value over the same period of time. Pre-tax profit decreased by 1.4% on the prior year. The Remuneration Committee remains committed to a responsible approach to executive pay and believes that variable pay should only be earned for achievement against stretching targets. Despite a number of year on year improvements, the threshold profit target was not met, and therefore no annual bonus awards have been paid to R.A. White, S. Lorimer, J.D. Kemp and A.L. Memmott in respect of the year ended 30 January 2016. Average EPS growth for the three years ended 30 January 2016 exceeded the average EPS for the three years preceding that period (both being adjusted for Retail Price Index) by 15.0%. As a result, the Long Term Incentive Plan ('LTIP') awards granted in April 2013 vested at 37.89%. Further details in relation to the annual bonus and LTIP vesting are included on pages 63 to 65.

PROPOSED CHANGES IN EXECUTIVE DIRECTOR REMUNERATION FOR 2016/17

The Remuneration Committee has continued to monitor executive remuneration policy to take account of evolving market practice and its alignment with the strategic direction of the business (as set out in the Strategic Report on pages 2 to 45), whilst also seeking to ensure that there is continuity to the structure of executive pay.

In line with the range of salary increases across the Group, an increase of 2.0% will be made to the executive directors' base salaries with effect from 1 April 2016. An increase of 2.0% will also be made to the Chairman's fee and the other non-executive directors' basic fee with effect from 1 April 2016.

The Remuneration Committee reviewed the EPS targets under the LTIP during the year to ensure that they continue to provide an appropriate balance between motivating and rewarding executive directors to deliver stretching but sustainable performance in line with business strategy, without encouraging excessive risk taking. Following consultation with key shareholders, the Remuneration Committee concluded that it would set absolute EPS targets on a cumulative basis for LTIP awards granted in 2016 and thereafter. The Remuneration Committee considers that this approach will result in the setting of more meaningful EPS targets annually. The 2016 LTIP awards will continue to be based on EPS performance only, with the view of considering other performance metrics alongside EPS in the future. Further details in relation to the EPS targets are included on page 66.

In line with best practice, and reflecting the UK Corporate Governance Code, a clawback provision has been introduced to annual bonus awards earned for the year ending 28 January 2017 and future years and for LTIP awards granted during 2016 and future years. The clawback provisions will enable the Remuneration Committee to recover payments made for up to two years following the determination of the annual bonus pay-out or vesting outcome of LTIP awards, in the event of a material misstatement of the Group's financial results or if the participant has been guilty of misconduct. The clawback provisions are in addition to the malus provisions that currently apply to annual bonus and LTIP awards.

The terms of reference of the Remuneration Committee are available on the Company's website, www.agbarr.co.uk.

DAVID J. RITCHIE
CHAIRMAN OF THE REMUNERATION COMMITTEE
29 March 2016

ANNUAL REPORT ON REMUNERATION

The following parts of the Remuneration Report are subject to audit, other than the elements explaining the application of the remuneration policy for 2016/17.

SINGLE FIGURE TABLE – AUDITED INFORMATION

The aggregate remuneration provided to directors who have served as directors in the year ended 30 January 2016 is set out below, along with the aggregate remuneration provided to such directors for the year ended 25 January 2015.

YEAR ENDED 30 JANUARY 2016

Director	Salary/fees £000	Benefits £000	Bonus £000	Long term incentives £000	Pension £000	Total remuneration £000
Executive						
R.A. White	434	41	–	150	212	837
S. Lorimer	256	19	–	20	48	343
J.D. Kemp	227	36	–	79	44	386
A.L. Memmott	203	34	–	70	54	361
Non-executive						
J.R. Nicolson	133	–	–	–	–	133
W.R.G. Barr	45	–	–	–	–	45
M.A. Griffiths	55	–	–	–	–	55
P. Powell	45	–	–	–	–	45
D.J. Ritchie*	44	–	–	–	–	44
Total	**1,442**	**130**	**–**	**319**	**358**	**2,249**

YEAR ENDED 25 JANUARY 2015

Director	Salary/fees £000	Benefits £000	Bonus £000	Long term incentives† £000	Pension £000	Total remuneration £000
Executive						
R.A. White	421	30	320	196	108	1,075
S. Lorimer***	19	2	–	–	4	25
J.D. Kemp	221	23	168	105	42	559
A.L. Memmott	197	23	149	94	42	505
A.B.C. Short**	136	14	104	–	29	283
Non-executive						
R.G. Hanna****	118	–	–	–	–	118
W.R.G. Barr	44	–	–	–	–	44
M.A. Griffiths	51	–	–	–	–	51
J.R. Nicolson	59	–	–	–	–	59
P. Powell	44	–	–	–	–	44
Total	**1,310**	**92**	**741**	**395**	**225**	**2,763**

* D.J. Ritchie was appointed as a non-executive director on 1 April 2015.
** A.B.C. Short resigned as an executive director on 29 August 2014.
*** S. Lorimer was appointed as an executive director on 5 January 2015.
**** R.G. Hanna retired as a non-executive director on 31 December 2014.
† The long term incentives figure for the year ended 25 January 2015 has been restated to reflect the market value of the shares that vested on 7 April 2015 as at that date. The long term incentives figure for the year ended 25 January 2015 set out in the Annual Report 2015/16 used the share price as at 25 January 2015 as an estimate of the market value of those shares.

The total long term incentives figure of £395,000 for the year ended 25 January 2015 is the gain made by directors in the year ended 30 January 2016 on the LTIP awards that vested on 7 April 2015. A further gain of £35,000 was made by the directors in the year ended 30 January 2016 on the exercise of options under the SAYE to give a total gain by the directors of £430,000. No other long term incentive schemes were in place for either of the two years presented.

The figures in the single figure table above are derived from the following:

(a) Salary and fees	The amount of salary/fees received in the year. A salary sacrifice arrangement is operated by the Company. Employees who join this arrangement no longer pay contributions to the pension schemes but receive a lower taxable salary. Directors' salaries are shown gross of salary sacrifice pension contributions.
(b) Benefits	The value of benefits received in the year. These include car allowance, fuel benefit, the value of SAYE options vesting in the year, and AESOP free and matching shares awarded in the year. SAYE: option shares are valued at the market price of the option shares at the date of vesting less the option exercise price. AESOP: free and matching shares are valued at market value at the date of award. Details of the executive directors' interests in the SAYE are set out on page 72.
(c) Bonus	A description of the annual bonus in respect of the year and Group performance against which the bonus pay-out was determined is provided on pages 64 and 65.
(d) Long term incentives	The value of LTIP awards that vest in respect of the year. LTIP: the shares which will vest in respect of the year have been valued based on the average market value of the shares over the three month period ended 30 January 2016. The value of the shares which vested in respect of the prior year was the market value of the shares on the vesting date. Details of the executive directors' interests in the LTIP are set out on page 72.
(e) Pension	The pension figure includes: – for individuals in the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the 'Scheme') defined contribution section, the Company's contributions to the defined contribution section, excluding any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement; – for individuals in the Scheme's defined benefit section, the additional value achieved in the year calculated using the HMRC method (using a multiplier of 20); and – the value of the accrued liability for the year in respect of the Company's contribution for each director participating in the URBS. Further details of pension benefits are set out on pages 66 to 68.

INDIVIDUAL ELEMENTS OF REMUNERATION

BASE SALARY AND FEES

Details of annual base salaries for individual executive directors for the year ended 30 January 2016 and for the following year are set out in the table below:

Executive director	Base salary for year ended 30 January 2016 £000	Base salary for year ending 28 January 2017 £000	Increase %
R.A. White	434	443	2.1
S. Lorimer	256	262	2.2
J.D. Kemp	227	232	2.2
A.L. Memmott	203	207	2.2

Details of non-executive directors' fees for the year ended 30 January 2016 and for the following year are set out in the table below:

Non-executive director fee	Year ended 30 January 2016 £000	Year ending 28 January 2017 £000	Increase %
Chairman of the Company	134	137	2.2
Basic fee	45	46	2.2
Additional fee for chairing Audit Committee	8	8	0.0
Additional fee for chairing Remuneration Committee	8	8	0.0
Additional fee for Senior Independent Director	2	2	0.0

BENEFITS – AUDITED INFORMATION

The benefits figure for each of the executive directors is detailed as follows:

YEAR ENDED 30 JANUARY 2016

Executive Director	Car and fuel benefit £000	SAYE £000	AESOP awards £000	Total £000
R.A. White	26	11	4	41
S. Lorimer	19	–	–	19
J.D. Kemp	19	13	4	36
A.L. Memmott	19	11	4	34
Total	**83**	**35**	**12**	**130**

YEAR ENDED 25 JANUARY 2015

Executive Director	Car and fuel benefit £000	SAYE £000	AESOP awards £000	Total £000
R.A. White	26	–	4	30
S. Lorimer	2	–	–	2
J.D. Kemp	19	–	4	23
A.L. Memmott	19	–	4	23
A.B.C. Short	11	–	3	14
Total	77	–	15	92

The value of the AESOP awards are the sum of the AESOP free and matching shares awarded to the directors in the year.

ANNUAL BONUS

The maximum annual bonus award opportunity for each executive director in respect of the year ended 30 January 2016 was 100% of salary, with 80% of the bonus assessed against the year on year increase in profit before tax, excluding exceptional items, and 20% based on non-financial strategic measures. No annual bonus has been paid in respect of the year ended 30 January 2016.

The target for the proportion of the annual bonus based on the year on year increase in profit before tax and performance against that target is set out in the table below. 50% of this element of the bonus could be earned for on-target performance and this increases on a linear scale for performance against the set target up to a maximum of 80% of salary.

	Threshold target	Performance target	Maximum target	Actual performance	Maximum percentage of bonus	Actual percentage of bonus
Adjusted profit before tax growth	0%	7.36%	12.37%	(1.4)%	80%	0%

Strategic targets were set around the Company's key areas of strategic focus, including: core brands and markets, brand portfolio, route to market, partnerships, efficient operations, people development, and sustainability and responsibility. Whilst the Remuneration Committee was satisfied that strong progress had been achieved by the executive directors towards a number of these strategic targets, the executive directors in conjunction with the Remuneration Committee agreed that the element of the annual bonus (20% of basic salary) based on non-financial strategic measures in respect of the year would not be paid.

ANNUAL BONUS FOR 2016/17

For the 2016/17 financial year, an element of the annual bonus (20% of basic salary) will continue to be assessed against strategic measures to align the reward structure with key strategic priorities and to encourage behaviours which facilitate profitable growth and the future development of the business. The remainder of the annual bonus will continue to be assessed against growth in Group profit before tax. Performance targets will be set at challenging levels in line with those of previous years, with 50% of this element of the annual bonus being earned for on-target performance. The actual performance targets are not disclosed as they are considered to be commercially sensitive at this time and should therefore remain confidential to the Company. The Remuneration Committee will continue to disclose how the bonus pay-out earned relates to performance against the targets on a retrospective basis. No changes are proposed to the maximum annual bonus opportunity which will remain at 100% of salary.

LONG TERM INCENTIVES – AUDITED INFORMATION

AWARDS VESTING IN RESPECT OF THE FINANCIAL PERIOD

LTIP awards granted in April 2013 were subject to the achievement of an average EPS growth performance condition over a three year period ended 30 January 2016.

	% linked to award	Threshold vesting at 20% of the maximum award	Maximum vesting at 100% of the maximum award
Three year average EPS growth in excess of RPI	100%	10%	32.5%

There is straight-line vesting between the points and no reward below threshold performance.

The maximum value of any award of shares is 100% of basic salary.

Details of LTIP awards vesting in respect of the financial period are set out below:

YEAR ENDED 30 JANUARY 2016

Executive Director	Total shares Number	Award rate %	Shares awarded Number	Share price at 30 January 2016* £	LTIP value £000
R.A. White	75,645	37.89%	28,662	5.24	**150**
S. Lorimer	10,162	37.89%	3,850	5.24	**20**
J.D. Kemp	39,667	37.89%	15,030	5.24	**79**
A.L. Memmott	35,332	37.89%	13,387	5.24	**70**
Total	160,806		60,929		**319**

* The long term incentives figure for the year ended 30 January 2016 has been valued using the average closing share price for the three months ended 30 January 2016 as an estimate of the value of the incentive as the actual value of the award will not be finalised until the closing share price is known when the incentive vests in April 2016.

YEAR ENDED 25 JANUARY 2015

Executive Director	Total shares Number	Award rate %	Shares awarded Number	Share price at award date* £	LTIP value £000
R.A. White	98,172	31.9%	31,327	6.26	196
S. Lorimer	–	–	–	–	–
J.D. Kemp	52,332	31.9%	16,699	6.26	105
A.L. Memmott	46,857	31.9%	14,952	6.26	94
Total	197,361		62,978		395

* The long term incentives figure for the year ended 25 January 2015 has been restated to reflect the market value of the shares that vested on 7 April 2015 as at that date. The long term incentives figure for the year ended 25 January 2015 set out in the Annual Report 2015/16 used the share price as at 25 January 2015 as an estimate of the market value of those shares.

AWARDS GRANTED DURING THE FINANCIAL PERIOD

In respect of the year ended 30 January 2016 the following LTIP awards were granted equating to 125% of salary.

Executive Director	Type of award	Number of shares	Market value at grant £000	% of award vesting at threshold %	Performance period Years
R.A. White	LTIP award	88,579	545	20.0	3
S. Lorimer	LTIP award	52,337	322	20.0	3
J.D. Kemp	LTIP award	46,449	286	20.0	3
A.L. Memmott	LTIP award	41,371	254	20.0	3

The performance condition for these LTIP awards is as described above for LTIP awards granted in April 2013, with the exception that the average EPS growth target is adjusted for CPI and is calculated on the basis of profit after tax not profit before tax. The salary used in the calculation of the award is the individual director's salary at 1 April 2015.

S. LORIMER RECRUITMENT AWARD

In order to fully integrate S. Lorimer within the business and align his interests with those of his peers, the Remuneration Committee brought him into the existing LTIP awards, although scaled back to reflect his reduced period of employment over the performance periods. These awards are subject to the same growth in EPS targets as those attaching to the LTIP awards granted to executive directors during 2012/13 and 2013/14. Details of the awards are set out in the table below.

Executive Director	Type of award	Number of shares	Market value at grant £000	% of award vesting at threshold %	Performance period Years
S. Lorimer	LTIP award	10,162	63*	20.0	1
S. Lorimer	LTIP award	20,325	125**	20.0	2

* Equal to 25% of salary.
** Equal to 50% of salary.

The Remuneration Committee may reduce the amount which would vest if it does not consider it to be a fair reflection of S. Lorimer's contribution to the business during the performance periods. If S. Lorimer leaves within two years of being appointed, the Remuneration Committee will require S. Lorimer to pay back any of the recruitment award that has vested.

LONG TERM INCENTIVES FOR 2016/17

As referenced in the Chairman's statement, LTIP awards granted in 2016 will be subject to absolute EPS targets on a cumulative basis. The detailed performance metrics proposed are as follows:

	% linked to award	Threshold vesting at 20% of the maximum award	Maximum vesting at 100% of the maximum award
Cumulative EPS for 2016/17, 2017/18 and 2018/19	100%	90p	100.5p

There is straight-line vesting between the points and no reward below threshold performance.

Awards made to the executive directors in 2016 will equate to 125% of salary.

CLAWBACK

As referenced in the Chairman's statement, a clawback provision has been introduced to annual bonus awards earned for the year ending 28 January 2017 and future years and for LTIP awards granted during 2016 and future years. The clawback provisions will enable the Remuneration Committee to recover payments made for up to two years following the determination of the annual bonus pay-out or vesting outcome of LTIP awards, in the event of a material misstatement of the Group's financial results or if the participant has been guilty of misconduct. The clawback provisions are in addition to the malus provisions that currently apply to annual bonus and LTIP awards.

TOTAL PENSION ENTITLEMENTS – AUDITED INFORMATION

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. R.A. White and A.L. Memmott are members of the defined benefit section.

Company contributions (which exclude any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement) are detailed in the following table:

YEAR ENDED 30 JANUARY 2016

Director	Defined benefit £000	Defined contribution £000	URBS £000	Investment return on URBS £000	Total £000
R.A. White	–	–	149	63	**212**
S. Lorimer	–	28	20	–	**48**
J.D. Kemp	–	26	16	2	**44**
A.L. Memmott	15	25	13	1	**54**
Total	15	79	198	66	**358**

YEAR ENDED 25 JANUARY 2015

Director	Defined benefit £000	Defined contribution £000	URBS £000	Investment return on URBS £000	Total £000
R.A. White	–	–	95	13	108
S. Lorimer	–	4	–	–	4
J.D. Kemp	–	28	14	–	42
A.L. Memmott	4	27	11	–	42
A.B.C. Short	–	16	12	1	29
Total	4	75	132	14	225

The URBS is the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme for executive directors. Please see below for further details.

Details of the entitlements accruing to the two directors who are deferred members of the defined benefit section are detailed in the table below:

	Accrued pension at 30 January 2016 £000	Normal Retirement Age
R.A. White	67	63*
A.L. Memmott	45	63*

* The normal retirement age specified in the Scheme rules for R.A. White and A.L. Memmott is age 63, however both are also entitled under the Scheme rules to retire at age 60 without an actuarial reduction to their pension benefits and without any consent required.

Early retirement can be taken at age 55 subject to Company consent. The accrued pension would be reduced relative to age 60 to take account of its early payment.

R.A. White ceased his accrual under the defined benefit plan on 5 April 2011. Under the terms of his service contract, R.A. White is entitled to re-valuation of his deferred benefits in line with RPI until his normal retirement date. The rules of the Scheme provide for revaluation increases in deferment in line with CPI. R.A. White elected for Fixed Protection 2012 to protect his benefits accrued under the Scheme. To enable R.A. White to continue to benefit from Fixed Protection 2012, his deferred benefits are revalued in line with CPI and, to the extent that RPI exceeds CPI in any year, a corresponding additional contribution is made to his URBS. In the year ended 30 January 2016 this has resulted in an additional accrual of £38,920 being included in R.A. White's URBS for that year and forms part of the £149,000 URBS figure included in the pension table above. A further £136,080 has been accrued for the period from 5 April 2011 to 25 January 2015. This further accrual has not been included within R.A. White's total remuneration figure for the current year as the additional contribution is matched by a decrease in the cost of the defined benefit scheme (Note 27). In addition, R.A. White will continue to be entitled to receive life assurance benefits as if he were in pensionable service under the Scheme until his normal retirement date notwithstanding the termination of his employment with the Company, but only in circumstances where he is a 'good leaver'. 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.

Dependants of the executive directors 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 or eight times pensionable salary dependent upon the date of joining the Scheme.

The Company paid contributions to the defined contribution section of the Scheme during the year in respect of J.D. Kemp, A.L. Memmott and S. Lorimer. These are shown in the Defined Contribution column in the total pension entitlements table above.

During the year ended 30 January 2016, R.A. White, J.D. Kemp, A.L. Memmott and S. Lorimer 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 the executive directors.

In line with the current approved remuneration policy, the Company contribution under the URBS in respect of R.A. White increased from 22.5% to 26% of his salary as a result of him reaching his 50th birthday (as defined under the rules of the URBS).

The maximum combined Company contribution under the defined contribution section of the Scheme and the URBS in respect of the remaining executive directors is 19% of salary (as defined in the Scheme rules) rising to 26% following the executive's 50th birthday.

The URBS figure for the directors represents a Company contribution only.

An accrued liability of £982,273 (2015: £543,349) is included in the closing balance sheet for the URBS. The liability has been accrued in respect of the directors as follows:

Executive Director	Accrual at 30 January 2016 £	Accrual at 25 January 2015 £
R.A. White	**900,972**	513,757
S. Lorimer	**20,312**	Nil
J.D. Kemp	**35,998**	18,318
A.L. Memmott	**24,990**	11,274
Total URBS liability	**982,273**	543,349

PAYMENTS TO PAST DIRECTORS

There were no payments made to past directors during the year in respect of services provided to the Company as a director.

PAYMENTS FOR LOSS OF OFFICE

As disclosed in last year's Directors' Remuneration Report, the Remuneration Committee awarded A.B.C. Short a pro-rated annual bonus to reflect his period in office and his contribution to the business during the 2014/15 financial year. This bonus was paid to A.B.C. Short during the year ended 30 January 2016. No other payments for loss of office were made during the year.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS – AUDITED INFORMATION

In order to further align the executive directors' long term interests with those of shareholders, the Remuneration Committee introduced new share ownership guidelines applicable from 2017/18. The guidelines require that, with effect from 2017/18, when the first awards granted under the 2014 LTIP are due to vest, executive directors retain all shares acquired under Company sponsored share plans and retain up to half of any bonus pay-out after tax to purchase shares in the Company until the value of their shareholding is equal to 125% of 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. Prior to 2017/18, executive directors are required to retain all shares acquired under Company sponsored share plans until the value of their shareholding is equal to 100% of gross basic salary. At the year end, R.A. White, J.D. Kemp and A.L. Memmott met the 100% of gross basic salary requirement applicable for the year ended 30 January 2016. S. Lorimer was appointed to the Board on 5 January 2015 and is to build up a shareholding equal to 100% of his gross basic salary in accordance with the shareholding guidelines.

The interests of each executive director of the Company as at 30 January 2016 (including those held by their connected persons) were:

				Unvested		
Director	Type	Owned outright	Exercised during the year	Subject to performance conditions	Not subject to performance conditions	Total as at 30 January 2016
Executive						
R.A. White	Shares	356,326	–	–	–	356,326
	LTIP shares	–	31,327	248,578	–	248,578
	ESOS shares	–	–	4,784	–	4,784
	SAYE options	–	4,113	–	4,771	4,771
	AESOP free shares	–	585	–	–	–
	AESOP matching shares	–	103	–	463	463
S. Lorimer	Shares	1,074	–	–	–	1,074
	LTIP shares	–	–	82,824	–	82,824
	ESOS shares	–	–	–	–	–
	SAYE options	–	–	–	4,232	4,232
	AESOP free shares	–	–	–	–	–
	AESOP matching shares	–	–	–	18	18
	Shares – non-beneficial holding*	–	–	–	–	1,184,122
J.D. Kemp	Shares	147,013	–	–	–	147,013
	ESOS shares	–	–	4,784	–	4,784
	LTIP shares	–	16,699	130,350	–	130,350
	SAYE options	–	4,896	–	4,564	4,564
	AESOP free shares	–	585	–	–	–
	AESOP matching shares	–	103	–	466	466
A.L. Memmott	Shares	106,779	–	–	–	106,779
	LTIP shares	–	14,952	116,102	–	116,102
	ESOS shares	–	–	4,784	–	4,784
	SAYE options	–	4,113	–	4,771	4,771
	AESOP free shares	–	585	–	–	–
	AESOP matching shares	–	103	–	464	464
Non-executive						
W.R.G. Barr	Shares	12,467,531	–	–	–	12,467,531
	Shares – non-beneficial holding**	–	–	–	–	10,128,708
M.A. Griffiths	Shares	5,400	–	–	–	5,400
J.R. Nicolson	Shares	5,500	–	–	–	5,500
P. Powell	Shares	–	–	–	–	–
D.J. Ritchie	Shares	–	–	–	–	–

* S. Lorimer'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.

The 'Owned outright' shares set out in the table above are the shares owned outright by the directors. These include any AESOP free shares awarded during the year and any shares awarded during the year following vesting under the LTIP.

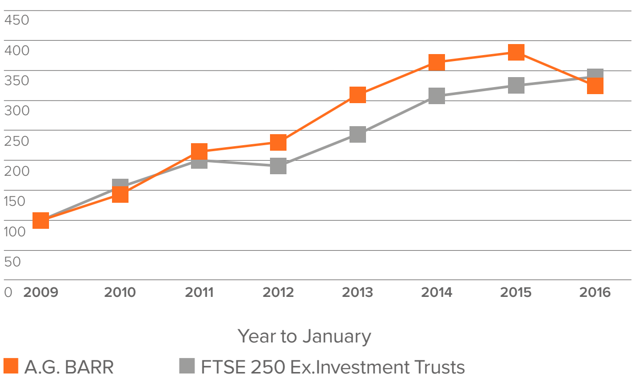
The number of AESOP free and matching shares awarded and shares vesting under the LTIP in the year are included in the 'Exercised during the year' column.

The following sections of the Remuneration Report are not subject to audit.

PERFORMANCE GRAPH AND TABLE

The graph below shows the Company's Total Shareholder Return (TSR) performance against the FTSE 250 excluding investment trusts over the past seven 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.

TOTAL SHAREHOLDER RETURN



CEO REMUNERATION FOR PREVIOUS SEVEN YEARS

The table below shows details of the total remuneration, annual bonus and LTIP paid out for R.A. White over the last seven financial years.

	Total remuneration £000	Annual bonus as a % of maximum opportunity %	LTIP as a % of maximum opportunity %
Year ended 30 January 2016	837	0%	37.89%
Year ended 25 January 2015	1,075	75.5%	31.9%
Year ended 26 January 2014	989	57.8%	38.2%
Year ended 26 January 2013	1,086	50.0%	68.5%
Year ended 28 January 2012	1,070	46.0%	99.3%
Year ended 29 January 2011	1,204	75.0%	92.9%
Year ended 30 January 2010	951	73.4%	45.0%

PERCENTAGE CHANGE IN CEO REMUNERATION

The table below sets out, in relation to salary, taxable benefits (car allowance, fuel benefit and AESOP awards only) and annual bonus, the increase between the pay for the year ended 25 January 2015 and the pay for the year ended 30 January 2016 for R.A. White compared to the wider workforce. For these purposes, the wider workforce includes all Group employees who were continuously employed by the Group during the two years ended January 2016 but excludes executive and non-executive directors.

Percentage change	CEO	Wider workforce
Salary	3.1%	3.1%
Benefits excluding exercise of SAYE options	0.0%	0.0%
Benefits including exercise of SAYE options	36.7%	175.3%
Annual bonus	(100)%	(100)%

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the percentage change in dividends and the overall expenditure on pay (as a whole across the organisation).

	Year ended 25 January 2015 £000	Year ended 30 January 2016 £000	% change
Dividends	14,152*	15,565**	10.0%
Overall expenditure on pay	40,859	43,600	6.7%

* Dividends payable in respect of the year ended 25 January 2015.
** Dividends payable in respect of the year ended 30 January 2016.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The following directors were members of the Remuneration Committee during the year: J.R. Nicolson (Chairman to 30 June 2015), D.J. Ritchie (Chairman from 1 July 2015), M.A. Griffiths, W.R.G. Barr and P. Powell.

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 of the Company to the Board.

During the year, the Remuneration Committee received advice from R.A. White (CEO) in respect of the remuneration of the other executive directors, who was not in attendance when his own remuneration was being discussed. The Remuneration Committee received assistance from J.A. Barr (Company Secretary), who acts as secretary to the Committee, and from other members of management, who may attend meetings by invitation, except when matters relating to their own remuneration are being discussed.

EXTERNAL ADVISER

During the year, the Remuneration Committee was assisted in its work by the following external consultant:

Adviser	Details of appointment	Services provided by the Adviser	Fees paid by the Company for advice to the Remuneration Committee and basis of charge	Other services provided to the Company in the year ended 30 January 2016
Deloitte LLP (Deloitte)	Appointed by the Remuneration Committee in January 2014 following a competitive tender process.	Review of LTIP metrics and calibration of performance targets. Market update in the context of executive remuneration. Attendance at Remuneration Committee meetings.	£26,700 Charged on a time/cost basis or fixed fee dependent on nature of project.	Share schemes advice. Consulting services in relation to S&OP implementation support. Consulting services in relation to net sales contribution change requests.

The Remuneration Committee is satisfied that all advice received was objective and independent. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK

STATEMENT OF VOTING AT LAST AGM

The following table sets out actual voting in respect of the resolution to approve the Directors' Remuneration Report at the Company's Annual General Meeting on 27 May 2015.

Resolution	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve remuneration report	73,967,766	99.92	57,115	0.08	2,844,669

ADDITIONAL INFORMATION

EXECUTIVE DIRECTORS' INTERESTS IN THE LTIP

The individual interests of the executive directors under the LTIP are as follows:

LTIP Director	Date of award	At 25 January 2015 Number	Awarded Number	Vested Number	Lapsed Number	At 30 January 2016 Number	Exercisable from
R.A. White	04 April 2012	98,172	–	(31,327)	(66,845)	–	30 April 2015
	09 April 2013	75,645	–	–	–	75,645	30 April 2016
	03 June 2014	84,354	–	–	–	84,354	03 June 2017
	15 April 2015	–	88,579	–	–	88,579	15 April 2018
S. Lorimer	15 April 2015	–	10,162	–	–	10,162	30 April 2016
	15 April 2015	–	20,325	–	–	20,325	03 June 2017
	15 April 2015	–	52,337	–	–	52,337	15 April 2018
J.D. Kemp	04 April 2012	52,332	–	(16,699)	(35,633)	–	30 April 2015
	09 April 2013	39,667	–	–	–	39,667	30 April 2016
	03 June 2014	44,234	–	–	–	44,234	03 June 2017
	15 April 2015	–	46,449	–	–	46,449	15 April 2018
A.L. Memmott	04 April 2012	46,857	–	(14,952)	(31,905)	–	30 April 2015
	09 April 2013	35,332	–	–	–	35,332	30 April 2016
	03 June 2014	39,399	–	–	–	39,399	03 June 2017
	15 April 2015	–	41,371	–	–	41,371	15 April 2018

EXECUTIVE DIRECTORS' INTERESTS IN THE ESOS

The individual interests of the executive directors under the ESOS are as follows:

ESOS Director	Date of award	At 25 January 2015 Number	Awarded Number	Vested Number	Lapsed Number	At 30 January 2016 Number	Exercisable from
R.A. White	03 June 2014	–	4,784	–	–	4,784	03 June 2017
J.D. Kemp	03 June 2014	–	4,784	–	–	4,784	03 June 2017
A.L. Memmott	03 June 2014	–	4,784	–	–	4,784	03 June 2017

EXECUTIVE DIRECTORS' INTERESTS IN THE SAYE

The individual interests of the executive directors under the SAYE scheme are as follows:

SAYE Director	At 25 January 2015 Number	Granted Number	Exercised Number	Lapsed Number	At 30 January 2016 Number	Option price Pence	Exercisable from
R.A. White	4,113	–	(4,113)	–	–	254	01 October 2015
	1,089	–	–	–	1,089	358	01 January 2018
	–	3,682	–	–	3,682	567	01 October 2020
S. Lorimer	–	4,232	–	–	4,232	567	01 October 2020
J.D. Kemp	4,896	–	(4,896)	–	–	254	01 October 2015
	670	–	–	–	670	358	01 January 2018
	–	3,894	–	–	3,894	567	01 October 2020
A.L. Memmott	4,113	–	(4,113)	–	–	254	01 October 2015
	1,089	–	–	–	1,089	358	01 January 2018
	–	3,682	–	–	3,682	567	01 October 2020

AESOP FREE SHARES

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

	Date of award and vesting date	Share price on date of award Pence	At 25 January 2015 Number	Shares awarded Number	Shares vested Number	Shares lapsed Number	At 30 January 2016 Number	Value vested £000
R.A. White	10 June 2015	615	–	585	(585)	–	–	4
A.L. Memmott	10 June 2015	615	–	585	(585)	–	–	4
J.D. Kemp	10 June 2015	615	–	585	(585)	–	–	4

APPROVAL

This Report was approved by the Board and signed on its behalf by:

DAVID J. RITCHIE
CHAIRMAN OF THE REMUNERATION COMMITTEE
29 March 2016

DIRECTORS' REMUNERATION POLICY

This part of the report sets out the Company's Directors' remuneration policy which was approved by shareholders at the 2014 AGM and became effective for three years from the close of that meeting. The policy for the executive directors has been determined by the Remuneration Committee. The policy is due to be reviewed by shareholders at the 2017 AGM.

EXECUTIVE DIRECTORS

The table below describes each of the elements of the remuneration package for the executive directors.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Core element of fixed remuneration, reflecting the size and scope of the role. Purpose is to recruit and retain directors of the calibre required for the Company.	Usually reviewed annually. Salary levels are determined by the Remuneration Committee taking into account a range of factors including: – role, experience and individual performance; – pay for other employees in the Group; – prevailing market conditions; and – external benchmarks for similar roles at comparable companies.	Although there is no overall maximum, salary increases are normally reviewed in the context of the salary increases across the wider Group. The Remuneration Committee may award salary increases above this level to take account of individual circumstances such as: – increase in scope and responsibility; – increase to reflect the executive director's development and performance in the role; or – alignment to market level.	Not applicable.
Benefits	Ensures the overall package is competitive. Purpose is to recruit and retain directors of the calibre required for the Company.	Executive directors receive benefits in line with market practice, including a car allowance or provision of a company car, a biennial health check, life assurance and the ability to 'buy' or 'sell' holidays under the Company's flexible benefits plan. Other benefits may be provided based on individual circumstances. These may include, for example, relocation and travel allowances.	Whilst the Remuneration Committee has not set an absolute maximum on the levels of benefits executive directors receive, the value of the benefit is at a level which the Remuneration Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances.	Not applicable.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	Rewards performance against annual targets which support the strategic direction of the Group.	Awards based on annual performance against key financial and/or strategic targets and/or the delivery of personal objectives. Pay-out levels are determined by the Remuneration Committee after the year end based on performance against those targets. The Remuneration Committee has discretion to amend the bonus pay-out if, in its judgement, any formulaic output does not produce a fair result for either the executive director or the Company, taking into account overall business performance.	Maximum bonus opportunity is 100% of base salary.	Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual objectives. Targets, whilst stretching, do not encourage inappropriate business risks to be taken. At least 80% of the bonus is assessed against key financial performance metrics of the business and the balance may be based on non-financial strategic measures and/or individual performance. *Financial metrics* There is no minimum payment at threshold performance, 50% of the maximum potential for this element of the bonus will be paid out for on-target performance and all of the maximum potential will be paid out for maximum performance. *Non-financial or individual metrics* Vesting of the non-financial or individual metrics will apply on a scale between 0% and 100% based on the Remuneration Committee's assessment of the extent to which a non-financial or individual performance metric has been met.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan 2014	Incentivises executive directors over the longer term and aligns their interests with those of shareholders.	The Remuneration Committee intends to make long term incentive awards under the new 2014 LTIP which was put to shareholders for approval at the 2014 AGM. Under the 2014 LTIP, awards of conditional shares, nil cost share options or other such form as has the same economic effect may be made with vesting dependent on the achievement of performance conditions set by the Remuneration Committee, normally over a three year performance period. Awards granted over shares may be settled in cash at the election of the Remuneration Committee. As described on page 83, awards may also vest in 'good leaver' circumstances or on the death of a participant or on a change of control. The Remuneration Committee has the right to reduce unvested or unexercised awards and/or delay their vesting if there has been a material misstatement of the Group's financial results or if the participant has been guilty of misconduct. The Remuneration Committee may make a dividend equivalent payment ('Dividend Equivalents') to reflect dividends that would have been paid over the period to vesting on shares that vest. This payment may be in the form of additional shares or a cash payment equal to the value of those additional shares. The Remuneration Committee may at its discretion structure awards as Approved Long Term Incentive Plan ('ALTIP') awards comprising both an HMRC tax-approved option granted under the Executive Share Option Scheme ('ESOS') and an LTIP award. ALTIP awards enable the participant and Company to benefit from HMRC tax-approved option tax treatment in respect of part of the award, without increasing the pre-tax value delivered to participants. ALTIP awards would be structured as a tax-approved option and a LTIP award, with the vesting of the LTIP award scaled back to take account of any gain made on exercise of the tax-approved option. Other than to enable the grant of ALTIP awards, the Company will not grant awards to executive directors under the ESOS.	The normal maximum award is 125% of annual base salary in respect of a financial year. Under the share plan rules the overall maximum opportunity that may be granted in respect of a financial year will be 200% of annual base salary. The normal maximum award limit will only be exceeded in exceptional circumstances involving the recruitment or retention of a senior employee. These limits do not include the value of shares subject to any tax-approved option granted as part of an ALTIP award.	The vesting of awards is subject to the satisfaction of performance targets set by the Remuneration Committee. The performance measures are reviewed regularly to ensure they remain relevant but will be based on financial measures and/or comparative total shareholder return related measures. The relevant metrics and the respective weightings may vary each year based upon Company strategic priorities. For 2016/17 100% of awards will be based on earnings per share growth. Performance measures and weightings for following years will be set out in the directors' annual remuneration report for the relevant year. For achievement of threshold performance 20% of the maximum opportunity will vest. There will usually be straight line vesting between threshold and maximum performance. Where a tax-approved option is granted as part of an ALTIP award, the same performance conditions will apply to the tax-approved option as apply to the LTIP award.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
All employee share schemes	To encourage all employees to make a long-term investment in the Company's shares in a tax efficient way.	Executive directors are entitled to participate in an HMRC tax-approved all-employee Savings Related Share Option Scheme ('SAYE') under which they make monthly savings over a period of three or five years linked to the grant of an option over the Company's shares with an option price which can be at a discount of up to 20% of the market value of shares on grant. Executive directors are also entitled to participate in an HMRC tax-approved All-Employee Share Ownership Plan ('AESOP'). The executive directors participate in both sections of the AESOP, being the partnership and matching section and the free share section.	Participation limits are those set by the UK tax authorities from time to time.	No performance conditions are attached to awards in line with HMRC practice.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Retirement benefits	Purpose is to recruit and retain directors of the calibre required for the Company. Provides market competitive post-employment benefits (or cash allowance equivalent).	Executive directors are eligible to participate in the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the 'Scheme'), which comprises a defined contribution section and a defined benefit section. The defined benefit section was closed to new entrants from 14 August 2003. Details of the entitlements accruing to the two executive directors who are deferred members of the defined benefit section are detailed in the table on page 67. The contributions paid to the defined contribution section in respect of four executive directors are disclosed on page 67. Details of accruals under the URBS are disclosed on page 68. Executive directors may participate in the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme ('URBS') with the agreement of the Company. The URBS was established to satisfy the Company's contractual obligations to provide retirement benefits for the benefit of the executive directors where either the annual or lifetime allowance has been exceeded whilst those individuals were members of the Scheme. Benefits will be receivable in certain circumstances, including on retirement, death, change of control or cessation of employment in accordance with the rules of the URBS. In appropriate circumstances, executive directors may take a salary supplement instead of contributions into a pension plan.	R.A. White ceased his accrual under the defined benefit section on 5 April 2011. The Company has set an overall maximum of 26% of salary as the Company contribution under the URBS in respect of R.A. White. The maximum combined Company contribution under the defined contribution section and the URBS in respect of the remaining executive directors is 19% of salary (as defined in the Scheme rules) rising to 26% following the executive's 50th birthday. The Remuneration Committee has discretion to vary the delivery mechanism for retirement benefits, however the exercise of this discretion will not exceed the above limits for the provision of executive directors' retirement benefits. The Company has closed the defined benefits section of the Scheme to new members but the two executive directors who are deferred members will continue to receive benefits in accordance with the terms of the Scheme, subject to separately agreed contractual arrangements, including those summarised below: R.A. White's deferred pension will be re-valued in line with RPI until his normal retirement date. In addition, R.A. White will continue to be entitled to receive life assurance benefits as if he were in pensionable service under the Scheme until his normal retirement date notwithstanding the termination of his employment with the Company, but only in circumstances where he is a 'good leaver', as set out in his service contract. A.L. Memmott's accrued benefits retain a link to his final pensionable salary.	Not applicable.

CHAIRMAN AND NON-EXECUTIVE DIRECTORS

The table below sets out an overview of the remuneration of non-executive directors:

Purpose and link to strategy	Approach of the Company
Sole element of non-executive director remuneration, set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and expertise.	Fees are normally reviewed annually. The remuneration of the Chairman is determined by the Remuneration Committee. Fees are set at a level which reflects the skill, knowledge and experience of the individual, whilst taking into account appropriate market data. The Board is responsible for setting the fees of the other non-executive directors. Fees may include a basic fee and additional fees for further responsibilities (for example, chairmanship of board committees). Fees are set taking into account several factors, including the size and complexity of the business, appropriate market data and the expected time commitment and contribution for the role. Non-executive directors do not participate in any of the Company's share schemes or bonus schemes nor do they receive any pension contributions. Non-executive directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate. Actual fee levels are disclosed in the Directors' annual remuneration report for the relevant financial year.

EXPLANATION OF PERFORMANCE METRICS CHOSEN AND THE TARGET SETTING PROCESS

Performance measures are selected that are aligned to the Company's strategy. Stretching performance targets are set each year for the annual bonus and long term incentive awards. When setting these performance targets, the Remuneration Committee will take into account a number of different reference points, which may include the Company's business plans and strategy and the market environment. Full vesting will only occur for what the Remuneration Committee considers to be stretching performance.

The annual bonus performance targets have been selected to provide an appropriate balance between incentivising directors to meet financial targets for the year and achieving strategic and/or personal objectives.

The LTIP performance targets reflect the Company's strategic objectives and therefore the financial and strategic decisions which ultimately determine the success of the Company. The LTIP performance measures will be based on financial measures, including (but not exclusively) Earnings Per Share growth, which is a key measure of the Company's profitability, and/or comparative total shareholder return related measures.

The Remuneration Committee retains the ability to adjust or set different performance measures if events occur (such as a change in strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions) which cause the Remuneration Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

Awards and options may be adjusted in the event of a variation of share capital in accordance with the scheme rules.

POLICY FOR THE REMUNERATION OF EMPLOYEES GENERALLY

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract and retain high calibre talent.

Under the rules of the ESOS and the 2014 LTIP, certain managers are eligible to participate in the ESOS and the 2014 LTIP; however there has been no such participation to date and there is no current intention to invite managers to do so. Senior managers were not eligible to participate in the 2003 LTIP. The annual bonus arrangements for the senior management team are similar to those for the executive directors in that targets are set annually dependent on financial and/or non-financial performance metrics. The key principles of the remuneration philosophy are applied consistently across the Group below this level, taking account of the seniority of employees.

2003 LONG TERM INCENTIVE PLAN

The table below describes the legacy 2003 LTIP for the executive directors.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan 2003	Incentivises executive directors over the longer term and aligns their interests with those of shareholders.	Under the 2003 LTIP awards of conditional shares may be made with vesting dependent on the achievement of performance conditions, normally over a three year performance period. Awards may vest in 'good leaver' circumstances (as defined in the 2003 LTIP rules) or on the death of a participant. Awards may also vest on a takeover, merger or other corporate reorganisation or may be rolled over into shares in the acquiring company. Awards may be adjusted in the event of a variation of share capital in accordance with the scheme rules.	The maximum award is 100% of annual base salary in respect of a financial year.	The performance conditions are set by reference to the average earnings per share ('EPS') growth of the Company (RPI adjusted and excluding 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% over the three year period. 20% – 99.9% of an award vests on a sliding scale where EPS growth is 10% or more but less than 32.5%. 100% of an award vests where EPS growth exceeds RPI growth by 32.5% or more. The Remuneration Committee retains the discretion to adjust the performance targets and measures where it considers it appropriate to do so.

APPROACH TO RECRUITMENT REMUNERATION

The policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When appointing a new director, the Remuneration Committee seeks to ensure that arrangements are in the best interests of the Company and in line with market practice.

The Remuneration Committee will take into consideration a number of relevant factors, which may include the calibre of the individual, the candidate's existing remuneration package, and the specific circumstances of the individual including the jurisdiction from which the candidate was recruited.

The Remuneration Committee will typically seek to align the remuneration package with the Company's remuneration policy (as set out in the policy table). The maximum level of variable remuneration which may be granted (excluding buy-out awards referred to below) is 300% of salary (in line with this policy). Subject to this overall maximum variable remuneration, incentive awards will only be granted above the normal maximum annual award opportunities where the Remuneration Committee considers there to be a commercial rationale, which may include but is not limited to circumstances where an executive director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. The quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis. The Remuneration Committee will ensure that any such awards are linked to the achievement of appropriate and challenging performance targets and will be forfeited if performance or continued employment conditions are not achieved. The individual will usually move over time onto a remuneration package that is consistent with the normal maximum annual award opportunities set out in the policy table.

The Remuneration Committee retains discretion to include other remuneration components or awards which are outside the specific terms of the policy (but subject to the limit on variable remuneration) to facilitate the hiring of candidates of an appropriate calibre, where the Remuneration Committee believes there is a need to do so in the best interests of the Company. The Remuneration Committee would ensure that awards within the 300% of salary variable remuneration limit are linked to the achievement of appropriate and challenging performance measures. The Remuneration Committee does not intend to use this discretion to make a non-performance related incentive payment (for example a 'golden hello').

In some circumstances, the Remuneration Committee may make payments or awards to recognise or 'buy-out' remuneration arrangements forfeited on leaving a previous employer. The Remuneration Committee will normally aim to do so broadly on a like-for-like basis taking into account a number of relevant factors regarding the forfeited arrangements which may include the form of award, any performance conditions attached to the awards and the time at which they would have vested. These payments or awards are excluded from the maximum level of variable remuneration referred to above, however the Remuneration Committee's intention is that the value awarded would be no higher than the expected value of the forfeited arrangements.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as currently permitted under the Listing Rules which allow for the grant of awards to facilitate, in exceptional circumstances, the recruitment of an executive director.

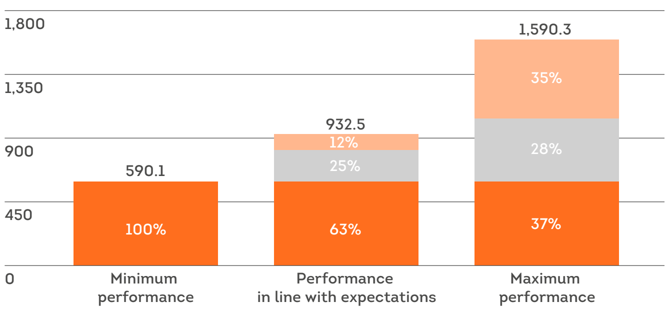
Where a position is fulfilled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees payable to a newly-appointed Chairman or non-executive director will be in line with the fee policy in place at the time of appointment.

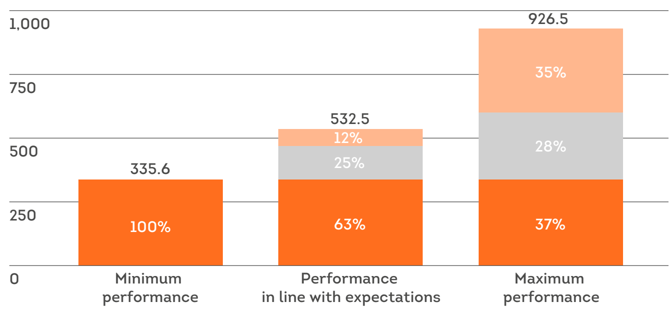
ILLUSTRATIONS OF APPLICATION OF REMUNERATION POLICY

The charts below set out an illustration of the remuneration policy for 2016/17 in line with the remuneration policy above and include base salary, pension, benefits and incentives. The charts provide an illustration of the proportion of total remuneration made up of each component of the remuneration policy and the value of each component.

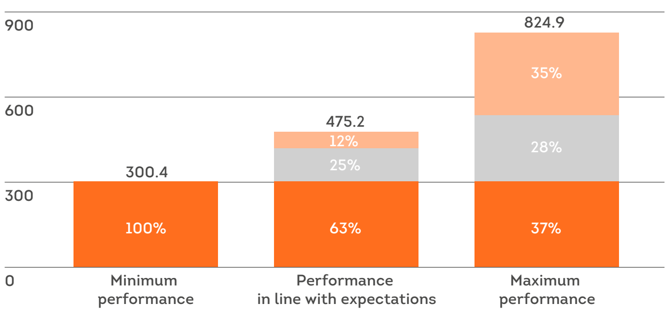
R.A. WHITE TOTAL REMUNERATION (£000)



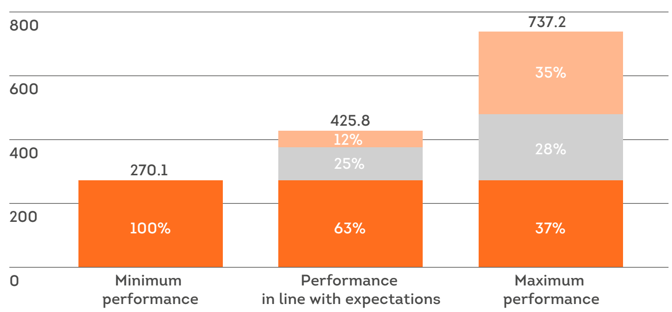
S. LORIMER TOTAL REMUNERATION (£000)



J.D. KEMP TOTAL REMUNERATION (£000)



A.L. MEMMOTT TOTAL REMUNERATION (£000)



■ Base salary, benefits and pension ■ Annual Bonus ■ LTIP

Three scenarios have been illustrated for each executive director:

	Fixed pay	Annual Bonus	LTIP
Minimum performance	Fixed elements of remuneration – base salary, benefits and pension only. Base salary is the latest known salary (i.e. the salary effective from 1 April 2016) and the value for benefits has been calculated as per the single figure table on page 62.	No bonus.	No LTIP vesting.
Performance in line with expectations		50% of salary awarded for achieving target performance.	20% of maximum award vesting (i.e. 25% of salary for achieving target performance).
Maximum performance		100% of salary awarded for achieving maximum performance.	100% of maximum award vesting (i.e. 125% of salary for achieving maximum performance).

LTIP awards are included in the scenarios above at face value with no share price movement included.

SERVICE CONTRACTS

Executive directors' contracts are on a rolling basis and may be terminated on 12 months' notice by the Company or on 6 months' notice by the executive. Service contracts for new directors will generally be limited to 12 months' notice by the Company.

The service contracts for R.A. White, J.D. Kemp and A.L. Memmott provide for a notice period of 12 months except during the six months following either a takeover of or by the Company or a Company reconstruction. Under these conditions and certain circumstances these directors are entitled to a liquidated damages payment equal to the director's basic salary at termination plus the value of all contractual benefits for a two year period. In the event this liquidated damages payment is triggered, the director will also be deemed to be a 'good leaver' for the purposes of the Company's share schemes. Given the size of the Company and the sector dynamics at the time these directors were recruited, the Remuneration Committee considered this provision appropriate in order to attract and retain high calibre executive directors. The Remuneration Committee is cognisant of the fact that these provisions do not reflect best practice. It has therefore considered the alternatives available to exit these contractual arrangements, including contractual buy-out. However, the Remuneration Committee concluded that it was not feasible to place a value on these rights, in order to remove them from the contracts, which would be acceptable to both parties. It therefore determined that the most appropriate approach would be to maintain the legacy provisions, however for all future appointments these provisions would not apply. The service contract for S. Lorimer does not contain these provisions.

Non-executive directors are appointed for an initial period of three years, subject to annual re-election by shareholders in accordance with the Code. Their appointments are terminable by either the Company or the directors themselves upon three months notice without compensation.

PAYMENTS FOR LOSS OF OFFICE

The principles on which the determination of payments for loss of office will be approached are set out below:

	Policy
Payment in lieu of notice	Payments to executive directors upon termination of their service contracts will be equal to 12 months base salary or the highest annual rate earned by the executive during the preceding three years, whichever is higher (plus benefits in kind and pension contributions at the discretion of the Remuneration Committee).
Annual bonus	This will be at the discretion of the Remuneration Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent upon a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will typically be pro-rated for time in service to termination and will, subject to performance, be paid at the usual time.
2014 LTIP	The extent to which any award under the 2014 LTIP will vest would be determined based on the leaver provisions contained within the 2014 LTIP rules. The Remuneration Committee shall determine when awards vest in accordance with those provisions. Awards will normally lapse if the participant leaves employment before vesting. However, awards may vest in 'good leaver' circumstances, including death, disability, ill-health, injury, sale of the participant's employer, or any other reason determined by the Remuneration Committee. Any 'good leaver' awards will vest at the date of cessation of employment unless the Remuneration Committee decides they should vest at the normal vesting date. In either case, the extent to which an award vests will be determined by the Remuneration Committee taking into account the extent to which the performance conditions have been satisfied and, unless the Remuneration Committee determines otherwise, the period of time that has elapsed from the date of grant to the date of cessation of employment. The Remuneration Committee may vest the award on any other basis if it believes there are exceptional circumstances which warrant that. Options are exercisable for six months from leaving employment or six months from the normal vesting date as appropriate.
Change of control	Awards under the 2014 LTIP will generally vest early on a takeover, merger or other corporate reorganisation. The Remuneration Committee will determine the level of vesting taking account of performance conditions and, unless the Remuneration Committee determines otherwise, pro-rating for time, where applicable. Alternatively, participants may be allowed or required to exchange their awards for awards over shares in the acquiring company. Awards under all employee share schemes will be expected to vest on a change of control and those which have to meet specific requirements to benefit from permitted tax benefits will vest in accordance with those requirements.
Mitigation	The executive directors' service contracts do not provide for any reduction in payments for mitigation or for early payment.
Other payments	Payments may be made under the Company's all employee share plans which are governed by HMRC tax-approved plan rules and which cover certain leaver provisions. There is no discretionary treatment of leavers under these plans. In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees.

Where a buy-out award is made under the Listing Rules then the leaver provisions would be determined at the time of the award.

The Remuneration Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment. In doing so, the Remuneration Committee will recognise and balance the interests of shareholders and the departing executive director, as well as the interests of the remaining directors.

Where the Remuneration Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the director's departure and performance.

STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The Remuneration Committee generally considers pay and employment conditions elsewhere in the Company when considering the executive directors' remuneration. When considering base salary increases, the Remuneration Committee reviews overall levels of base pay increases offered to other employees. Employees are not actively consulted on directors' remuneration. The Company has regular contact with union bodies on matters of pay and remuneration for employees covered by collective bargaining or consultation arrangements.

EXISTING CONTRACTUAL ARRANGEMENTS

The Remuneration Committee retains discretion to make any remuneration payments and payments for loss of office outside the policy in this report:

- where the terms of the payment were agreed before the policy came into effect;
- where the terms of the payment were agreed at a time when the relevant individual was not a director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration of the individual becoming a director of the Company; or
- to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, the term 'payments' includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted. For the avoidance of doubt, the Remuneration Committee's discretion includes discretion to determine matters in accordance with the rules of the 2003 LTIP, including the extent to which awards under that plan may vest on the fulfilment of performance conditions, in the event of the voluntary winding up of the Company, on a change of control, on the death of a participant, and in 'good leaver' circumstances.

The Remuneration Committee may make minor changes to this policy which do not have a material advantage to directors, to aid in its operation or implementation, taking into account the interests of shareholders but without the need to seek shareholder approval.

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

The Remuneration Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on executive and non-executive directors' remuneration.

Prior to the 2014 LTIP being formally put to shareholders, the Remuneration Committee engaged with major shareholders and institutional investor bodies setting out the proposals and the detailed thinking and planning behind them.

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 the consolidated 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 UK 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 46 to 47 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 and financial position of the Group and parent Company and of the consolidated profit;
– the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced by the Group; and
– the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

R.A. WHITE
CHIEF EXECUTIVE
29 March 2016

S. LORIMER
FINANCE DIRECTOR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.G. BARR P.L.C. ONLY

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1 OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of A.G. BARR p.l.c. for the year ended 30 January 2016 set out on pages 89 to 133. In our opinion:

– the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 January 2016 and of the group's profit for the year then ended;
– the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (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.

Audit scope: 100%	A summary of our approach: – Our audit covered 100% of the Group's total revenue, profit before tax and total assets and was completed at Cumbernauld and in London.
Materiality: 3% pbt	– Overall group materiality: £1.4m which represents 3% of profit before tax this year.
Significant areas: inventory and brand support accruals	– The accounting for brand support accruals is a judgemental area. – Inventory is significant and raw materials are subject to price volatility so that is also a judgemental area. – There is no movement in the risk direction in either of these areas year on year. – There has been no change in our assessment of risks year on year.

2 OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows (unchanged from 2015):

The area of focus	Our approach
Brand support discounts and costs accrued (£13.0 million): Refer to page 59 (Audit Committee Report), pages 96 and 101 (accounting policy) and page 121 (financial disclosures)	*Risk direction:* *(unchanged)*
The group agrees significant sales discounts with certain of its customers and incurs costs in supporting and developing its brands. Accounting for such sales discounts and costs is judgemental where promotion and brand support campaigns either span the year end (where settlement has not been fully and finally made by the year end) or where prior year claims arise as the year end accrual can depend on information not yet made available by the customer.	Our procedures in relation to accounting for brand support discounts and costs included testing the group's authorisation controls over such discounts and costs and inspecting the detail of such discounts and costs. In addition we agreed samples of specific items within accruals at the year end to supporting documentation to assess the accuracy of brand support discounts and costs and to ensure they are reflected in the correct period; we agreed a sample of post year end claims relating to the period prior to the year end to accruals at the year end to give us comfort over the completeness of the year end accrual; and we considered and challenged the judgements formed by management in relation to any prior year claims from customers that remained within accruals at the year end.

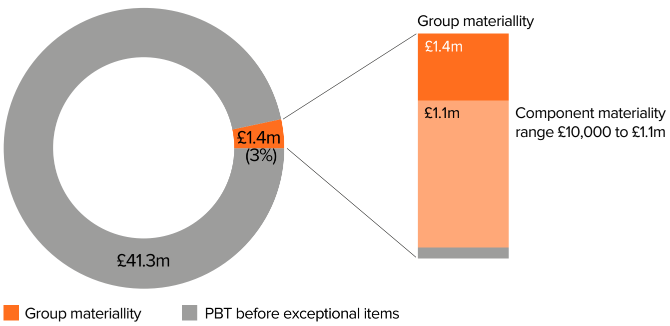
The area of focus	Our approach	
Valuation of inventories (£15.6 million): *Refer to page 59 (Audit Committee Report), page 99 (accounting policy) and page 117 (financial disclosures)*	*Risk direction:*	*(unchanged)*
Inventory is a significant balance and the group's main raw materials are commodities which can be subject to price volatility. As the group uses a standard cost as its basis of inventory valuation, changes in price and production levels lead to purchase price variances which, if not accounted for correctly, may lead to the valuation of inventories being misstated.	In this area, our procedures included testing the group's controls over the tracking of purchase price variances, inventory movements and balances; comparing the valuation of inventories for a sample of items to supporting documentation (e.g. purchase invoices) and considering for reasonableness (by reference to historical data and commodity price movements) the variances arising from the group's standard costing system. In addition our procedures included testing whether the standard costs which form the basis of the inventory valuation were set appropriately (e.g. by comparing standard costs back to supporting purchase invoices and other supporting costings) and reflected normal production levels, having been adjusted appropriately for any capacity underutilisation; and agreeing the calculation of overheads absorbed into inventory to supporting analyses of production costs incurred during the time of production of year-end inventory.	

3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality for the group financial statements as a whole was set at £1.4m (2015: £1.4m). Materiality is determined with reference to a benchmark of group profit before tax, normalised to exclude exceptional items where relevant. There were no exceptional items this year so our materiality is based on profit before tax of £41.3 million, of which it represents 3% (2015: 4% of profit before tax normalized to exclude exceptional items). We have chosen profit before tax before exceptional items because it excludes the non-recurring distorting impact of exceptional items such as reorganisation costs.

We report to the Audit Committee any corrected or uncorrected misstatements identified exceeding £250,000, in addition to other identified misstatements that warranted reporting on qualitative grounds. This level was selected and agreed with the Audit Committee as, given the nature and scale of operations, adjustments under this level were not deemed to be of specific interest to them.

Audits for group reporting purposes were performed for all three components by the group audit team in Cumbernauld and in London. These audits covered 100% of group turnover, profit before tax and total assets. The audits performed for group reporting purposes were all performed to materiality levels set individually for each component and ranged from £10,000 to £1.1 million.



4 OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.G. BARR P.L.C. ONLY
CONTINUED

5 WE HAVE NOTHING TO REPORT ON THE DISCLOSURES OF PRINCIPAL RISKS

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement on Risk Management on pages 42 to 44, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the three years to 2019; or
- the disclosures in note 31 of the financial statements and in the Directors' Report concerning the use of the going concern basis of accounting.

6 WE HAVE NOTHING TO REPORT IN RESPECT OF THE MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the directors' statements, set out on pages 45 and 51, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Report on pages 53 to 57 relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

SCOPE AND RESPONSIBILITIES

As explained more fully in the Directors' Responsibilities Statement set out on page 85, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

ALEX SANDERSON (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF KPMG LLP, STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
191 West George Street
Glasgow
G2 2LJ
29 March 2016

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JANUARY 2016

	Note	2016 £m	2015 Before exceptional items Restated (note 1) £m	2015 Exceptional items (note 7) £m	2015 Total Restated (note 1) £m
Revenue	2	**258.6**	260.9	–	260.9
Cost of sales		**(137.5)**	(141.0)	(2.9)	(143.9)
Gross profit	2, 7	**121.1**	119.9	(2.9)	117.0
Other income	5	**–**	0.7	–	0.7
Operating expenses	6	**(79.0)**	(78.5)	(0.4)	(78.9)
Operating profit		**42.1**	42.1	(3.3)	38.8
Finance income	8	**0.1**	0.1	–	0.1
Finance costs	8	**(0.9)**	(0.3)	–	(0.3)
Profit before tax		**41.3**	41.9	(3.3)	38.6
Tax on profit	9	**(7.0)**	(9.3)	0.7	(8.6)
Profit attributable to equity holders		**34.3**	32.6	(2.6)	30.0
Earnings per share (p)					
Basic earnings per share	10	**29.63**			26.00
Diluted earnings per share	10	**29.51**			25.86

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JANUARY 2016

		Group		Company	
	Note	2016 £m	2015 £m	2016 £m	2015 £m
Profit after tax		**34.3**	30.0	**22.8**	20.6
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefit pension plans	27	**5.4**	(19.7)	**5.4**	(19.7)
Deferred tax movements on items above	24	**(2.5)**	2.9	**(2.5)**	2.9
Current tax movements on items above	9	**1.3**	1.1	**1.3**	1.1
Items that will be or have been reclassified to profit or loss					
Effective portion of changes in fair value of cash flow hedges	16	**1.7**	0.1	**1.7**	0.1
Deferred tax movements on items above	24	**(0.3)**	–	**(0.3)**	–
Other comprehensive income for the year, net of tax		**5.6**	(15.6)	**5.6**	(15.6)
Total comprehensive income attributable to equity holders of the parent		**39.9**	14.4	**28.4**	5.0

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JANUARY 2016

Group	Share capital £m	Share premium account £m	Share options reserve £m	Cash flow hedge reserve £m	Retained earnings £m	Total £m
At 25 January 2015	**4.9**	**0.9**	**2.3**	**(0.4)**	**148.8**	**156.5**
Profit for the year	**–**	**–**	**–**	**–**	**34.3**	**34.3**
Other comprehensive income	**–**	**–**	**–**	**1.4**	**4.2**	**5.6**
Total comprehensive income for the year	**–**	**–**	**–**	**1.4**	**38.5**	**39.9**
Company shares purchased for use by employee benefit trusts	**–**	**–**	**–**	**–**	**(5.1)**	**(5.1)**
Proceeds on disposal of shares by employee benefit trusts	**–**	**–**	**–**	**–**	**3.1**	**3.1**
Recognition of share-based payment costs	**–**	**–**	**0.5**	**–**	**–**	**0.5**
Transfer of reserve on share award	**–**	**–**	**(0.9)**	**–**	**0.9**	**–**
Deferred tax on items taken direct to reserves	**–**	**–**	**(0.5)**	**–**	**–**	**(0.5)**
Dividends paid	**–**	**–**	**–**	**–**	**(14.3)**	**(14.3)**
At 30 January 2016	**4.9**	**0.9**	**1.4**	**1.0**	**171.9**	**180.1**
At 26 January 2014	4.9	0.9	1.8	(0.5)	148.1	155.2
Profit for the year	–	–	–	–	30.0	30.0
Other comprehensive income	–	–	–	0.1	(15.7)	(15.6)
Total comprehensive income for the year	–	–	–	0.1	14.3	14.4
Company shares purchased for use by employee benefit trusts	–	–	–	–	(2.3)	(2.3)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	1.3	1.3
Recognition of share-based payment costs	–	–	0.9	–	–	0.9
Transfer of reserve on share award	–	–	(0.5)	–	0.5	–
Deferred tax on items taken direct to reserves	–	–	0.1	–	–	0.1
Dividends paid	–	–	–	–	(13.1)	(13.1)
At 25 January 2015	4.9	0.9	2.3	(0.4)	148.8	156.5

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JANUARY 2016

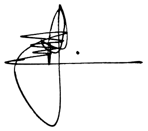
Company	Share capital £m	Share premium account £m	Share options reserve £m	Cash flow hedge reserve £m	Retained earnings £m	Total £m
At 25 January 2015	**4.9**	**0.9**	**2.3**	**(0.4)**	**100.6**	**108.3**
Profit for the year	**–**	**–**	**–**	**–**	**22.8**	**22.8**
Other comprehensive income	**–**	**–**	**–**	**1.4**	**4.2**	**5.6**
Total comprehensive income for the year	**–**	**–**	**–**	**1.4**	**27.0**	**28.4**
Company shares purchased for use by employee benefit trusts	**–**	**–**	**–**	**–**	**(5.1)**	**(5.1)**
Proceeds on disposal of shares by employee benefit trusts	**–**	**–**	**–**	**–**	**3.1**	**3.1**
Recognition of share-based payment costs	**–**	**–**	**0.5**	**–**	**–**	**0.5**
Transfer of reserve on share award	**–**	**–**	**(0.9)**	**–**	**0.9**	**–**
Deferred tax on items taken direct to reserves	**–**	**–**	**(0.5)**	**–**	**–**	**(0.5)**
Dividends paid	**–**	**–**	**–**	**–**	**(14.3)**	**(14.3)**
At 30 January 2016	**4.9**	**0.9**	**1.4**	**1.0**	**112.2**	**120.4**
At 26 January 2014	4.9	0.9	1.8	(0.5)	109.3	116.4
Profit for the year	–	–	–	–	20.6	20.6
Other comprehensive income	–	–	–	0.1	(15.7)	(15.6)
Total comprehensive income for the year	–	–	–	0.1	4.9	5.0
Company shares purchased for use by employee benefit trusts	–	–	–	–	(2.3)	(2.3)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	1.3	1.3
Recognition of share-based payment costs	–	–	0.9	–	–	0.9
Transfer of reserve on share award	–	–	(0.5)	–	0.5	–
Deferred tax on items taken direct to reserves	–	–	0.1	–	–	0.1
Dividends paid	–	–	–	–	(13.1)	(13.1)
At 25 January 2015	4.9	0.9	2.3	(0.4)	100.6	108.3

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JANUARY 2016

	Note	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
NON-CURRENT ASSETS					
Intangible assets	13	**107.5**	80.9	**20.0**	16.0
Property, plant and equipment	14	**85.3**	79.6	**85.3**	79.2
Pension prepayments	15	**–**	–	**18.3**	18.8
Investment in subsidiary undertakings	17	**–**	–	**84.3**	62.3
		192.8	160.5	**207.9**	176.3
CURRENT ASSETS					
Inventories	19	**15.6**	16.7	**15.2**	15.2
Trade and other receivables	20	**52.7**	51.9	**54.1**	54.3
Derivative financial instruments	16	**1.1**	0.1	**1.1**	0.1
Cash and cash equivalents	18	**6.8**	25.4	**4.4**	25.4
		76.2	94.1	**74.8**	95.0
Total assets		**269.0**	254.6	**282.7**	271.3
CURRENT LIABILITIES					
Loans and other borrowings	21	**0.7**	0.1	**1.9**	1.3
Trade and other payables	22	**37.4**	51.1	**101.9**	106.1
Derivative financial instruments	16	**–**	0.7	**–**	0.7
Provisions	23	**0.1**	1.0	**0.1**	1.0
Current tax liabilities		**3.6**	3.3	**0.9**	0.6
		41.8	56.2	**104.8**	109.7
NON-CURRENT LIABILITIES					
Loans and other borrowings	21	**17.5**	14.9	**37.2**	35.0
Trade and other payables	22	**4.5**	–	**4.5**	–
Deferred tax liabilities	24	**12.2**	8.7	**2.9**	–
Retirement benefit obligations	27	**12.9**	18.3	**12.9**	18.3
		47.1	41.9	**57.5**	53.3
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS					
Share capital	28	**4.9**	4.9	**4.9**	4.9
Share premium account		**0.9**	0.9	**0.9**	0.9
Share options reserve		**1.4**	2.3	**1.4**	2.3
Cash flow hedge reserve		**1.0**	(0.4)	**1.0**	(0.4)
Retained earnings		**171.9**	148.8	**112.2**	100.6
		180.1	156.5	**120.4**	108.3
Total equity and liabilities		**269.0**	254.6	**282.7**	271.3

Company Number: SC005653

The financial statements on pages 89 to 133 were approved by the Board of directors and authorised for issue on 29 March 2016 and were signed on its behalf by:



R.A. WHITE
CHIEF EXECUTIVE

S. LORIMER
FINANCE DIRECTOR

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JANUARY 2016

	Note	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Operating activities					
Profit before tax		**41.3**	38.6	**28.1**	26.6
Adjustments for:					
Interest receivable	8	**(0.1)**	(0.1)	**(0.8)**	(0.9)
Interest payable	8	**0.9**	0.3	**1.7**	1.2
Depreciation of property, plant and equipment	14	**7.3**	6.7	**7.3**	6.4
Impairment of property, plant and equipment		**–**	1.5	**–**	1.1
Amortisation of intangible assets	13	**1.1**	0.3	**0.8**	–
Share-based payment costs		**0.5**	0.9	**0.5**	0.9
Loss/(Gain) on sale of property, plant and equipment		**0.2**	(0.1)	**0.2**	–
Operating cash flows before movements in working capital		**51.2**	48.1	**37.8**	35.3
Decrease/(Increase) in inventories		**1.8**	(0.7)	**–**	(1.3)
Decrease/(Increase) in receivables		**0.6**	(4.4)	**0.1**	(4.4)
(Decrease)/Increase in payables		**(16.8)**	10.2	**(4.5)**	20.8
Difference between employer pension contributions and amounts recognised in the income statement		**(0.7)**	(1.4)	**(0.7)**	(1.4)
Cash generated by operations		**36.1**	51.8	**32.7**	49.0
Tax on profit paid		**(6.8)**	(7.0)	**(3.9)**	(4.1)
Net cash from operating activities		**29.3**	44.8	**28.8**	44.9
Investing activities					
Acquisition of subsidiary (net of cash acquired)		**(15.7)**	–	**(17.5)**	–
Acquisition of intangible assets		**(4.8)**	(7.1)	**(4.8)**	(7.1)
Purchase of property, plant and equipment		**(14.7)**	(11.5)	**(14.7)**	(11.5)
Proceeds on sale of property, plant and equipment		**0.9**	0.6	**1.4**	0.5
Interest received		**0.1**	0.1	**0.1**	0.1
Net cash used in investing activities		**(34.2)**	(17.9)	**(35.5)**	(18.0)
Financing activities					
New loans received		**34.0**	15.0	**34.0**	15.0
Loans repaid		**(31.5)**	(15.0)	**(31.5)**	(15.0)
Bank arrangement fees paid		**(0.1)**	(0.1)	**(0.1)**	(0.1)
Movement in finance lease		**–**	–	**0.8**	0.8
Purchase of Company shares by employee benefit trusts		**(5.1)**	(2.3)	**(5.1)**	(2.3)
Proceeds from disposal of Company shares by employee benefit trusts		**3.1**	1.3	**3.1**	1.3
Dividends paid		**(14.3)**	(13.1)	**(14.3)**	(13.1)
Interest paid		**(0.3)**	(0.3)	**(1.7)**	(1.1)
Net cash used in financing activities		**(14.2)**	(14.5)	**(14.8)**	(14.5)
Net increase in cash and cash equivalents		**(19.1)**	12.4	**(21.5)**	12.4
Cash and cash equivalents at beginning of year		**25.3**	12.9	**25.3**	12.9
Cash and cash equivalents at end of year	18	**6.2**	25.3	**3.8**	25.3

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 UK and sells mainly to customers in the UK with 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.

The financial year represents the 53 weeks ended 30 January 2016 (prior financial year 52 weeks ended 25 January 2015).

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 on pages 101 and 102.

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

The following revised IFRSs have been adopted in this consolidated financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods.

- Amendments to IAS 19 Defined Benefit Plans relating to employee contributions
- Annual Improvements 2010-2012 Cycle, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24
- Annual Improvements 2011-2013 Cycle, IFRS 1, IFRS 3, IFRS 13 and IAS 40

(B) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE FOR THE FINANCIAL YEAR BEGINNING 26 JANUARY 2015 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 financial statements. These standards and amendments are listed in the table below:

International Accounting Standards and Interpretations	Financial year beginning in which standard becomes effective
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	31 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	31 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle – various standards	31 January 2016
IFRS 15 Revenue from Contracts with Customers	28 January 2018
IFRS 16 Leases	28 January 2018

Management anticipates that the application of the above Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group, with the exception of IFRS 16. Management are in the process of assessing the impact of IFRS 16 on the financial statements.

(C) RESTATEMENT OF SEGMENT REPORTING

(i) In the segment reporting to 25 January 2015 a misstatement has been noted between the gross profit for Carbonates and the Other segments. An element totalling £2.3m of gross profit in relation to Carbonates was reported within the Others segment. This has been restated in the table below. There has been no change to the total reported revenue or gross profit before exceptional items or any other element of the financial statements.

1. ACCOUNTING POLICIES CONTINUED

(ii) In the year to 30 January 2016 a new enterprise resource planning system was implemented. This implementation included an alignment of the internal management reporting and the statutory reporting. The review concluded that some logistics and warehouse related costs previously recorded within operating expenses would be more appropriately recorded within cost of sales as this reflects more accurately the costs incurred in manufacturing products. This has resulted in a reduction in the gross profit of £3.4m in the year to 25 January 2015, with an increase in distribution costs of £5.4m and a decrease in administration costs of £8.8m. There was no impact to the previously reported operating profit.

YEAR ENDED 25 JANUARY 2015

	Carbonates £m	Still drinks and water £m	Other £m	Total £m
Total revenue	198.3	58.2	4.4	260.9
Gross profit before exceptional items as previously stated	102.2	17.4	3.7	123.3
Restatement of gross profit (note i)	2.3	–	(2.3)	–
Reclassification of operating costs (note ii)	(4.8)	1.3	0.1	(3.4)
Restated gross profit before exceptional items	**99.7**	**18.7**	**1.5**	**119.9**

CONSOLIDATION – SUBSIDIARIES

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date over which control commences until the date on which 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 sales related discounts invoiced by customers, including brand support costs, and exclusive of value added tax of goods and services supplied to external customers during the year. Brand support costs are investments in customer promotional activities. 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. Brand support accruals are included in the statement of financial position in respect of these.

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.

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 Groupe Rubicon Limited and Funkin Ltd.

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.

INTERNALLY GENERATED SOFTWARE DEVELOPMENT COSTS

Internally generated software development costs comprise of internal and third party consultancy costs incurred in relation to the Business Process Redesign project. Amortisation is charged from the date the software is available for use. This is calculated using the straight-line method over the expected useful life of the software, which is 10 years.

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. Borrowing costs directly attributable to acquisition, construction and or production of assets that take a substantial time to complete are capitalised.

1. ACCOUNTING POLICIES CONTINUED

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%
Computer hardware – 20%

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 held under operating leases. 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.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

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 depreciation, had no impairment loss been recognised in prior years.

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.

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 re-measurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

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 instruments used for hedging purposes are disclosed in note 16. 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.

1. ACCOUNTING POLICIES CONTINUED

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.

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; and
– 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 27. 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 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. 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 settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

SHARE-BASED COMPENSATION

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

The Group also provides employees with the ability to purchase the Company's ordinary shares at a discount to the current market value through payroll.

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

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

PROFIT-SHARING AND BONUS PLANS

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

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

PROVISIONS

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

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

DIVIDEND DISTRIBUTIONS

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

KEY JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

The principal estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

VALUATION OF INVENTORY JUDGEMENT

Inventory is a significant balance in the consolidated statement of financial position. The Group purchases commodities for use in the manufacture of soft drinks and these purchases are subject to price volatility. As the Group uses standard costing to value its inventory, management review price variances arising from the purchases of commodities to ensure that the closing inventory correctly reflects the costs incurred in bringing the inventory to its current state and location.

CARRYING VALUE OF BRAND SUPPORT ACCRUALS JUDGEMENT AND ESTIMATION UNCERTAINTY

The Group incurs significant costs in the support and development of the Group's brands. Judgement is required in determining the level of closing accrual required at a year end for promotions and brand support campaigns that either span two financial years or where the costs have not been fully settled by the year end date. This includes sales related discounts which are included within revenue as disclosed in the revenue recognition policy above. At 30 January 2016 the closing brand support accrual was £13.0m (25 January 2015: £12.5m).

In addition the following area of judgement had an effect on the carrying value of assets and liabilities:

1. ACCOUNTING POLICIES CONTINUED

RETIREMENT BENEFIT OBLIGATIONS ESTIMATION UNCERTAINTY

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.

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 has led to the operating segments identified in the table below: there has been no change to the segments during the year (after aggregation). The performance of the operating segments is assessed by reference to their gross profit before exceptional items. There were no exceptional items in the year to 30 January 2016.

The operating segments disclosed have been aggregated by the nature of the products and the production processes that they share in addition to similar long-term average gross margins for the operating segments.

YEAR ENDED 30 JANUARY 2016

	Carbonates £m	Still drinks and water £m	Other £m	Total £m
Total revenue	**189.7**	**57.1**	**11.8**	**258.6**
Gross profit before exceptional items	**98.6**	**16.9**	**5.6**	**121.1**

YEAR ENDED 25 JANUARY 2015

	Carbonates £m	Still drinks and water £m	Other £m	Total £m
Total revenue	198.3	58.2	4.4	260.9
Gross profit before exceptional items (Restated: note 1)	99.7	18.7	1.5	119.9

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

'Other' segments represent income from the sale of Funkin cocktail solutions, rental income for vending machines, the sale of ice-cream and other soft drink related items such as water cups. In the year to 25 January 2015 this segment also included income from water coolers for the Findlays 19 litre water business. This business was disposed of towards the end of the year to 25 January 2015.

The gross profit from the segment reporting is stated before exceptional costs. The prior year exceptional costs allocated to cost of sales in the consolidated income statement related to the 'Still drinks and water' segment only.

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.

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 UK with some worldwide sales. All of the operations of the Group are based in the UK.

Revenue	2016 £m	2015 £m
UK	**249.4**	253.7
Rest of the world	**9.2**	7.2
	258.6	260.9

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 UK.

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:

	2016 £m	2015 £m
Depreciation of property, plant and equipment	**7.3**	6.7
Impairment of property	**–**	1.1
Impairment of plant and equipment	**–**	0.4
Loss/(profit) on disposal of property, plant and equipment	**0.2**	(0.1)
Research and development costs	**1.1**	1.1
Impairment of inventories	**0.4**	0.1
Amortisation of intangible assets	**1.1**	0.3
Cost of inventories charged in cost of sales	**137.5**	143.9
Operating lease rentals payable – property	**0.4**	0.4
Operating lease rentals payable – motor vehicles	**1.1**	1.2
Operating lease rentals payable – plant	**1.8**	1.8
Trade receivables impairment movement	**(0.4)**	0.7
Acquisition costs (note 12)	**0.7**	–
Share-based payment costs	**0.5**	0.9

Included within administration costs (note 6) 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:

	2016 £000	2015 £000
Statutory audit services		
Fees payable to the auditor of the parent Company and consolidated accounts	**91**	79
Fees payable to the auditor for other services:		
Audit of the Company's subsidiaries pursuant to legislation	**20**	7
Non-audit services		
Audit related assurance services	**20**	19
Other assurance services	**97**	67
Pension advisory services	**–**	12
Tax compliance services	**22**	24
Tax advisory services	**22**	37
Fees in respect of the Group's pension plans		
Audit	**16**	13

4. EMPLOYEES AND DIRECTORS

	2016	2015
Average monthly number of people employed by the Group (including executive directors)		
Production and distribution	**745**	820
Administration	**287**	228
	1,032	1,048

4. EMPLOYEES AND DIRECTORS CONTINUED

STAFF COSTS FOR THE GROUP FOR THE YEAR

	2016 £m	2015 £m
Wages and salaries	**37.9**	36.4
Social security costs	**4.0**	3.8
Share-based payments	**0.5**	0.9
Pension costs – defined contribution plans	**2.8**	2.7
Pension costs – defined benefit plans	**2.4**	0.8
	47.6	44.6

5. OTHER INCOME

	2016 £m	2015 £m
Compensation received in respect of contract terminated	–	0.7

During the year to 25 January 2015 the contract for the production and selling of Orangina was terminated by Schweppes International Limited. This resulted in compensation of £0.7m being received by A.G. BARR p.l.c.

6. NET OPERATING EXPENSES BEFORE EXCEPTIONAL ITEMS

	2016 £m	2015 Restated (note 1) £m
Distribution costs (including selling costs)	**57.3**	57.2
Administration costs	**21.7**	21.3
	79.0	78.5

7. EXCEPTIONAL ITEMS

	2016 £m	2015 £m
Redundancy costs relating to the closure of the Tredegar manufacturing site	–	1.4
Impairment charges relating to the closure of the Tredegar manufacturing site	–	1.5
Total cost of sales	–	2.9
Pension curtailment (note 27)	–	(0.5)
Redundancy costs for finance, telesales, distribution, demand and supply planning reorganisation	–	0.9
Total operating costs	–	0.4
Total exceptional costs	–	3.3

During the year to 25 January 2015 A.G. BARR p.l.c. announced the closure of its manufacturing site at Tredegar. This resulted in an impairment charge of £1.5m in respect of buildings and plant at the site which were written down to the recoverable amounts calculated by reference to fair value less costs of disposal (valued by reference to an independent valuation and categorised as a level 2 fair value measurement). £0.5m of redundancy related costs were incurred in the year to 25 January 2015. A further £0.9m of redundancy costs were provided for.

Redundancy, recruitment and training costs in relation to the finance, telesales, distribution, demand and supply planning operations were incurred during the year to 25 January 2015 and treated as exceptional.

As a result of the finance, telesales, distribution, demand and supply planning reorganisation, a curtailment in the Group's retirement pension plan arose. This resulted in an exceptional credit arising from the reduction in the retirement benefit obligation following a reduction in the number of employees remaining within the scheme. The value of this credit was £0.5m.

A tax credit of £nil (2015: £0.7m) was recognised as a result of the total exceptional costs (note 9).

8. FINANCE INCOME AND FINANCE COSTS

FINANCE INCOME

	2016 £m	2015 £m
Interest receivable	**0.1**	0.1

FINANCE COSTS

	2016 £m	2015 £m
Interest payable	**(0.1)**	(0.3)
Finance costs relating to defined benefit pension plans (note 27)	**(0.7)**	–
Amortisation of loan arrangement fees	**(0.1)**	–
	(0.9)	(0.3)

9. TAXATION

	2016	2015		
Group	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Current tax				
Current tax on profits for the year	**9.0**	**9.0**	(0.5)	8.5
Adjustments in respect of prior years	**(0.7)**	**(0.2)**	–	(0.2)
Total current tax expense/(credit)	**8.3**	**8.8**	(0.5)	8.3
Deferred tax				
Origination and reversal of:				
Temporary differences	**0.3**	**0.4**	(0.2)	0.2
Adjustment for change in deferred tax rate	**(1.6)**	**–**	–	–
Adjustments in respect of prior years	**–**	**0.1**	–	0.1
Total deferred tax (credit)/expense (note 24)	**(1.3)**	**0.5**	(0.2)	0.3
Total tax expense/(credit)	**7.0**	**9.3**	(0.7)	8.6

In addition to the above movements in deferred tax, a deferred tax charge of £2.8m (2015: credit of £2.9m) has been recognised in other comprehensive income and a charge of £0.5m (2015: a credit of £0.1m) has been taken direct to reserves (note 24).

A current tax credit of £1.3m (2015: a credit of £1.1m) has been recognised in other comprehensive income.

9. TAXATION CONTINUED

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

	2016 £m	2016 %	2015 £m	2015 %
Profit before tax	**41.3**		38.6	
Tax at 20.2% (2015: 21.3%)	**8.3**	**20.2**	8.2	21.3
Tax effects of:				
Items that are not deductible in determining taxable profit	**1.0**	**2.4**	0.5	1.2
Current tax adjustment in respect of prior years	**(0.7)**	**(1.7)**	(0.2)	(0.4)
Deferred tax adjustment in respect of prior years	**–**	**–**	0.1	0.3
Deferred tax adjustment in respect of change of deferred tax rate	**(1.6)**	**(3.9)**	–	–
Other differences	**–**	**–**	–	(0.1)
Total tax expense	**7.0**	**17.1**	8.6	22.3

The weighted average tax rate was 17.1% (2015: 22.3%).

The Chancellor announced in his Summer Budget on 8 July 2015 that the main rate of corporation tax will be reduced to 19% from 1 April 2017 and 18% from 1 April 2020 and the future charges will reduce accordingly. Finance No.2 Bill 2015 became substantively enacted on 26 October 2015.

The deferred tax liability at 30 January 2016 has therefore been calculated having regard to the rate of 18% substantively enacted at the balance sheet date.

10. 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.

	2016	2015
Profit attributable to equity holders of the Company (£m)	**34.3**	30.0
Weighted average number of ordinary shares in issue	**115,714,487**	115,377,541
Basic earnings per share (pence)	**29.63**	26.00

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.

	2016	2015
Profit attributable to equity holders of the Company (£m)	**34.3**	30.0
Weighted average number of ordinary shares in issue	**115,714,487**	115,377,541
Adjustment for dilutive effect of share options	**505,871**	623,962
Diluted weighted average number of ordinary shares in issue	**116,220,358**	116,001,503
Diluted earnings per share (pence)	**29.51**	25.86

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

	2016	2015
Profit attributable to equity holders of the Company before exceptional items (£m)	**34.3**	32.6
Weighted average number of ordinary shares in issue	**115,714,487**	115,377,541
Underlying earnings per share (pence)	**29.63**	28.25

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.

11. DIVIDENDS

	2016 per share	2015 per share	2016 £m	2015 £m
Paid final dividend	**9.01p**	–p	**10.4**	–
Paid first interim dividend	**3.36p**	3.11p	**3.9**	3.6
Paid second interim dividend	**–p**	8.19p	**–**	9.5
	12.37p	11.30p	**14.3**	13.1

The directors have proposed a final dividend in respect of the year ended 30 January 2016 of 9.97p per share, amounting to a dividend of £11.6m. It will be paid on 10 June 2016 to all shareholders who are on the Register of Members on 13 May 2016.

The notice of Annual General Meeting for the year ended 26 January 2014 omitted the resolution seeking shareholder approval for the payment of a final dividend of 8.19p per ordinary share. Accordingly, the Board declared a second interim dividend for the year ended 26 January 2014 in place of the proposed final dividend. The interim dividend did not require the approval of shareholders. The amount of this interim dividend was 8.19p per ordinary share.

This dividend was paid on 6 June 2014 to all shareholders who were on the Register of Members on 9 May 2014.

Dividends payable in respect of the financial year were as follows:

	2016 per share	2015 per share
Final dividend proposed in respect of financial year	**9.97p**	9.01p
Interim dividend paid	**3.36p**	3.11p
	13.33p	12.12p

12. ACQUISITION OF SUBSIDIARY

On 2 February 2015, the Group acquired 100% of the share capital of Funkin Limited ('Funkin'), a company which offers a broad range of premium cocktail solutions including fruit purées, cocktail mixers and syrups.

In the twelve months to 30 January 2016, Funkin contributed revenue of £9.8m and an operating profit of £1.3m to the Group's results. Had Funkin been consolidated from 26 January 2015, the consolidated income statement for the year ended 30 January 2016 would not be materially different.

CONSIDERATION TRANSFERRED

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	£m
Cash	**17.5**
Contingent consideration	**4.5**
Total consideration	**22.0**

CONTINGENT CONSIDERATION

The Group has agreed to pay the former owners of Funkin a contingent consideration based on the achievement of certain financial targets by Funkin in the two years from the date of its acquisition by the Group. The potential undiscounted amount of all future payments that the Group could make under the acquisition agreement is between £nil and £4.5m.

The fair value of the contingent consideration arrangement of £4.5m was estimated by assessing the expected growth of Funkin over the two years trading post acquisition. No discount rate has been applied to the fair value estimate of the contingent consideration as due to the short time period the effect of discounting has a negligible effect on the fair value.

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair value of trade and other receivables was £1.4m and includes trade receivables with a fair value of £1.2m. The gross contractual amount for trade receivables due was £1.3m of which £0.1m is expected to be uncollectible.

The fair value of the acquired identifiable intangible assets was £7.2m.

A deferred tax liability of £1.5m has been provided in relation to these fair value adjustments in relation to intangible assets.

12. ACQUISITION OF SUBSIDIARY CONTINUED

	£m
Cash and cash equivalents	**1.8**
Funkin brand	**6.8**
Customer list	**0.4**
Inventories	**0.7**
Trade and other receivables	**1.4**
Trade and other payables	**(3.2)**
Current tax liability	**(0.1)**
Deferred tax liabilities	**(1.5)**
Total identifiable net assets	**6.3**
Goodwill	**15.7**

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

The goodwill of £15.7m arises from a number of factors including expected synergies through combining an experienced senior team and obtaining greater production efficiencies through knowledge transfer; marketing expertise; obtaining economies of scale by cost reductions from purchasing efficiencies; sales synergies arising from introducing Funkin to A.G. BARR's route to market and sales channels; and unrecognised assets such as the workforce.

ACQUISITION-RELATED COSTS

The Group incurred acquisition-related costs of £0.7m relating to external legal fees and due diligence costs. These costs have been included in operating costs in the consolidated income statement.

13. INTANGIBLE ASSETS

Group	Goodwill £m	Brands £m	Customer relationships £m	Water rights £m	Software development costs £m	Total £m
Cost						
At 26 January 2014	23.3	50.3	3.5	0.7	–	77.8
Acquisitions	–	–	–	–	7.1	7.1
At 25 January 2015	23.3	50.3	3.5	0.7	7.1	84.9
Acquisitions through business combinations	15.7	6.8	0.4	–	–	22.9
Acquisitions	–	–	–	–	4.8	4.8
At 30 January 2016	**39.0**	**57.1**	**3.9**	**0.7**	**11.9**	**112.6**
Amortisation and impairment losses						
At 26 January 2014	0.4	0.3	2.3	0.7	–	3.7
Amortisation for the year	–	–	0.3	–	–	0.3
At 25 January 2015	0.4	0.3	2.6	0.7	–	4.0
Amortisation for the year	–	–	0.3	–	0.8	1.1
At 30 January 2016	0.4	0.3	2.9	0.7	0.8	5.1
Carrying amounts						
At 30 January 2016	**38.6**	**56.8**	**1.0**	**–**	**11.1**	**107.5**
At 25 January 2015	22.9	50.0	0.9	–	7.1	80.9

The acquisitions through business combinations for the year to 30 January 2016 represent the goodwill, brands and customer relationships obtained in the acquisition of Funkin Limited (Note 12).

Further software development costs were incurred in the year to 30 January 2016, which represents internally generated software development costs and third party consultancy costs incurred in relation to the Business Process Redesign project. This project introduced a more effective, modern and robust Enterprise Resource Planning software. This project was completed during the year to 30 January 2016. The Group capitalised £0.8m (2015: £0.7m) of internal resource as part of the project.

The opening customer relationships balance represents 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, the Rubicon asset has three years remaining and the Funkin asset has nine years remaining.

This period has been reviewed at the statement of financial position date and remains appropriate.

The amortisation costs for the year to 30 January 2016 have been included in the income statement as administration costs.

Company	Goodwill £m	Brands £m	Customer relationships £m	Water rights £m	Software development costs £m	Total £m
Cost						
At 26 January 2014	1.9	7.3	1.0	0.7	–	10.9
Acquisitions	–	–	–	–	7.1	7.1
At 25 January 2015	1.9	7.3	1.0	0.7	7.1	18.0
Acquisitions	–	–	–	–	4.8	4.8
At 30 January 2016	**1.9**	**7.3**	**1.0**	**0.7**	**11.9**	**22.8**
Amortisation and impairment losses						
At 26 January 2014	–	0.3	1.0	0.7	–	2.0
Amortisation for the year	–	–	–	–	–	–
At 25 January 2015	–	0.3	1.0	0.7	–	2.0
Amortisation for the year	–	–	–	–	0.8	0.8
At 30 January 2016	–	0.3	1.0	0.7	0.8	2.8
Carrying amounts						
At 30 January 2016	**1.9**	**7.0**	**–**	**–**	**11.1**	**20.0**
At 25 January 2015	1.9	7.0	–	–	7.1	16.0

All intangible assets noted above were recognised on the acquisition of the Strathmore Water business with the exception of the additions for the years to 25 January 2015 and 30 January 2016 which represent internally generated software development costs and third party consultancy costs incurred in relation to the Business Process Redesign project.

At 30 January 2016, the Group and the Company had entered into contractual commitments for the acquisition of intangible assets amounting to £nil (2015: £0.8m).

13. INTANGIBLE ASSETS CONTINUED

IMPAIRMENT TESTS FOR GOODWILL AND BRANDS

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

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

At 30 January 2016	Goodwill £m	Brands £m	Customer relationships £m	Total £m
Rubicon operating unit	**21.0**	**43.0**	**0.7**	**64.7**
Funkin operating unit	**15.7**	**6.8**	**0.3**	**22.8**
Strathmore operating unit	**1.9**	**7.0**	**–**	**8.9**
Total	**38.6**	**56.8**	**1.0**	**96.4**

At 25 January 2015	Goodwill £m	Brands £m	Customer relationships £m	Total £m
Rubicon operating unit	21.0	43.0	0.9	64.9
Strathmore operating unit	1.9	7.0	–	8.9
Total	22.9	50.0	0.9	73.8

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

	2016			2015		
	Gross margin %	Growth rate %	Discount rate %	Gross margin %	Growth rate %	Discount rate %
Rubicon operating unit	**38.50**	**2.25**	**11.00**	34.43	2.25	10.50
Funkin operating unit	**52.41**	**2.25**	**11.00**	–	–	–
Strathmore operating unit	**30.20**	**2.25**	**11.00**	29.40	2.25	10.50

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 analysis, using latest annual budgets for the year to 30 January 2016 and projected costs thereafter.

Sensitivity analysis was carried out on the above calculations to review possible levels of impairment after adjusting discount rates. At a pre-tax rate of 15%, none 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 impairment conclusions reached.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings Freehold £m	Land and buildings Long leasehold £m	Plant, equipment and vehicles £m	Assets under construction £m	Total £m
Cost or deemed cost					
At 26 January 2014	55.1	0.5	72.9	0.9	129.4
Additions	0.4	–	3.5	8.2	12.1
Transfer from assets under construction	0.1	–	2.3	(2.4)	–
Disposals	(0.5)	–	(2.6)	–	(3.1)
At 25 January 2015	55.1	0.5	76.1	6.7	138.4
Additions	5.8	–	3.8	4.5	14.1
Transfer from assets under construction	0.5	–	5.2	(5.7)	–
Disposals	(2.4)	(0.1)	(2.0)	–	(4.5)
At 30 January 2016	**59.0**	**0.4**	**83.1**	**5.5**	**148.0**
Depreciation					
At 26 January 2014	4.1	0.5	48.6	–	53.2
Amount charged for year	0.5	–	6.2	–	6.7
Impairment	1.1	–	0.4	–	1.5
Disposals	–	–	(2.6)	–	(2.6)
At 25 January 2015	5.7	0.5	52.6	–	58.8
Amount charged for year	1.0	–	6.3	–	7.3
Disposals	(1.3)	(0.1)	(2.0)	–	(3.4)
At 30 January 2016	**5.4**	**0.4**	**56.9**	**–**	**62.7**
Net book value					
As at 30 January 2016	**53.6**	**–**	**26.2**	**5.5**	**85.3**
As at 25 January 2015	49.4	–	23.5	6.7	79.6

Plant, equipment and vehicles includes the following amounts where the Group and Company is a lessee under a finance lease:

	2016 £m	2015 £m
Cost-capitalised finance lease	**0.2**	–
Accumulated depreciation	**–**	–
Net book value	**0.2**	–

14. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Land and buildings				
Company	Freehold £m	Long leasehold £m	Plant, equipment and vehicles £m	Assets under construction £m	Total £m
Cost or deemed cost					
At 25 January 2015	54.6	0.4	70.9	0.9	126.8
Additions	0.4	–	3.5	8.2	12.1
Transfer from assets under construction	0.1	–	2.3	(2.4)	–
Transfer of assets from other Group companies	0.1	–	–	–	0.1
Disposals	(0.5)	–	(2.2)	–	(2.7)
At 25 January 2015	54.7	0.4	74.5	6.7	136.3
Additions	5.8	–	3.8	4.5	14.1
Transfer from assets under construction	0.5	–	5.2	(5.7)	–
Transfer of assets from other Group companies	0.1	–	0.8	–	0.9
Disposals	(2.4)	(0.1)	(2.0)	–	(4.5)
At 30 January 2016	**58.7**	**0.3**	**82.3**	**5.5**	**146.8**
Depreciation					
At 26 January 2014	3.8	0.4	47.6	–	51.8
Amount charged for year	0.5	–	5.9	–	6.4
Impairment	1.1	–	–	–	1.1
Disposals	–	–	(2.2)	–	(2.2)
At 25 January 2015	5.4	0.4	51.3	–	57.1
Amount charged for year	1.0	–	6.3	–	7.3
Disposals	(1.3)	(0.1)	(1.5)	–	(2.9)
At 30 January 2016	**5.1**	**0.3**	**56.1**	**–**	**61.5**
Net book value					
As at 30 January 2016	**53.6**	**–**	**26.2**	**5.5**	**85.3**
As at 25 January 2015	49.3	–	23.2	6.7	79.2

At 30 January 2016, the Group and the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £6.1m (2015: £1.2m).

Freehold land and buildings includes the following amounts where the Company is a lessee under a finance lease:

	2016 £m	2015 £m
Cost-capitalised finance lease	**23.3**	23.3
Accumulated depreciation	**(2.7)**	(2.5)
Net book value	**20.6**	20.8

15. PENSION PREPAYMENT

The Company established the A.G. BARR p.l.c. (2008) Scottish Limited Partnership ('the Partnership') in the year to 26 January 2014 and through the Partnership has entered into a long term pension funding arrangement with the A.G. BARR 2008 Pension and Life Assurance Scheme.

	Company	
	2016 £m	2015 £m
Non-current	**18.3**	18.8
Current	**1.2**	1.2
Prepayment of pension contributions	**19.5**	20.0

The element of the prepayment classified as current is included within the prepayments figure of £3.8m (2015: £4.0m), as set out in note 20.

The Partnership is controlled by A.G. BARR p.l.c. and its results are consolidated by the Group.

A 'structured entity' is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate only to administrative tasks and the relevant activities are directed by means of contractual arrangements. As outlined in note 27, during the year to 26 January 2014, certain freehold properties were transferred to a limited partnership (a structured entity) established by the Group the main purpose of which is to lease these properties to a group company and, as a result, to provide the Group's pension scheme with a distribution of the profits of the Partnership. The distribution is subject to discretion exercisable by the Group in certain circumstances however, given that the Group has the ability to control the limited Partnership by making an additional contribution into the scheme, it is the view of the directors that the Group controls the Partnership and therefore it is treated as a consolidated entity.

The carrying value of the properties sold to the Partnership and leased back to the Company remain included on the Group's and Company's balance sheet and continued to be depreciated in line with the Group's and Company's accounting policies with the Group and Company retaining full operational control over these properties.

The Group has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 and has, therefore, not appended the accounts of this qualifying partnership to these financial statements. Separate accounts for the Partnership are not required to be, and have not been, filed at UK Companies House.

As part of the funding arrangement the Company made a one off payment to the Pension Scheme of £20.4m to allow it to invest in the Partnership and this is treated as a prepayment of pension contributions. Further information on the asset backed funding arrangement is included within note 27. As the Partnership results are consolidated within the Group results no prepayment is recognised in the consolidated statement of financial position.

16. DERIVATIVE FINANCIAL INSTRUMENTS

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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted accordingly as relevant.

16. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group At 30 January 2016	Carrying amount Fair value – hedging instruments £m	Loans and receivables £m	Other financial liabilities at amortised cost £m	Total £m	Fair value Level 2 £m
Financial assets not measured at fair value					
Foreign exchange contracts used for hedging	**1.1**	**–**	**–**	**1.1**	**1.1**
Trade receivables	**–**	**50.0**	**–**	**50.0**	**50.0**
Cash and cash equivalents	**–**	**6.8**	**–**	**6.8**	**6.8**
	1.1	**56.8**	**–**	**57.9**	**57.9**
Financial liabilities measured at fair value					
Contingent consideration (note 12)	**–**	**–**	**4.5**	**4.5**	**4.5**
	–	**–**	**4.5**	**4.5**	**4.5**
Financial liabilities not measured at fair value					
Finance lease liabilities	**–**	**–**	**0.2**	**0.2**	**0.2**
Unsecured bank borrowings	**–**	**–**	**18.0**	**18.0**	**18.0**
Trade payables	**–**	**–**	**8.4**	**8.4**	**8.4**
	–	**–**	**26.6**	**26.6**	**26.6**

Group At 25 January 2015	Carrying amount Fair value – hedging instruments £m	Loans and receivables £m	Other financial liabilities at amortised cost £m	Total £m	Fair value Level 2 £m
Financial assets not measured at fair value					
Foreign exchange contracts used for hedging	0.1	–	–	0.1	0.1
Trade receivables	–	49.1	–	49.1	49.1
Cash and cash equivalents	–	25.4	–	25.4	25.4
	0.1	74.5	–	74.6	74.6
Financial liabilities measured at fair value					
Foreign exchange contracts used for hedging	0.7	–	–	0.7	0.7
	0.7	–	–	0.7	0.7
Financial liabilities not measured at fair value					
Unsecured bank borrowings	–	–	14.9	14.9	14.9
Trade payables	–	–	17.7	17.7	17.7
	–	–	32.6	32.6	32.6

Company At 30 January 2016	Carrying amount Fair value – hedging instruments £m	 Loans and receivables £m	 Other financial liabilities at amortised cost £m	 Total £m	Fair value Level 2 £m
Financial assets not measured at fair value					
Foreign exchange contracts used for hedging	**1.1**	**–**	**–**	**1.1**	**1.1**
Trade and other receivables and amounts due from subsidiary companies	**–**	**50.3**	**–**	**50.3**	**50.3**
Cash and cash equivalents	**–**	**4.4**	**–**	**4.4**	**4.4**
	1.1	**54.7**	**–**	**55.8**	**55.8**
Financial liabilities measured at fair value					
Contingent consideration (note 12)	**–**	**–**	**4.5**	**4.5**	**4.5**
	–	**–**	**4.5**	**4.5**	**4.5**
Financial liabilities not measured at fair value					
Unsecured bank borrowings	**–**	**–**	**18.0**	**18.0**	**18.0**
Finance lease liabilities	**–**	**–**	**21.1**	**21.1**	**19.7**
Trade payables and amounts due to other subsidiary companies	**–**	**–**	**73.6**	**73.6**	**73.6**
	–	**–**	**112.7**	**112.7**	**91.6**

Company At 25 January 2015	Carrying amount Fair value – hedging instruments £m	 Loans and receivables £m	 Other financial liabilities at amortised cost £m	 Total £m	Fair value Level 2 £m
Financial assets not measured at fair value					
Foreign exchange contracts used for hedging	0.1	–	–	0.1	0.1
Trade and other receivables and amounts due from subsidiary companies	–	50.3	–	50.3	50.3
Cash and cash equivalents	–	25.4	–	25.4	25.4
	0.1	75.7	–	75.8	75.8
Financial liabilities measured at fair value					
Foreign exchange contracts used for hedging	0.7	–	–	0.7	0.7
	0.7	–	–	0.7	0.7
Financial liabilities not measured at fair value					
Unsecured bank borrowings	–	–	14.9	14.9	14.9
Finance lease liabilities	–	–	21.3	21.3	20.0
Trade payables and amounts due to other subsidiary companies	–	–	72.7	72.7	72.7
	–	–	108.9	108.9	107.6

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.

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 value of the non-current borrowings is based on cash flows discounted using the current variable interest rate charged on the borrowings of 1.5% and a discount rate of 1.5% and are within level 2 of the fair value hierarchy.

16. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

CONTINGENT CONSIDERATION

The Group has agreed to pay the former owners of Funkin a contingent consideration based on the achievement of certain financial targets by Funkin in the two years from the date of its acquisition by the Group. The potential undiscounted amount of all future payments that the Group could make under the acquisition agreement is between £nil and £4.5m.

The fair value of the contingent consideration arrangement of £4.5m was estimated by assessing the expected growth of Funkin over the two years trading post acquisition. No discount rate has been applied to the fair value estimate of the contingent consideration as due to the short time period the effect of discounting has a negligible effect on the fair value.

17. INVESTMENT IN SUBSIDIARIES

	2016 £m	2015 £m
Opening investment in subsidiaries	**62.3**	62.3
Investment in year	**22.0**	–
Closing investment in subsidiaries	**84.3**	62.3

The investment made by the Company in the year was in relation to the acquisition of Funkin Limited (note 12).

The carrying value of the investment represents the fair value of the consideration paid at the date the investments were acquired.

The principal subsidiaries are as follows:

Principal subsidiary	Principal activity	Country of incorporation	Country of principal operations
Funkin Limited	Distribution and selling of cocktail solutions	England	UK
Funkin France Limited	Distribution and selling of cocktail solutions	England	France
Funkin USA Limited	Distribution and selling of cocktail solutions	England	USA
Rubicon Drinks Limited	Manufacture, distribution and selling of soft drinks	England	UK

A.G. BARR p.l.c. holds 100% of the equity and votes of the subsidiaries. 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 the only ones which materially affect the profit and assets of the Group. Refer to note 32 for a full list of the subsidiaries.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Cash and cash equivalents	**6.8**	25.4	**4.4**	25.4

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

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Cash and cash equivalents	**6.8**	25.4	**4.4**	25.4
Bank overdrafts (note 21)	**(0.6)**	(0.1)	**(0.6)**	(0.1)
	6.2	25.3	**3.8**	25.3

The credit quality of the holder of the Cash at bank is AA(-) rated (2015: AA(-) rated).

19. INVENTORIES

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Returnable containers	**–**	0.4	**–**	0.4
Materials	**4.8**	4.3	**4.7**	3.5
Finished goods	**10.8**	12.0	**10.5**	11.3
	15.6	16.7	**15.2**	15.2

During the year to 30 January 2016 the Group announced it would cease the manufacture and sale of 750ml returnable glass bottles and replace these with non-returnable 750ml glass bottles. As a result there are no returnable containers held in the closing inventory at 30 January 2016.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Trade receivables	**50.6**	50.1	**49.2**	50.1
Less: provision for impairment of receivables	**(0.6)**	(1.0)	**(0.6)**	(1.0)
Trade receivables – net	**50.0**	49.1	**48.6**	49.1
Prepayments	**2.7**	2.8	**3.8**	4.0
Amounts due by subsidiary companies	**–**	–	**1.7**	1.2
	52.7	51.9	**54.1**	54.3

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 Group's and Company's most significant customer, a UK major customer, accounts for £7.3m of the trade receivables carrying amount at 30 January 2016 (25 January 2015: £5.7m).

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

Group	Gross 2016 £m	Impairment 2016 £m	Gross 2015 £m	Impairment 2015 £m
Not past due	**44.9**	**(0.1)**	48.4	(0.2)
Past due 1 to 30 days	**3.4**	**(0.1)**	0.8	(0.1)
Past due 31 to 60 days	**0.3**	**(0.1)**	0.3	(0.1)
Past due 61+ days	**2.0**	**(0.3)**	0.6	(0.6)
Total	**50.6**	**(0.6)**	50.1	(1.0)

Company	Gross 2016 £m	Impairment 2016 £m	Gross 2015 £m	Impairment 2015 £m
Not past due	**44.4**	**(0.1)**	48.4	(0.2)
Past due 1 to 30 days	**2.7**	**(0.1)**	0.8	(0.1)
Past due 31 to 60 days	**0.3**	**(0.1)**	0.3	(0.1)
Past due 61+ days	**1.8**	**(0.3)**	0.6	(0.6)
Total	**49.2**	**(0.6)**	50.1	(1.0)

20. TRADE AND OTHER RECEIVABLES CONTINUED

	Group 2016	Group 2015	Company 2016	Company 2015
Trade receivables overdue in excess of 30 days	**4.6%**	1.7%	**4.4%**	1.7%

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 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Major customers	**48.6**	46.5	**47.2**	46.5
Direct to store customers	**2.0**	3.6	**2.0**	3.6
Total	**50.6**	50.1	**49.2**	50.1

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

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
UK Sterling	**51.7**	51.5	**51.4**	52.7
Euro	**1.0**	0.4	**1.0**	0.4
	52.7	51.9	**52.4**	53.1

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

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
At start of year	**1.0**	0.3	**1.0**	0.3
Net provision (utilised)/charged during the year	**(0.4)**	0.7	**(0.4)**	0.7
At end of year	**0.6**	1.0	**0.6**	1.0

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.

21. BORROWINGS

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Current				
Bank borrowings	**0.6**	0.1	**0.6**	0.1
Finance lease liabilities	**0.1**	–	**1.3**	1.2
Non-current				
Bank borrowings	**17.5**	15.0	**17.5**	15.0
Finance lease liabilities	**0.1**	–	**19.8**	20.1
Total borrowings	**18.3**	15.1	**39.2**	36.4

All of the Group's borrowings are denominated in UK Sterling with the exception of the current bank borrowings which represent the closing overdraft on a Euro bank account.

During the year to 30 January 2016, the Group renegotiated a £35m revolving credit facility. A total arrangement fee of £0.1m was incurred and will be amortised over the life of the loan facility. The revolving credit facility will expire in January 2018. A further £10m revolving credit facility was arranged in the year to 26 January 2014 and will expire in March 2017.

During the year to 26 January 2014 certain property assets were transferred into A.G. BARR Scottish Limited Partnership and are being leased back to the Company under a 21 year lease agreement. Further details are included within note 27.

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

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Current bank borrowings	**0.6**	0.1	**0.6**	0.1
Finance lease liability payable within one year	**0.1**	–	**1.3**	1.2
Current loans and other borrowings disclosed in the statement of financial position	**0.7**	0.1	**1.9**	1.3

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Non-current bank borrowings	**17.5**	15.0	**17.5**	15.0
Unamortised arrangement fee	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Finance lease liability payable after more than one year	**0.1**	–	**19.8**	20.1
Non-current loans and other borrowings disclosed in the statement of financial position	**17.5**	14.9	**37.2**	35.0

The movements in the Group borrowings are analysed as follows:

	2016 £m	2015 £m
Opening borrowings balance	**15.1**	15.0
Borrowings made	**34.0**	15.0
Repayments of borrowings	**(31.5)**	(15.0)
Bank overdrafts drawn	**0.5**	0.1
Closing borrowings balance	**18.1**	15.1

Reconciliation to net (debt)/funds:

	2016 £m	2015 £m
Closing borrowings balance	**(18.1)**	(15.1)
Cash and cash equivalents (note 18)	**6.8**	25.4
Net (debt)/funds	**(11.3)**	10.3

21. BORROWINGS CONTINUED

The undrawn facilities at 30 January 2016 were as follows:

	Total facility £m	Drawn £m	Undrawn £m
Revolving credit facility – three years, expires January 2018	**35.0**	**17.5**	**17.5**
Revolving credit facility – three years, expires February 2017	**10.0**	**–**	**10.0**
Overdraft	**5.0**	**0.6**	**4.4**
	50.0	**18.1**	**31.9**

The undrawn facilities as at 25 January 2015 were as follows:

	Total facility £m	Drawn £m	Undrawn £m
Revolving credit facilities – three years, expires February 2017	20.0	15.0	5.0
Revolving credit facility for Crossley, expired June 2015	15.0	–	15.0
Overdraft	5.0	0.1	4.9
	40.0	15.1	24.9

The maturity profile of the borrowings is as follows:

	2016 £m	2015 £m
Less than one year	**0.6**	0.1
One to two years	**–**	–
Two to five years	**17.5**	15.0
	18.1	15.1

The gross value of finance lease liabilities for the Group is as follows:

	2016 £m	2015 £m
Gross finance lease liabilities – minimum lease payments:		
Less than one year	**0.1**	–
Two to five years	**0.1**	–
Later than five years	**–**	–
	0.2	–
Future finance charges on finance lease liabilities	**–**	–
Present value of finance lease liabilities	**0.2**	–

The present value of finance lease liabilities for the Group is as follows:

	2016 £m	2015 £m
Less than one year	**0.1**	–
Two to five years	**0.1**	–
Later than five years	**–**	–
	0.2	–

The Group leases certain IT assets under a finance lease agreement. The lease term is 5 years.

The gross value of finance lease liabilities for the Company is as follows:

	2016 £m	2015 £m
Gross finance lease liabilities – minimum lease payments:		
Less than one year	**1.3**	1.2
Two to five years	**5.2**	5.0
Later than five years	**24.1**	25.4
	30.6	31.6
Future finance charges on finance lease liabilities	**(9.5)**	(10.3)
Present value of finance lease liabilities	**21.1**	21.3

The present value of finance lease liabilities for the Company is as follows:

	2016 £m	2015 £m
Less than one year	**1.3**	1.2
Two to five years	**4.8**	4.6
Later than five years	**15.0**	15.5
	21.1	21.3

As well as the IT assets noted within the Group, the Company leases certain property assets under a finance lease agreement. The lease term is 21 years and further details can be found within note 27.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 £m	2015 £m	2016 £m	2015 £m
Trade payables	**8.4**	17.7	**7.4**	17.7
Other taxes and social security costs	**5.3**	4.3	**4.8**	4.3
Accruals	**23.7**	29.1	**23.5**	29.1
Contingent consideration (note 12)	**4.5**	–	**4.5**	–
Amounts due to subsidiary companies	**–**	–	**66.2**	55.0
	41.9	51.1	**106.4**	106.1
Non-current	**4.5**	–	**4.5**	–
Current	**37.4**	51.1	**101.9**	106.1
	41.9	51.1	**106.4**	106.1

The tables below analyse the Group and Company'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 below are the contractual undiscounted cash flows:

Group At 30 January 2016	Borrowings £m	Finance lease liabilities £m	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	**0.7**	**–**	**8.4**	**–**	**9.1**
7 to 12 months	**0.1**	**–**	**–**	**–**	**0.1**
1 to 2 years	**0.2**	**0.1**	**–**	**4.5**	**4.8**
2 to 5 years	**17.5**	**0.1**	**–**	**–**	**17.6**
5+ years	**–**	**–**	**–**	**–**	**–**
	18.5	**0.2**	**8.4**	**4.5**	**31.6**

22. TRADE AND OTHER PAYABLES CONTINUED

At 25 January 2015	Borrowings £m	Finance lease liabilities £m	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	0.1	–	17.7	0.4	18.2
7 to 12 months	0.1	–	–	0.2	0.3
1 to 2 years	0.2	–	–	–	0.2
2 to 5 years	15.1	–	–	–	15.1
5+ years	–	–	–	–	–
	15.5	–	17.7	0.6	33.8

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 21.

Company At 30 January 2016	Borrowings £m	Finance lease liabilities £m	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	**0.7**	**0.6**	**7.4**	**–**	**8.7**
7 to 12 months	**0.1**	**0.6**	**–**	**–**	**0.7**
1 to 2 years	**0.2**	**1.3**	**–**	**4.5**	**6.0**
2 to 5 years	**17.5**	**4.0**	**–**	**–**	**21.5**
5+ years	**–**	**24.1**	**–**	**–**	**24.1**
	18.5	**30.6**	**7.4**	**4.5**	**61.0**

At 25 January 2015	Borrowings £m	Finance lease liabilities £m	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	0.1	0.6	17.7	0.4	18.8
7 to 12 months	0.1	0.6	–	0.2	0.9
1 to 2 years	0.2	1.2	–	–	1.4
2 to 5 years	15.1	5.1	–	–	20.2
5+ years	–	24.1	–	–	24.1
	15.5	31.6	17.7	0.6	65.4

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 21.

23. PROVISIONS

Group and Company	2016 £m	2015 £m
Opening provision	**1.0**	0.4
Provision created during the year	**–**	1.0
Provision released during the year	**–**	(0.1)
Provision utilised during the year	**(0.9)**	(0.3)
Closing provision	**0.1**	1.0

The closing provision relates to the redundancy costs associated with the closure of the Tredegar manufacturing facility.

During the prior year, provisions related to redundancy costs associated with the reorganisation of finance, telesales, distribution, demand and supply planning operations and the closure of the Tredegar manufacturing site.

24. DEFERRED TAX ASSETS AND LIABILITIES

Group	Retirement benefit obligations £m	Share-based payments £m	Foreign exchange contract hedge £m	Total deferred tax asset £m	Retirement benefit obligations £m	Foreign exchange contract hedge £m	Accelerated tax depreciation £m	Total deferred tax liability £m	Net deferred tax (liability)/ asset £m
At 26 January 2014	–	0.7	0.1	0.8	(1.0)	–	(11.2)	(12.2)	(11.4)
(Charge)/credit to the income statement (note 9)	(0.3)	(0.1)	–	(0.4)	–	–	0.1	0.1	(0.3)
Credit/(charge) to other comprehensive income	2.9	–	–	2.9	–	–	–	–	2.9
Credit to other reserves	–	0.1	–	0.1	–	–	–	–	0.1
At 25 January 2015	2.6	0.7	0.1	3.4	(1.0)	–	(11.1)	(12.1)	(8.7)
Credit/(charge) to the income statement (note 9)	**0.4**	**0.1**	**–**	**0.5**	**–**	**–**	**0.8**	**0.8**	**1.3**
(Charge)/credit to other comprehensive income	**(2.5)**	**–**	**(0.3)**	**(2.8)**	**–**	**–**	**–**	**–**	**(2.8)**
Deferred tax arising on acquisition	**–**	**–**	**–**	**–**	**–**	**–**	**(1.5)**	**(1.5)**	**(1.5)**
Transfer between asset and liability categories	**(0.5)**	**–**	**0.2**	**(0.3)**	**0.5**	**(0.2)**	**–**	**0.3**	**–**
Charge to other reserves	**–**	**(0.5)**	**–**	**(0.5)**	**–**	**–**	**–**	**–**	**(0.5)**
At 30 January 2016	**–**	**0.3**	**–**	**0.3**	**(0.5)**	**(0.2)**	**(11.8)**	**(12.5)**	**(12.2)**

Company	Retirement benefit obligations £m	Share-based payments £m	Foreign exchange contract hedge £m	Total deferred tax asset £m	Retirement benefit obligations £m	Foreign exchange contract hedge £m	Accelerated tax depreciation £m	Total deferred tax liability £m	Net deferred tax (liability)/ asset £m
At 26 January 2014	–	0.7	0.1	0.8	(1.0)	–	(2.3)	(3.3)	(2.5)
(Charge)/credit to the income statement	(0.3)	(0.1)	–	(0.4)	–	–	(0.1)	(0.1)	(0.5)
Credit/(charge) to other comprehensive income	2.9	–	–	2.9	–	–	–	–	2.9
Credit to other reserves	–	0.1	–	0.1	–	–	–	–	0.1
At 25 January 2015	2.6	0.7	0.1	3.4	(1.0)	–	(2.4)	(3.4)	–
Credit/(charge) to the income statement	**0.4**	**0.1**	**–**	**0.5**	**–**	**–**	**(0.1)**	**(0.1)**	**0.4**
(Charge)/credit to other comprehensive income	**(2.5)**	**–**	**(0.3)**	**(2.8)**	**–**	**–**	**–**	**–**	**(2.8)**
Transfer between asset and liability categories	**(0.5)**	**–**	**0.2**	**(0.3)**	**0.5**	**(0.2)**	**–**	**0.3**	**–**
Charge to other reserves	**–**	**(0.5)**	**–**	**(0.5)**	**–**	**–**	**–**	**–**	**(0.5)**
At 30 January 2016	**–**	**0.3**	**–**	**0.3**	**(0.5)**	**(0.2)**	**(2.5)**	**(3.2)**	**(2.9)**

No deferred tax asset is recognised in the statement of financial position for unused capital losses of £2.4m (2015: £2.4m).

A further deferred tax asset of £0.8m (2015: £0.9m) has not been recognised in respect of acquired tax losses in Taut (UK) Limited, a subsidiary of the Company.

25. LEASE COMMITMENTS

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

	2016 £m	2015 £m
No later than one year	**3.1**	2.6
More than one year but not more than five years	**9.1**	9.3
Due beyond five years	**2.7**	4.7
Total lease commitments	**14.9**	16.6

26. 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 30 January 2016, if Sterling had weakened/strengthened by 10% against the US Dollar or Euro, with all other variables held constant, there would have been an immaterial effect on post-tax profit (year ended 25 January 2015: immaterial impact on post-tax profit).

The Group periodically enters into forward option contracts to purchase foreign currencies for known purchases where the value and volume of trading purchases is known. The Treasury Committee assesses whether hedge accounting should be applied 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 other than within Pension Scheme assets.

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 30 January 2016, 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 an immaterial change in the post-tax profit for the year (year ended 25 January 2015: immaterial 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 forward cash flows and considering the level of liquid assets necessary to meet excesses of expenditure relative to income.

CAPITAL RISK MANAGEMENT

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

The Group's objective when managing capital is to maintain an appropriate capital structure to balance the needs of the Group, whilst operating within its bank covenants.

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

The Group monitors existing equity in issuance 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 36 to 41. 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 together with existing shares in issuance provides an efficient capital structure and an acceptable level of financial flexibility.

For the year ended 30 January 2016, there was a net debt position of £11.3m (year ended 25 January 2015: net cash surplus position).

The Group monitors capital efficiency on the basis of the return on capital employed ratio ('ROCE'). In the financial year ended 30 January 2016, ROCE decreased to 18.8% from 24.0%.

27. 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. A full valuation of the defined benefit scheme was conducted as at 5 April 2014 using the attained age method.

A surplus of £12.2m was determined at the valuation date.

The defined benefit scheme exposes the Group to actuarial risks such as longevity risk, interest rate risk and market investment risk.

Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the Company and the board of trustees. The board of trustees is composed of representatives from the company scheme members as set out in the plan's rules.

27. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

DEFINED BENEFIT SCHEME: IAS 19 INFORMATION

The full actuarial valuation carried out at 5 April 2014 was updated to 30 January 2016 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	2016 £m	2015 £m
Present value of funded obligations	**(120.2)**	(131.0)
Fair value of scheme assets	**107.3**	112.7
Deficit recognised in the statement of financial position	**(12.9)**	(18.3)

The movement in the defined benefit obligation over the year is as follows:

Group and Company	Fair value of plan assets £m	Present value of obligation £m	Total £m
At 25 January 2015	**112.7**	**(131.0)**	**(18.3)**
Current service cost	**–**	**(1.9)**	**(1.9)**
Curtailment gain	**–**	**0.2**	**0.2**
Interest income/(expense)	**3.6**	**(4.3)**	**(0.7)**
Total cost recognised in income statement	**3.6**	**(6.0)**	**(2.4)**
Remeasurements			
– changes in financial assumptions	**–**	**12.7**	**12.7**
– actuarial return on assets excluding amounts recognised in net interest	**(7.3)**	**–**	**(7.3)**
Total remeasurements recognised in other comprehensive income	**(7.3)**	**12.7**	**5.4**
Cashflows			
Employer contributions	**2.4**	**–**	**2.4**
Benefits paid	**(4.0)**	**4.0**	**–**
Premiums paid	**(0.1)**	**0.1**	**–**
Total cash outflow	**(1.7)**	**4.1**	**2.4**
As at 30 January 2016	**107.3**	**(120.2)**	**(12.9)**

The movement in the defined benefit obligation in the year to 25 January 2015 was as follows:

Group and Company	Fair value of plan assets £m	Present value of obligation £m	Total £m
At 26 January 2014	97.2	(97.3)	(0.1)
Current service cost	–	(1.4)	(1.4)
Curtailment gain	–	0.5	0.5
Interest income/(expense)	4.2	(4.1)	0.1
Total cost recognised in income statement	4.2	(5.0)	(0.8)
Remeasurements			
– changes in financial assumptions	–	(31.6)	(31.6)
– actuarial return on assets excluding amounts recognised in net interest	11.9	–	11.9
Total remeasurements recognised in other comprehensive income	11.9	(31.6)	(19.7)
Cashflows			
Employer contributions	2.3	–	2.3
Benefits paid	(2.9)	2.9	–
Premiums paid	–	–	–
Total cash outflow	(0.6)	2.9	2.3
As at 25 January 2015	112.7	(131.0)	(18.3)

ASSET BACKED FUNDING ARRANGEMENT

During the year to 26 January 2014 the Company established the A.G. BARR Scottish Limited Partnership ('the Partnership') and through the Partnership has entered into a long term pension funding arrangement with the Pension Scheme.

Under this arrangement certain property assets were transferred into the Partnership and are being leased back to A.G. BARR p.l.c under a 21 year lease agreement, generating an income stream of £1.1m per annum for the pension scheme, increasing annually in line with inflation.

The Partnership is controlled by A.G. BARR p.l.c. and its results are consolidated by the Group. The value of the properties transferred into the Partnership remains included on the Group's and Company's balance sheet at carrying values at the date of transfer with the Group and Company retaining full operational control over these properties.

At the end of the term of the relevant lease, or earlier if the Scheme becomes fully funded to the extent that the members' benefits can be secured with an insurance company, the Company has the option to repurchase the properties in the Partnership for an agreed fixed price.

FINANCIAL ASSUMPTIONS

	2016	2015
Discount rate	**3.70%**	3.20%
Future salary increases	**4.20%**	4.20%
Inflation assumption	**3.20%**	3.20%

27. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

MORTALITY ASSUMPTIONS

	2016	2015
Average future life expectancy (in years) for a male pensioner aged 65	**25**	25
Average future life expectancy (in years) for a female pensioner aged 65	**24**	24
Average future life expectancy (in years) at age 65 for a male non-pensioner aged 45	**27**	27
Average future life expectancy (in years) at age 65 for a female non-pensioner aged 45	**27**	27

The mortality tables adopted in finalising the fair value of the liabilities are the 2013 VITA tables based on the member's year of birth. This assumes that the expected age at death for males is 90 to 92 and for females is 89 to 92 depending on their age at 30 January 2016.

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

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Equities	**41.6**	46.8	49.5	56.8	53.6
Bonds	**60.7**	59.9	43.1	25.9	24.5
Property	**0.4**	0.3	–	–	–
Cash	**4.6**	5.7	4.6	4.2	4.8
Total market value of scheme assets	**107.3**	112.7	97.2	86.9	82.9

SENSITIVITY REVIEW

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

		Impact on overall liabilities	
	Change in assumption	Year to 30 January 2016	Year to 25 January 2015
Discount rate	Increase/decrease by 0.1%	Decreases/increases liabilities by £2.2m	Decreases/increases liabilities by £2.6m
Rate of inflation	Increase/decrease by 0.1%	Increases/decreases liabilities by £1.5m	Increases/decreases liabilities by £1.7m
Life expectancy	Increase/decrease by 1 year	Increases/decreases liabilities by £4.3m	Increases/decreases liabilities by £3.9m

METHODS AND ASSUMPTIONS USED IN PREPARING THE SENSITIVITY ANALYSES

The sensitivities disclosed were calculated using approximate methods taking into account the duration of the Scheme's liabilities. They have been calculated consistently with last period's disclosures, however these change over time with financial conditions and assumptions.

RISKS TO WHICH THE SCHEME EXPOSES THE COMPANY

The nature of the Scheme exposes the Company to the risk of paying unanticipated additional contributions to the Scheme in times of adverse experience. The most financially significant risks are likely to be:

– ASSET VOLATILITY

The Scheme's liabilities are calculated using a discount rate set with reference to corporate bond yields in line with the requirements of IAS 19R. If the Scheme assets under perform this yield, this will create a deficit. The plan holds investments in a portfolio of equity and bonds which are expected to outperform corporate bonds in the long term but provide volatility and risk in the short term.

The Trustees have made a number of steps to control the level of investment risk within the Scheme over the last 12 months including continuing to reduce the overall exposure to equities and diversifying the growth asset mix. As disclosed above, the Group entered into an asset backed funding arrangement during the year to 26 January 2014, helping to manage the risk of asset returns through a secure income stream. The Trustees will continue to review the risk exposures in light of the longer term objectives of the Scheme.

– CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase plan liabilities. In the event of a reduction in the corporate bond yields there will be an increase in the value of the Scheme's bond holdings.

– INFLATION RISK

The Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the Scheme's assets are either unaffected by inflation (fixed interest bonds) or loosely correlated with inflation (equities), meaning that an increase in inflation will also increase the deficit.

– LIFE EXPECTANCY
The Scheme's obligation is to provide benefits for the life of the members. An increase in life expectancy will result in an increase in the Scheme's liabilities.

POLICY FOR RECOGNISING GAINS AND LOSSES
The Company recognises actuarial gains and losses immediately, through the remeasurement of the net defined benefit liability.

ASSET-LIABILITY MATCHING STRATEGIES USED BY THE SCHEME OR THE COMPANY
The Scheme does not currently use any specific asset-liability matching strategies. The Trustees' current investment strategy, having consulted with the Company, is to invest circa 40% of the Scheme's assets in a mix of equities and diversifying return seeking assets, with the balance in long dated gilts and corporate bonds, in order to strike a balance between:
- maximising the returns on the Scheme's assets; and
- minimising the risks associated with the lower than expected returns on the Scheme's assets.

DESCRIPTION OF FUNDING ARRANGEMENTS AND FUNDING POLICY THAT AFFECT FUTURE CONTRIBUTIONS
The Schedule of Contributions dated 9 January 2015 sets out the current contributions payable by the Company to the Scheme. This was revised based on the actuarial valuation performed as at 5 April 2014 to allow for the rental income stream from the asset backed funding arrangement effectively being a commitment which will offset the requirement for future deficit contributions.

EXPECTED CONTRIBUTIONS OVER THE NEXT ACCOUNTING PERIOD
A.G. BARR p.l.c. expects to contribute approximately £1.2m to the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme in the period ending 28 January 2017, and the Scheme expects to receive further contributions of approximately £1.2m from the asset backed funding arrangement in which the Scheme holds an interest.

The weighted average duration of the defined benefit obligation is 20 years.

The expected maturity analysis of the undiscounted defined benefit pension benefit, estimated on the Scheme's funding is as follows:

	Less than one year	One to two years	Two to five years	Greater than five years
Proportion of total pension benefits to be paid as at 5 April 2015	**1%**	**1%**	**3%**	**95%**
Proportion of total pension benefits to be paid as at 5 April 2014	1%	1%	3%	95%

On 20 January 2016, the Company announced its intention to close the defined benefit section of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme to future accrual (note 33).

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

	2016 £m	2015 £m
Defined contribution costs	**2.8**	2.7

28. SHARE CAPITAL

Group and Company	2016 Shares	2016 £m	2015 Shares	2015 £m
Issued and fully paid	**116,768,778**	**4.9**	116,768,778	4.9

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

During the year to 30 January 2016 the Company's employee benefit trusts purchased 913,724 (2015: 383,790) shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 30 January 2016 the shares held by the Company's employee benefit trusts represented 1,254,095 (2015: 1,350,184) shares at a purchased cost of £8.9m (2015: £7.5m).

29. 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 and ESOS 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 25 January 2015 and 30 January 2016 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:

	2016 Options	2016 Average exercise price in pence per share	2015 Options	2015 Average exercise price in pence per share
At start of the year	**1,418,930**	**305p**	1,587,861	306p
Granted in the year	**819,858**	**567p**	–	–p
Forfeited	**(98,477)**	**449p**	(19,420)	254p
Exercised	**(726,883)**	**256p**	(149,511)	327p
At end of the year	**1,413,428**	**471p**	1,418,930	305p

None of the options listed above were exercisable at the respective year end dates. The outstanding options at the year end had exercise prices of £2.54, £3.58 and £5.67 (2015: £2.54 and £3.58).

The weighted average share price on the dates that options were exercised in the year to 30 January 2016 was £5.28.

The weighted average remaining contractual life of the outstanding share options at the year end is 3 years (2015: 2 years).

Date of grant	1 October 2015
Number of share awards granted	819,858
Share price at date of grant	611p
Contractual life in years	5
Dividend yield	2.37%
Expected outcome of meeting performance criteria (at grant date)	70%
Fair value determined at grant date	**260p**

LTIP

During the year, an award of shares was made to the executive directors as disclosed in the Directors' Remuneration Report. S. Lorimer was also granted performance related recruitment awards in two tranches.

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	LTIP 15 15 April 2015	S. Lorimer LTIP 15 tranche 1	S. Lorimer LTIP 15 tranche 2
Number of share awards granted	228,736	10,162	20,325
Share price at date of grant	615p	615p	615p
Contractual life in years	3	1	2
Dividend yield	1.88%	1.88%	1.88%
Expected outcome of meeting performance criteria (at grant date)	50%	50%	50%
Fair value determined at grant date	581p	604p	591p

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 £150 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 £3,600 and the shares awarded are held in trust for five years.

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	
	2016 £m	2015 £m	2016 £m	2015 £m
Rubicon Drinks Limited	**40.3**	40.1	**52.4**	52.3
Funkin Limited	**0.5**	–	**–**	–
Findlays Limited	**–**	–	**–**	0.1

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 20) and to subsidiary companies (note 22) are balances due by and due to dormant subsidiary companies.

	Amounts owed by related parties		Amounts due to related parties	
	2016 £m	2015 £m	2016 £m	2015 £m
Rubicon Drinks Limited	**–**	–	**62.2**	51.1
Funkin Limited	**0.5**	–	**–**	–
Findlays Limited	**–**	–	**2.9**	3.0

30. RELATED PARTY TRANSACTIONS CONTINUED

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the executive directors and other members of key management (the management committee) during the year was as follows:

	2016 £m	2015 £m
Salaries and short term benefits	**3.3**	3.4
Pension and other costs	**0.5**	0.3
Share-based payments	**0.1**	–
	3.9	3.7

The Directors' Remuneration Report can be found on pages 61 to 84.

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 £0.3m (2015: £0.5m) for administration services in respect of the retirement benefit plans. At the year end £nil (2015: £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 consolidated net assets of £180.1m (2015: £156.5m) and the Company has sufficient reserves to continue making dividend payments. Whilst the Group's net debt position has decreased from a surplus of £10.4m at 25 January 2015 to a deficit of £11.3m at 30 January 2016, there is borrowing headroom of £31.9m at the year end.

32. SUBSIDIARIES

The Group's subsidiaries at 30 January 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		Ownership interest held by the group		
Name of entity	Place of business/ country of incorporation	2016 %	2015 %	Principal activities
Funkin Limited	UK	**100**	–	Distribution and selling of cocktail solutions
Funkin France Limited	France	**100**	–	Distribution and selling of cocktail solutions
Funkin USA Limited	USA	**100**	–	Distribution and selling of cocktail solutions
Rubicon Drinks Limited	UK	**100**	100	Manufacturing, distribution and selling of exotic soft drinks
A.G. BARR Capital Partner Limited	UK	**100**	100	Investment holding company
A.G. BARR General Partner Limited	UK	**100**	100	Investment holding company
A.G. BARR Pension Trustee Limited	UK	**100**	100	Investment holding company
A.G. BARR Scottish Limited Partnership	UK	**100**	100	Investment holding company
Robert Barr Limited	UK	**100**	100	Non-trading entity
Findlays Limited	UK	**100**	100	Non-trading entity
Barr Leasing Limited	UK	**100**	100	Non-trading entity
Hampshire Mineral Water Co Ltd	UK	**100**	100	Non-trading entity
Mandora St Clement's Limited	UK	**100**	100	Non-trading entity
Groupe Rubicon Limited	Jersey	**100**	100	Non-trading entity
Rubicon Products Limited	UK	**100**	100	Non-trading entity
Rubicon Beverages Limited	UK	**100**	100	Non-trading entity
St Clement's (UK) Limited	UK	**100**	100	Non-trading entity
Taut (UK) Ltd	UK	**100**	100	Non-trading entity
Tizer Limited	UK	**100**	100	Non-trading entity

33. SUBSEQUENT EVENTS

On 20 January 2016, the Company announced its intention to close the defined benefit section A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme to future accrual. Following consultation with the pension scheme Trustee, the Company entered into consultation with the employees who are active members of the scheme. The employee consultation ended 23 March 2016. Further legal consultation followed this and as at the date of the signing of the financial statements this consultation has not yet been concluded. As a consequence of this process not being complete it has not been possible at the date of signing to accurately estimate the effect of the proposed closure on the financial results to 28 January 2017.

The Government announced a proposed soft drinks levy in the March 2016 budget. The details are still to be consulted upon, however it is expected that there will be minimal financial impact on the business at the proposed point of implementation in April 2018.

REVIEW OF TRADING RESULTS

	2016 £m	2015 £m Restated	2014 £m Not restated	2013 £m Not restated	2012 £m Not restated
Revenue	**258.6**	260.9	254.1	237.6	222.9
Cost of sales	**(137.5)**	(141.0)	(137.9)	(129.6)	(117.8)
Gross profit	**121.1**	119.9	116.2	108.0	105.1
Other income	**–**	0.7	–	–	–
Distribution costs (including selling costs)	**(57.3)**	(57.2)	(50.2)	(47.4)	(46.1)
Administration costs	**(21.7)**	(21.3)	(27.4)	(25.7)	(25.3)
Operating expenses	**(79.0)**	(77.8)	(77.6)	(73.1)	(71.4)
Operating profit before exceptional items	**42.1**	42.1	38.6	34.9	33.7
Exceptional items	**–**	(3.3)	(3.8)	(3.2)	1.9
Operating profit after exceptional items	**42.1**	38.8	34.8	31.7	35.6
Finance income	**0.1**	0.1	0.2	0.2	0.3
Finance expense	**(0.9)**	(0.3)	(0.5)	(0.4)	(1.1)
Net finance expense	**(0.8)**	(0.2)	(0.3)	(0.2)	(0.8)
Profit before tax	**41.3**	38.6	34.5	31.5	34.8
Tax on profit	**(7.0)**	(8.6)	(6.1)	(6.2)	(7.3)
Profit after tax	**34.3**	30.0	28.4	25.3	27.5
Earnings per share on issued share capital (pence)	**29.37**	25.69	24.13	21.74	23.53
Dividends recognised as an appropriation in the year (pence)	**12.37**	11.30	2.83	16.90	8.65

NOTICE OF ANNUAL GENERAL MEETING

THE FOLLOWING INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any matter referred to in this report or as to the action you should take, you should seek your own personal financial advice from: (i) 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 (ii) another appropriately authorised independent financial adviser if you are not resident in the United Kingdom.

If you have sold or otherwise transferred all of your shares in A.G. BARR p.l.c., please pass this report, 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 twelfth 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 Wednesday 1 June 2016 at 11.00 a.m. to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 14 (inclusive) will be proposed as ordinary resolutions and Resolutions 15 and 16 will be proposed as special resolutions.

1. To receive and approve the audited accounts of the group and the Company for the year ended 30 January 2016 together with the directors' and auditor's reports thereon.

2. To receive and approve the annual statement by the chairman of the remuneration committee and the directors' remuneration report (other than the part containing the directors' remuneration policy) as set out on page 61 and pages 61 to 73 of the Company's annual report and accounts for the year ended 30 January 2016.

3. To declare a final dividend of 9.97 pence per ordinary share of 4 1/6 pence for the year ended 30 January 2016.

4. To re-elect Mr John Ross Nicolson as a director of the Company.

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

6. To re-elect Mr Stuart Lorimer as a director of the Company.

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

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

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

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

11. To re-elect Mr David James Ritchie as a director of the Company.

12. To re-elect Ms Pamela Powell as a director of the Company.

13. To re-appoint KPMG LLP as the Company's auditor, to hold office 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.

14. 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 2017 and 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.

15. THAT, subject to the passing of resolution 14 set out in the notice of the annual general meeting of the Company convened for 1 June 2016 (**"Resolution 14"**), 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 14 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 £243,268.00,

    provided that this authority shall expire on the earlier of 31 July 2017 and 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.

16. 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;

    (c) 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);

    (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of 31 July 2017 and 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

    (e) 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 Financial Conduct Authority, held as a treasury share.

By order of the Board

JULIE A. BARR
COMPANY SECRETARY

28 April 2016
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 137 to 141 of this report. 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 twelfth annual general meeting (the "AGM") of A.G. BARR p.l.c. (the "Company").

Resolutions 1 to 14 (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 15 and 16 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 LLP) for the year ended 30 January 2016 together with the associated reports of the directors and auditor.

RESOLUTION 2 – DIRECTORS' REMUNERATION

This Resolution invites shareholders to approve the annual statement by the chairman of the remuneration committee and the directors' remuneration report (other than the part containing the directors' remuneration policy which was approved at the 2014 AGM and which will not be voted on until the 2017 AGM) for the year ended 30 January 2016. Resolution 2 is an advisory vote and will not affect the way in which the Company's pay policy has been implemented. Each year, shareholders will be given an advisory vote on the implementation of the directors' remuneration policy in relation to the payments and share awards made to directors during the year under review.

RESOLUTION 3 – FINAL DIVIDEND

Shareholders are being asked to approve a final dividend of 9.97 pence per ordinary share of 4 1/6 pence for the year ended 30 January 2016. If shareholders approve the recommended final dividend, it will be paid on 10 June 2016 to all shareholders on the Company's register of members on 13 May 2016.

RESOLUTIONS 4 TO 12 INCLUSIVE – RE-ELECTION OF DIRECTORS

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

Biographical details of the directors are set out on pages 46 and 47 of this report. The Board has confirmed that, following formal performance evaluation, all of the directors continue to perform effectively and demonstrate commitment to their roles. The Board therefore unanimously recommends the proposed re-election of the directors.

RESOLUTION 13 – RE-APPOINTMENT OF AUDITOR

The Company is required to appoint an auditor at each general meeting at which accounts are presented to shareholders and KPMG LLP have indicated their willingness to continue in office. Accordingly, shareholders are being asked to re-appoint KPMG LLP as auditor 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 14 – 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 14, 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 27 April 2016 (being the latest practicable date prior to the publication of this report). The directors have no present intention to exercise this authority.

In line with guidance issued by the Investment Management Association, sub-paragraph (b) of Resolution 14, 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 27 April 2016 (being the latest practicable date prior to the publication of this report). The directors have no present intention to exercise the authority sought under sub-paragraph (b) of Resolution 14. 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 14 will expire on the earlier of 31 July 2017 (being the latest date by which the Company must hold its annual general meeting in 2017) and the conclusion of the annual general meeting of the Company held in 2017.

RESOLUTION 15 – DISAPPLICATION OF STATUTORY PRE-EMPTION RIGHTS

If the directors wish to allot new shares for cash, the Companies Act 2006 states that the shares must be offered first to existing shareholders in proportion to their existing shareholdings. For legal, regulatory and practical reasons, 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 15, 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 15 would also cover the sale of treasury shares for cash.

Sub-paragraph (a) of Resolution 15 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 15 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 £243,268.00, representing approximately 5% of the Company's issued share capital as at 27 April 2016 (being the latest practicable date prior to the publication of this report).

The authority sought under Resolution 15 will expire on the earlier of 31 July 2017 (being the latest date by which the Company must hold an annual general meeting in 2017) and the conclusion of the annual general meeting of the Company held in 2017.

RESOLUTION 16 – PURCHASE OF OWN SHARES

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

Resolution 16, 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 bid 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 2017 (being the latest date by which the Company must hold an annual general meeting in 2017) and the conclusion of the annual general meeting of the Company held in 2017.

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 2016 (being the latest practicable date prior to the publication of this report), options had been granted over 1,371,809 ordinary shares (the "Option Shares") representing approximately 1.17% of the Company's issued share capital at that date. If the authority to purchase the Company's ordinary shares (as described in Resolution 16) were exercised in full, the Option Shares would have represented approximately 1.31% of the Company's issued share capital as at 1 April 2016. As at 1 April 2016, 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: www.euroclear.com. 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 regard, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred 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 30 May 2016 (or, if the AGM is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting). Any 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 auditor's 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 auditor 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 27 April 2016 (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. As at 27 April 2016, the Company did not hold any treasury shares. Therefore, the total voting rights in the Company as at 27 April 2016 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 report or in any related documents (including the accompanying 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 at the offices of KPMG LLP, 191 West George Street, Glasgow G2 2LJ from 9.15 a.m. on the day of the AGM 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.

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