

A.G.BARR p.l.c. Annual Report and Accounts January 2002

SC 5653

Since 1875



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Our Business

We are an independent, consumer led and profitable public company, engaged in the manufacture, distribution and marketing of branded soft drinks.

We provide a high standard of service to both UK and overseas customers.

CHAIRMAN'S STATEMENT

Review of Results

Profit on ordinary activities before tax for the year to January 2002 was £10.7 million compared with £13.9 million for the previous year – a reduction of £3.2 million or 23%. The shortfall in profit of £2.0 million during the first half of the year was reduced to £1.2 million in the second six months, but this in fact represented only a modest improvement in our trading performance since second half profits were not affected by the special factors of the first six months.

As forecast in my half year Statement, margins continued during the second six months to be lower year-on-year due to highly competitive pricing and promotional activity within the grocery marketplace. In part this reflects the fact that the continuing high value of the £ sterling against the Euro does nothing to curtail the flow of “grey imports” into the UK of the major brands of our competitors.

Turnover for the year to January 2002 was £116.3 million, an increase of 4% over the previous year. Turnover had been up by just over 2% at the half-way stage but the second six months achieved a better performance with an increase of over 6%. In part this reflected some hot weather in England in the late summer of 2001 but it was also a measure of the success of our marketing activities for our brands – particularly south of the border.

Although the year to January 2002 was disappointing in terms of the year-on-year profit shortfall and a relatively modest advance in £ turnover, it was a very encouraging year in respect of the growth of our main brand Irn-Bru. Against an overall litreage increase of 3% recorded by A C Nielsen Scan Track for total carbonated Soft Drinks within Grocery, we achieved an increase for Irn-Bru of 9% overall with litreage up 6% in Scotland and no less than 22% in England and Wales where our development strategy was well received by consumers. We were obviously pleased that standard Irn-Bru was again recorded as the number one grocery brand north of the border in a survey conducted by The Scottish Grocer.

Of our other main brands Tizer had an excellent year – particularly in multiple grocers – while Orangina, for which we hold the franchise in Great Britain, showed a modest decline reflecting the uncertainty throughout the year of the future ownership of the brand. During the year we commenced limited distribution of the Lipton Ice Tea brand under licence from Unilever and this has now been expanded to a full coverage of mainland UK in the small shop and wholesale distribution segments. We are confident that the brand will prove to be a valuable addition to our portfolio in the years ahead.

In December 2001 we purchased the 60% of the shares in Findlays Ltd which we did not own and that company thereby became a wholly owned subsidiary. Our original investment was made in 1996 and, since that time, we have distributed Findlays Spring Natural Mineral Water into grocery outlets – concentrating initially on the small shop trade – and we have also entered the 19 litre Water Cooler market in Scotland. We can now look forward to accelerating our development of Findlays Spring in a segment of the market, which should continue to achieve above average growth.

Earnings per share on issued share capital were 38.47p compared with 50.17p for the previous year. Despite this reduction, your Directors feel sufficient confidence in current trading to recommend the same total dividend as last year. An unchanged final dividend of 14.25p per share is therefore proposed making a total of 21.60p for the year to January 2002.

This year, for the first time, the company is required to indicate by way of note in its Financial Accounts any pension scheme surplus or deficit that existed at the year end in terms of the new financial reporting standard FRS 17. The surplus or deficit is determined by comparing the market value of pension scheme assets with the value of benefits earned by scheme members. This will be a snap shot calculation at each year end, the result of which will vary significantly from year to year depending on market conditions at the date of the calculation. The deficit in our defined pension schemes of £7.7 million shown at January 2002 reflects the fact that, in common with many other pension schemes, the value of the assets held by our schemes has fallen over the past two years. This has been due in part to the increased taxation imposed by the Chancellor of the Exchequer on the dividends of UK equities held by pension schemes but is mainly due to the lower market value of equities in the economic climate ruling at the end of January. A surplus or deficit disclosed by the FRS 17 financial reporting standard is a reflection of the financial conditions ruling at the company year end and is not necessarily an indication of the long-term funding position of the company's defined benefit pension schemes.

Personnel

It is with considerable regret that I have to confirm that Hugh McPherson, who joined the company in early 1998, resigned as our Managing Director in November 2001. Hugh had suffered a number of health problems in the previous twelve months and it sadly became apparent that he would not be in a position to resume his duties in the near future. I am sure that you will wish to join me in thanking Hugh for his service to the company and in hoping that he will quickly return to better health. The appropriate steps to fill this vacancy are currently underway.

I am pleased to take this annual opportunity to thank, on your behalf, all employees of the company for the efforts which they have contributed during what proved to be a particularly challenging year in the soft drinks marketplace.

Trading Outlook

Turnover for the first eight weeks of the new financial year has been 6% up on the same period last year. This year's turnover has been augmented by early promotional activity for Irn-Bru but nevertheless it is still a reasonably encouraging start to the year.

Pricing in the marketplace continues to be soft but at the present time the year-on-year cost of production has stabilised with a modest reduction in packaging costs balancing a small rise in the price of sugar.

In December 2001 we signed a five year extension to our existing Agreement with Pernod Ricard for the brand Orangina whereby the franchise period now runs to the end of 2007. This will bring a very welcome stability to our joint plans for the development of the brand after such a long period of uncertainty in relation to its future ownership and we look forward to an improving performance in the current year.

I am pleased to confirm that, with effect from 1st February, 2002, the franchise for our brand Irn-Bru in Russia was awarded to an operating company of the Pepsi Bottling Group (PBG) and we can therefore anticipate our brand's position being fully exploited in the marketplace as a result of the strength of PBG's distribution system. PBG is the largest franchise bottler for PepsiCo Inc. and has extensive operations in the USA and Europe.

The UK soft drinks marketplace continues to be highly competitive and with a changing mix of products matching on-going shifts in consumer demands. As indicated above, some of the competition is coming from outwith the UK as a consequence of the present high value of the £ sterling. We continue to believe that long-term success for our company will come from a focus on a limited number of differentiated and well supported brands and we intend to pursue that goal.



Robin Barr, Chairman.

THE PAST, THE PRESENT AND OUR FUTURE

A.G.Barr commenced its new trading year in February 2001 with the confidence gained by over a century of success, coupled with the resolution to go from strength to strength in the future.

May 2001 saw the centenary of the launch of our leading brand, Barr's Iron Brew – as it was first labelled – and, as part of the celebration of that event, we produced a brochure that not only traced that brand's history but also presented the Irn-Bru story within A.G.Barr's history as a whole, right back to the start of our soft drinks business in 1875.

Parliament honoured the hundredth birthday of Irn-Bru with an early day motion but perhaps of even more significance was the news in January 2002 that Irn-Bru had retained its position as Scotland's Number One Soft Drink and Scotland's Number One Grocery brand for the second year in succession.

During the year our brands continued to receive a high level of investment. Giving people the chance to sample their distinctive tastes has been a successful technique employed since the early days of half-gallon jars and horse-drawn carts. This year, four legs were replaced by two wheels, in the form of funky Irn-Bru scooters in a 'guerilla' type marketing campaign targeting key youth events South of the border. Aiming to put the 'pop' in concert, our plucky team of sampling staff hit the road and handed out thousands of free Irn-Bru samples to lucky concert-goers enjoying performances by Ronan Keating, S Club 7 and many more.

The brand continued to link itself to cutting edge youth events with the first 'Live and Loud' concert taking place in Glasgow featuring big names like Steps, Hear'Say – and of course, Irn-Bru. The Live and Loud event went down in history as the first major pop festival held in Bellahouston Park and entertained over 23,000 people, with additional support from Tizer in the popular 'Club Tizer' dance tent. To ensure the event was on the same wavelength as our customers, extensive radio coverage was also utilised throughout Scotland over 3 months, in addition to massive publicity in all major Scottish newspaper titles.

Our second year as sponsor of Irn-Bru Live in the City continued as a must-see event in the music calendar, this year drawing 15,000 to the Britannia Stadium in Stoke-on-Trent.

Every parent will know that musical tastes are as wide and varied as tastes for soft drinks, a fact reflected by the new Irn-Bru initiative which sponsored nights at cutting edge live music venues throughout Scotland. Irn-Bru Rox took the brand to a wider music audience with a series of nights for over 14s held in cool venues such as King Tut's in Glasgow and Edinburgh's The Venue.

Whilst Irn-Bru was making music, Tizer was making movies. In partnership with UCI, the nationwide chain of cinemas became a sampling venue for our product, with supporting competitions offering free tickets to star-studded premieres.

SUPPORTING WHERE IT REALLY COUNTS

As a company with a proud tradition of support and patronage, sponsorship continued to be an important part of the Barr Soft Drinks year – Irn-Bru celebrated its 2nd year as sponsor of the Christmas and New Year Carnival at the Scottish Exhibition and Conference Centre, with the event being promoted as the perfect day out for families over the festive period.

Findlays continued as water sponsor to the Great North Run, the Great South Run and the Great Scottish Run to name but a few, providing welcome refreshment to the brave and bold - and keeping on the road to greater national exposure.

Irn-Bru was promoted for the first time on the Capital's streets with the help of fully liveried London taxis, in addition to those already driving the message home in Glasgow and Edinburgh.

Whilst support for School and College dining halls continues in Scotland, with over fifty sites now carrying Irn-Bru branding, Tizer helped mums everywhere pack the kids off to school with a lunchbox in their bag. A high-uptake promotion offering a free Tizer lunchbox took place in multiple outlets, giving mum an irresistible reason to choose Tizer.

Returnable glass bottles are a style of packaging that has stood the test of time North of the border. Last year, we utilised these eco-friendly bottles in a promotion that certainly went down well in the Scottish environment. 'Dream-Ball' gave fans the chance to score a cool £100,000 by picking an all-Scotland dream team to play England's World Cup winning

team of 1966. Fans were asked to collect their team players from a squad of fifty available on the reverse of the promotional labels and complete an entry card with suggested score. After our panel of experts and soccer pundits chose the result, 17-year-old Michael Burrows lifted the cup thanks to a correct team selection and score, which, of course, gave Scotland a 2-1 victory over the old enemy. Football came into play again with another season's sponsorship of Queen's Park Football Club – fancy footwork and a foothold that allows Irn-Bru to demonstrate its commitment to the local community with a support package that included delivery of a second fully branded team mini bus for use by the club's youth teams.

Of course, good times are what our brands have always represented and last year saw the fun taken to new heights once again on two of Britain's favourite roller-coasters. The 'Traumatizer' ride at Southport has become the central attraction at the Pleasureland theme park which enjoyed over 2 million visitors during the year, whilst the distinctive orange and blue 'Irn-Bru Revolution' continued to turn heads at Blackpool Pleasure Beach.

Orangina took the first steps to shake up the premium soft drinks market, with the limited introduction of Orangina Rouge, a tempting red drink made with pure blood orange pieces with natural stimulant guarana adding an exotic twist.

Some devilishly good marketing promoted Orangina through glossy magazines and a highly original sampling exercise from refrigerator-equipped jeeps crewed by a selection of devils and angels.

Lipton Ice Tea, through our partnership with Unilever, enjoyed a successful test launch in Scotland and the South East of England. Roll out nationally is our target for this year for the world's most successful iced tea.

DELIVERING OUR MESSAGE

Ever since the early hand-painted billboards showing rosy-cheeked children and elegantly attired twenties socialites enjoying a refreshing soft drink, Barr has recognised the importance of memorable advertising. As times change, so does the style, message and media used to promote our portfolio of brands.

The new batch of CD:UK idents were arguably the best yet – with split screen intros and outros featuring the inimitable ‘Ed the Head’ character – this time, really getting into teenager’s heads with cheeky advertising spots designed to raise both a smile and the awareness of Tizer.

Irn-Bru’s tongue-in-cheek national TV campaign went from strength to strength with three hilarious new thirty second executions continuing the hugely successful theme.

Once again, 48 sheet posters were used in conjunction with broadcast media to create an advertising programme that couldn't be missed.

Not only did the campaign catch the eye of the public but also of the advertising industry, with Barr Soft Drinks scooping a third of the total prizes in the 2001 Scottish Advertising Awards. The prestigious Chairman's award was received for Irn-Bru's 'Electric Lady' TV ad, with the Grand Prix going to Orangina.

And, as the Internet becomes more and more a part of daily life, the popular Irn-Bru and Tizer sites were continuously developed and updated alongside the A.G.Barr company site.

INVESTING IN PEOPLE

It's the people at Barr that make us what we are and listening to these people has never been more important. Our employee opinion survey continued with another round of positive feedback emerging from research gathered at all our sites. Never satisfied to rest on our laurels however, we are currently addressing issues raised to ensure that all our workforce remain proud to be part of Barr Soft Drinks well into the future.

We recognise the importance of our people by providing specialist-training programmes that enable employees to gain the necessary qualifications and experience to develop their potential within the company.

Employee involvement continues to be encouraged at every level. This helps to maintain the exceptional dedication and enthusiasm among our workforce and promote an environment where everyone can share the success.

Continued investment in state of the art manufacturing facilities and IT systems have this year included the installation at Atherton of a new 330ml can film-only multipacker which has reduced packaging costs and provided higher production output and at Cumbernauld of a dedicated production line for 250 and 500 ml PET bottles.

The past years have given us a wealth of experience and also taught us many valuable lessons – an education that has helped Barr Soft Drinks to grow from humble beginnings into the national company it is today.

As the challenges faced become even more diverse and the markets even more demanding, we can both look back with pride and also look forward with confidence to many more exciting years ahead.

LONG SERVICE AWARDS

Chairman Robin Barr presented gold watches and conveyed the congratulations of everyone in the company to two employees who achieved 25 years service with A.G.Barr.

William Hastie
Salesman,
Edinburgh.

John Christie
Group Purchasing Manager,
Head Office.

A.G.BARR p.l.c.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the ninety-eighth Annual General Meeting of the company will be held at the offices of Baker Tilly, Breckenridge House, 274 Sauchiehall Street, Glasgow on Monday, 20th May, 2002 at 11.00 a.m.

Agenda

1. To receive and adopt the audited accounts of the group for the year ended 26th January, 2002 together with the reports of the directors and auditors thereon.
2. To declare a final dividend for 2002.
3. To re-elect the retiring directors A.A. Bibby and J.M. Goodwin.
4. To confirm the re-appointment of J.S. Espey as a director of the company.
5. To re-appoint the auditors and to authorise the directors to fix their remuneration.
6. To transact any other competent business.

By Order of the Board,



I.F. Greenock, C.A.
Secretary.
19th April, 2002

Notes

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend, and, on a poll, vote in his or her place. A proxy need not be a member.
2. There are no contracts of service under which directors of the company are employed by the company or any of its subsidiaries other than contracts expiring or determinable by the employing company within two years for executive directors and within three years for non-executive directors.
3. The following information which is available for inspection during business hours at the company's registered office will, on the day of the Annual General Meeting, be produced at the Meeting and made available to any person attending:
 - (1) A statement of transactions of directors (and all their family interests) in the share capital of the company.
 - (2) Copies of all contracts of service under which directors of the company are employed by the company or any of its subsidiaries.

A.G.BARR p.l.c.

Board of Directors

W. ROBIN G. BARR,
C.A.

Joined the company in 1960.
Appointed director in 1964
and executive chairman in
1978.

Aged 64.

IAIN F. GREENOCK,
C.A.

Joined the company in
1975. Appointed secretary
in 1995, financial director
in 1998.

Aged 54.

JAMES S. ESPEY,
B.Com., M.B.A., Ph.D.

Joined the company as a
non-executive director in
1999. Currently non-
executive chairman of
Swallowfield plc and a non-
executive director of Fuller
Smith & Turner P.L.C. and the
Albert Fisher Group PLC.

Aged 58.

JAMES E. DAWSON

Joined the company in
1981. Appointed sales and
marketing director in
1992.

Aged 51.

ALAN A. BIBBY,
B.Eng., F.Inst.B.E.

Joined the company in
1977. Appointed
operations director in
1985.

Aged 50.

JOHN M. GOODWIN,
M.B.E., C.A.

Joined the company as a
non-executive director in
1993. Appointed senior
non-executive director in
1999. Formerly chairman
of Highland Distillers plc.

Aged 69.

Registered Office:
1306 Gallowgate,
Glasgow,
G31 4DS.

Secretary
I.F. Greenock, C.A.

Auditors
Baker Tilly,
Breckenridge House,
274 Sauchiehall Street,
Glasgow G2 3EH.

Solicitors
Breachin Tindal Oatts,
48 St. Vincent Street,
Glasgow G2 5HS.

Registrars
Lloyds TSB Registrars Scotland,
PO Box 28448,
Finance House,
Orchard Brae,
Edinburgh EH4 1WQ

REGISTERED IN SCOTLAND NO. 5653

A.G.BARR p.l.c.

Directors' Report

for the year ended 26th January, 2002

Results and dividends

The profit on ordinary activities after tax as shown in the consolidated profit and loss account amounted to £7.486m (2001 – £9.763m).

The directors recommend that this be distributed as follows:

Dividends	£000
Interim dividend paid 26th October, 2001, 7.35p per share (2001 – 7.35p)	1,429
Final dividend proposed 14.25p per share (2001 – 14.25p)	2,773
Total dividends 21.60p per share (2001 – 21.60p)	4,202
Retained profit for the year	3,284
	7,486

If approved the proposed final dividend will be posted on 5th June, 2002.

Activities of the group

The principal activity is the manufacture and sale of soft drinks.

A review of trading during the year and future prospects is contained in the Chairman's Statement on pages 2 to 4.

Fixed assets

The directors are of the opinion that the market value of properties at 26th January, 2002 was in excess of their book value.

Employee involvement

Using regular briefing procedures, managers keep employees at all levels informed about matters affecting the policy, progress and people in the business in which they work. Twice yearly the briefing includes a report on trading results.

The directors are committed to the principle of employee share participation through the Profit Linked Share Plan, the Savings Related Share Option Scheme, the Performance Related Share Scheme, the Long Service Award Scheme and the All-Employee Share Ownership Plan.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered bearing in mind the respective qualifications and abilities of the applicants concerned. In the event of employees becoming disabled every effort is made to ensure that their employment will continue. The training, career development and promotion of a disabled person is, as far as possible, identical to that of a person fortunate enough not to suffer from a disability.

Payment policy and practice

The policy is to make payment on the terms agreed with suppliers when satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. There is no standard or code which deals specifically with the payment of suppliers.

At 26th January, 2002 trade creditors represented approximately 22 days purchases based on the average daily amount invoiced by suppliers during the year.

A.G.BARR p.l.c.

Directors

The directors retiring by rotation are A.A. Bibby and J.M. Goodwin, who being eligible, offer themselves for re-election. A.A. Bibby has a service contract which is terminable on two years' notice. J.M. Goodwin has a contract which expires on 17th November, 2003.

Following completion of his initial three year contract as a non-executive director, the re-appointment of J.S. Espey on 1st April, 2002 falls to be confirmed. J.S. Espey has a three year contract from his date of re-appointment.

At no time during the year had any director a material interest in any contract which was of significance to the group's business.

Interests in share capital

In addition to the directors' shareholdings detailed in note 26 to the accounts, the directors have been notified of the following shareholdings in excess of 3% of the issued share capital as at 27th March, 2002:

Caledonian General Investments Limited	1,755,000 shares (9.02%)
Finsbury Growth Trust PLC	780,114 shares (4.01%)
3i Group p.l.c.	710,000 shares (3.65%)

Share value

The share value at 31st March, 1982 was 78.334p per 25p ordinary share (restated to reflect the scrip issue on 5th March, 1991).

Auditors

Baker Tilly (formerly HLB Kidsons) has agreed to offer itself for re-election as auditor of the company.

Close company

The company is not a close company in terms of the Income and Corporation Taxes Act 1988.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing the group's accounts, the directors confirm that they have

- (a) selected suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that are reasonable and prudent;
- (c) followed applicable accounting standards; and
- (d) prepared the accounts on a going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the accounts comply with the Companies Act 1985. They are responsible for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board,



I.F. Greenock, C.A.,
Secretary.
1306 Gallowgate, Glasgow G31 4DS.
5th April, 2002.

A.G.BARR p.l.c.

Statement on Corporate Governance

Application of the principles of the Combined Code

The board

A.G.Barr is led by a strong and experienced board which brings a depth and diversity of expertise to the leadership of the company.

One third of the board members are non-executive directors both of whom are considered by the board to be independent. J.M. Goodwin is the senior non-executive director. After consideration of the size and structure of the company, the board have decided that it would be inappropriate at this time to separate the responsibilities of Chairman and Chief Executive. This combined role will continue as at present through the Executive Chairman.

Under the company's Articles of Association, one third of the board is subject to retirement and re-election each year.

The board retains full and effective control of the company including responsibility for deciding the company's strategy and for approving short and medium term plans including targets and budgets. The board has twelve scheduled meetings set annually in advance and an agenda and relevant papers, including trading results, are circulated in advance of each meeting. At each meeting all items relevant to the schedule of matters for consideration and discussion by the board are tabled. Additional meetings for specific items are called if and when required.

The board has also established three board committees, each of which has clear terms of reference. These committees are:

- the remuneration committee whose composition and report is set out on pages 19 and 20;
- the audit committee which is comprised of J.M. Goodwin as chairman and J.S. Espey. The board, in setting up the committee, considered the recommendation that the committee should number three, but felt that for a company of our size it was more important to establish a fully independent non-executive membership; and
- the nominations committee which has responsibility for nominating, for approval by the board, candidates for appointment to the board. It is chaired by W.R.G. Barr. Its other members are J.M. Goodwin and J.S. Espey. Appropriate training is provided to new members of the board.

Details of directors' remuneration are given in note 26 on page 34.

Relations with shareholders

The company has regular discussions with and briefings for analysts and institutional shareholders. All shareholders, including private investors, have an opportunity to participate in questions and answers with the board on matters relating to the company's operation and performance at the Annual General Meeting.

A.G.BARR p.l.c.

Internal control

The combined code requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the company's assets. The Turnbull Report, adopted by the UK Listing Authority, provides guidance for compliance with that part of the Code. The company has introduced procedures in line with the Turnbull Committee's final guidance on internal controls.

These procedures include ongoing monthly functional reviews designed to identify, evaluate and manage the significant risks faced by the company. Any issues or incidents are addressed at monthly executive meetings. Each quarter reports are made by each functional director to the executive meeting on the risks relating to his area of operation and the complete risk register is reviewed by the full board twice a year. These procedures are assessed on a regular basis for their effectiveness.

In addition to the above, internal auditors are engaged to assess and report on the systems of internal control throughout the company.

The directors acknowledge that they are responsible for the company's system of internal financial control, although it must be recognised that such a system can only provide reasonable but not absolute assurance against loss or material mis-statement. The principal elements underlying the company's system of financial control are as follows:

- The board as a whole is responsible for the company's objectives, policies and stewardship of its resources. It focuses mainly on strategy and financial performance. The day to day management of the business is organised on a functional basis and because of the size of the business the functional directors have close contact with senior members of all functions.
- The company's activities are subject to an annual budget process and the executive directors meet to review the variances highlighted by the monthly management accounts. In addition, financial accounts are prepared quarterly from the monthly management accounts. The budgeted annual capital expenditure of the company is compared monthly by the board against actual commitments in concert with a review of the company's cash flow position.

Going concern

On the basis of current financial projections and facilities available, the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider it appropriate to adopt the going concern basis in preparing accounts.

Compliance with Combined Code

With the exceptions set out below, the company complied during the year to January 2002 with the Code provisions set out in section 1 of the Combined Code appended to the Listing Rules of the Financial Services Authority:

- The chairman was also chief executive.
- For the reasons set out in the remuneration committee's report on page 20, notice periods in the executive directors' service contracts were for periods up to two years dependent on length of service.
- The audit committee comprised only two members.

A.G.BARR p.l.c.

Remuneration Committee Report for the year ended 26th January, 2002

The remuneration committee

The remuneration committee comprised:

J.M. Goodwin, (Chairman)

J.S. Espey

J.M. Goodwin is the senior non-executive director of the company and has served from the inception of the committee on 19th December, 1996. J.S. Espey, non-executive director, was appointed to the committee on 16th April, 1999.

The policy and objectives

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

Executive directors' remuneration

(i) Basic salary and benefits

Basic salaries and benefits in kind are reviewed within the policy on an annual basis.

(ii) Share schemes

(a) Profit Linked Share Plan

The executive directors participate in the company's Inland Revenue approved Profit Linked Share Plan which is open to all employees. Under the terms of this scheme all participants receive shares to the value of a common percentage of their earnings, related to the performance of the company. The shares allocated are to a maximum value of £5,000 and are held in trust on their behalf for three years.

The allocation of shares in respect of the year ended 26th January, 2002 will be the final distribution under this scheme.

(b) All-Employee Share Ownership Plan

The introduction of an All-Employee Share Ownership Plan was approved at the Annual General Meeting of the company on 21st May, 2001. The scheme has now been approved by the Inland Revenue. The executive directors will participate in the scheme which is open to all employees.

(c) Savings Related Share Option Scheme

The 1995 Savings Related Share Option Scheme is an Inland Revenue approved scheme available to all employees including executive directors and is based on a five year savings contract which provides 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.

(d) Executive Share Option Scheme

The Executive Share Option Scheme is an Inland Revenue approved scheme and in accordance with its terms senior employees including executive directors, have received options at current market value to be exercised, in normal circumstances, between three and ten years after grant. This scheme was terminated on 28th April, 1997 but several options remain outstanding.

A.G.BARR p.l.c.

(e) Performance Related Share Scheme

The purpose of this scheme is to reward executive directors and other senior employees for achieving above average performance in the profits of the company which would also benefit shareholders.

Subject to the discretion of the remuneration committee, participants will be awarded bonuses following an increase in earnings per share of at least 2½% above Retail Price Index providing the executive is still in the employment of the company at the end of the scheme year. The maximum annual bonus value awarded to a participant in respect of a scheme year may not exceed 50% of the executive's annual base salary.

The bonuses will be released as follows:

- Normally one third of the value of the bonus is in cash and released immediately on award.
- The remainder of the value of the bonus will be in the form of shares which will not normally be released earlier than five scheme years after the end of the relevant scheme year.

If the average earnings per share for not less than five nor more than seven scheme years following the year of award exceeds the earnings per share of that scheme year by no less than the average annual percentage rate of inflation for the comparative scheme years plus 2½%, additional matching shares will be awarded to participants under the rules of the scheme.

(iii) Pension rights

Under the terms of their service contracts, executive directors are members of the A.G.BARR p.l.c. Executive Pension Scheme which provides pensions for directors of up to 2.22% of pensionable pay for each year of pensionable service completed up to the normal retirement date of 63. Where required, pension on salary in excess of the earnings cap imposed by the Inland Revenue is provided on an unfunded unapproved basis. Executive directors dismissed for reasons other than gross misconduct are entitled under their contract of employment to have their deferred pension adjusted to allow for the increase in the Retail Price Index between the date of leaving the company and normal retirement date. Any difference between the benefit in the contract of employment and that provided by the pension scheme will be met by the company.

(iv) Service contracts

All executive directors' service contracts provide for a period of notice of 1 year increasing to 2 years after 4 years' service as a director. The board considers that this provision, which has been in place for over 20 years, is appropriate in a competitive marketplace and sees no adequate reason to change it. Directors are required to give 6 months' notice of termination.

Non-executive directors' fees

The fees of non-executive directors are determined by the board as a whole having regard to the commitment of time required and the level of fees in similar companies.



J.M. Goodwin,
Chairman – Remuneration Committee.
5th April, 2002.

A.G.BARR p.l.c.

Independent Auditors' Report

To the Shareholders of A.G.BARR p.l.c.

We have audited the accounts on pages 22 to 36 of A.G.BARR p.l.c. for the year ended 26th January, 2002. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all the risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report and consider whether it is consistent with the audited accounts. This other information comprises only the Chairman's Statement, the Review of Activities, the Directors' Report, the Statement on Corporate Governance and the Remuneration Committee report. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

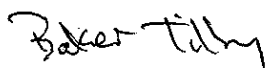
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's and the group's affairs as at 26th January, 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Baker Tilly,
Registered Auditors,
Chartered Accountants.
Glasgow.
5th April, 2002.

A.G.BARR p.l.c. and its Subsidiary Companies
Consolidated Profit and Loss Account
for the year ended 26th January, 2002

	Notes	2002 £000	2001 £000 <i>*As restated</i>
Turnover	2	116,261	111,878
Cost of sales -		<u>63,032</u>	<u>57,999</u>
Gross profit		53,229	53,879
Net operating expenses	3	<u>42,742</u>	<u>40,182</u>
Operating profit	4	10,487	13,697
Interest received	7	<u>253</u>	<u>225</u>
Profit on ordinary activities before tax		10,740	13,922
Tax on profit on ordinary activities	8	<u>3,254</u>	<u>4,159</u>
Profit on ordinary activities after tax		7,486	9,763
Dividends	9	<u>4,202</u>	<u>4,200</u>
Retained profit for the year	23	<u>3,284</u>	<u>5,563</u>
Earnings per share on issued share capital	10	<u>38.47p</u>	<u>50.17p</u>
Basic earnings per share	10	<u>39.90p</u>	<u>51.86p</u>
Fully diluted earnings per share	10	<u>37.97p</u>	<u>50.40p</u>

**Consolidated Statement of Total Recognised
Gains and Losses**

	Notes	2002 £000	2001 £000 <i>*As restated</i>
Profit as above		7,486	9,763
Adjustment for prior periods	21	<u>(3,293)</u>	<u>-</u>
Total gains and losses recognised since last annual report		<u>4,193</u>	<u>9,763</u>

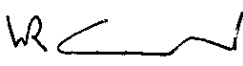
*Restated as required for FRS 19, Deferred Tax (see note 21)

A.G.BARR p.l.c. and its Subsidiary Companies
Balance Sheets
as at 26th January, 2002

	Notes	GROUP		COMPANY	
		2002	2001	2002	2001
		£000	£000	£000	£000
		<i>*As restated</i>		<i>*As restated</i>	
Fixed assets					
Tangible assets	11	42,580	39,102	41,971	38,757
Investment in subsidiaries and associated undertakings	12	-	100	205	100
		<u>42,580</u>	<u>39,202</u>	<u>42,176</u>	<u>38,857</u>
Current assets					
Stocks	13	11,536	10,800	11,437	10,782
Debtors	14	21,078	19,834	20,818	19,872
Investment	15	2,623	2,499	2,623	2,499
Cash at bank		8,265	11,199	8,265	11,177
		<u>43,502</u>	<u>44,332</u>	<u>43,143</u>	<u>44,330</u>
Creditors: Due within one year	16	24,113	25,064	24,259	25,504
Net current assets		<u>19,389</u>	<u>19,268</u>	<u>18,884</u>	<u>18,826</u>
Total assets less current liabilities		<u>61,969</u>	<u>58,470</u>	<u>61,060</u>	<u>57,683</u>
Provisions for liabilities and charges	19				
Deferred credit	20	645	667	645	667
Deferred tax	21	4,931	4,744	4,930	4,737
		<u>5,576</u>	<u>5,411</u>	<u>5,575</u>	<u>5,404</u>
		<u>56,393</u>	<u>53,059</u>	<u>55,485</u>	<u>52,279</u>
Capital and reserves					
Called up share capital	22	4,865	4,861	4,865	4,861
Share premium reserve	23	905	859	905	859
Profit and loss account	23	50,623	47,339	49,715	46,559
		<u>56,393</u>	<u>53,059</u>	<u>55,485</u>	<u>52,279</u>

*Restated as required for FRS 19, Deferred Tax (see note 21)

The accounts on pages 22 to 36 were approved by the Board on 5th April, 2002.


W.R.G. Barr
Director.


I.F. Greenock
Director.

A.G.BARR p.l.c. and its Subsidiary Companies
Cash Flow Statement
for the year ended 26th January, 2002

		2002		2001	
	Note	£000	£000	£000	£000
Net cash inflow from operating activities	27		12,989		16,932
Returns on investment and servicing of finance					
Interest received		268		311	
Interest paid		(11)		(9)	
Interest element of hire purchase paid		(4)		(77)	
Net cash inflow from returns on investments and servicing of finance			253		225
Tax					
Corporation tax paid			(4,181)		(3,821)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(7,750)		(7,115)	
Sale of tangible fixed assets		258		188	
			(7,492)		(6,927)
Acquisitions and disposals					
Investment in subsidiary		(105)		-	
Net overdraft acquired with subsidiary		(90)		-	
			(195)		-
			1,374		6,409
Dividends paid			(4,200)		(3,811)
			(2,826)		2,598
Financing					
Issue of share capital		50		-	
Capital element of hire purchase repaid		(304)		(1,152)	
Loans repaid		(30)		-	
			(284)		(1,152)
(Decrease)/Increase in cash			(3,110)		1,446

A.G.BARR p.l.c. and its Subsidiary Companies

Accounting Policies

The accounts set out on pages 22 to 36 have been prepared in accordance with applicable accounting standards using the historical cost convention modified to include certain freehold and leasehold land and buildings at valuation.

The other accounting policies of the group are described in the relevant notes to these accounts.

Notes to the Accounts

1. Basis of consolidation

The group accounts consist of a consolidation of the accounts of the company and its subsidiaries, all of which are wholly owned. All the accounts are made up to 26th January, 2002. The accounts of Findlays Limited have been incorporated from the date of acquisition.

The company has not presented its own profit and loss account, as permitted by Section 228(7) of the Companies Act, 1985.

2. Turnover

This is the net sales value exclusive of value added tax of goods and services supplied to customers outside the group during the period.

The figure for turnover includes exports of £345,000 (2001 – £427,000) which are not considered sufficiently significant to warrant allocation to the geographical markets involved.

3. Net operating expenses

	2002	2001
	£000	£000
Distribution costs	27,834	25,825
Administrative expenses	14,908	14,357
	<u>42,742</u>	<u>40,182</u>

4. Operating profit

	2002	2001
	£000	£000
Operating profit is arrived at after charging:		
Depreciation of fixed assets (note 11)	5,989	5,710
Audit fees	87	85
Non-audit fees paid to auditors	24	24
	<u></u>	<u></u>

5. Employees

	2002	2001
The average number of persons employed including directors was:	920	944
	<u></u>	<u></u>
	£000	£000
Wages and salaries	19,083	18,185
Social security costs	1,514	1,505
Pension contributions (note 6)	1,442	1,593
	<u>22,039</u>	<u>21,283</u>

At 26th January, 2002, 451 employees held options over 713,703 ordinary shares under the A.G.BARR p.l.c. 1995 Savings Related Share Option Scheme.

A.G.BARR p.l.c. and its Subsidiary Companies

6. Pension schemes

During the year the company operated three pension schemes. The scheme for works employees is an insured money purchase arrangement. The other two schemes are for executives and for staff employees. Both these schemes provide benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company and are invested in managed funds. From 4th March, 2002 both the works and the staff pension schemes have been closed to new employees and the company has introduced a new money purchase pension scheme, the A.G.BARR p.l.c. (2002) Pension and Life Assurance Scheme, to replace both previous schemes.

Contributions to the final salary schemes are charged to the profit and loss account, so as to spread the cost of pensions over employees' working lives with the company in accordance with SSAP 24. The contributions to the final salary schemes are determined by a qualified actuary on the basis of triennial valuations. The most recent triennial valuations were conducted as at 1st November, 1999 using the projected unit method.

The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and to the rates of increase in pay and pensions. It was assumed that the investment return would be 2% per annum higher than the growth in pensionable pay and 2% per annum higher than the increase in pensions accruing up to November 2000 and 3% per annum higher for pensions accruing thereafter in both the executive and staff schemes. The surplus as at 1st November, 1999 determined using the above assumptions, was £1,362,000.

During the year the company adopted FRS 17, Retirement Benefits. In accordance with the transitional arrangements of this standard, the accounts for the year ended 26th January, 2002 are only required to show supplementary disclosures. Under these transitional arrangements, the company continues to account for pension costs under SSAP 24, as above.

The company is now required to conduct an annual valuation of the two defined benefit pension schemes based on market conditions as at the company year end. To satisfy this, the full actuarial valuation carried out at 1st November, 1999 was updated to 26th January, 2002 by a qualified independent actuary.

The market assumptions used by the actuary in the valuations were:

At 26th January, 2002

Rate of increase in salaries	3.85%
Rate of increase of pensions in payment	2.35%
Discount rate	5.75%
Inflation assumption	2.35%

The expected rate of return and the assets in the scheme as at 26th January, 2002 were:

		£000
Equities	7.50%	21,789
Bonds	5.75%	4,533
Cash	4.50%	1,459
Property	7.50%	67
Total market value of assets		27,848
Actuarial value of liability		(35,571)
Deficit in the schemes		(7,723)
Related deferred tax asset		2,317
Net pension liability		(5,406)

The pension charges in the accounts were £355,000 (2001 – £437,000) (money purchase scheme) plus £1,087,000 (2001 – £1,156,000) (final salary schemes).

A.G.BARR p.l.c. and its Subsidiary Companies

7. Interest	2002	2001
	£000	£000
Paid: On bank overdrafts	(11)	(9)
On hire purchase	(4)	(77)
	<u>(15)</u>	<u>(86)</u>
Received	268	311
	<u>253</u>	<u>225</u>

8. Tax on profit on ordinary activities	2002	2001
	£000	£000
Corporation tax on profits of the year	3,123	4,109
Deferred tax transfer	200	57
	<u>3,323</u>	<u>4,166</u>
Over provision prior years	(69)	(7)
	<u>3,254</u>	<u>4,159</u>

9. Dividends	2002	2001
	£000	£000
Interim paid 26th October, 2001 (7.35p per share)	1,429	1,429
Proposed final payable 6th June, 2002 (14.25p per share)	2,773	2,771
	<u>4,202</u>	<u>4,200</u>

10. Earnings per share

Earnings per share have been calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period. The numbers used in calculating basic and fully diluted earnings per ordinary share are reconciled below.

Net profit attributable to shareholders	2002	2001
	£000	£000
Earnings – basic	7,486	9,851
Dividends received (note 15)	(191)	(108)
Earnings – diluted	<u>7,295</u>	<u>9,743</u>

Weighted average number of shares in issue

	Number	Number
Ordinary shares in issue	19,461,463	19,443,463
Shares held (note 15)	(681,000)	(690,455)
Weighting adjustment	<u>(21,350)</u>	<u>70,906</u>
Basic	18,759,113	18,823,914
Calculation adjustments:		
Executive share options	11,876	7,802
Savings related share option scheme	225,269	174,078
Performance related share scheme:		
Deferred shares	108,054	75,554
Matching shares	108,054	75,554
	<u>19,212,366</u>	<u>19,156,902</u>

A.G.BARR p.l.c. and its Subsidiary Companies

11. Fixed tangible assets

	Land & buildings Freehold £000	Long leasehold £000	Plant, equipment & vehicles £000	Total £000
GROUP				
Cost or valuation				
At 27th January, 2001	23,704	79	66,174	89,957
Additions	233	—	9,411	9,644
Disposals	—	—	(3,204)	(3,204)
Acquired with subsidiary	—	—	220	220
At 26th January, 2002	<u>23,937</u>	<u>79</u>	<u>72,601</u>	<u>96,617</u>
Depreciation				
At 27th January, 2001	3,219	38	47,598	50,855
Amount charged	257	2	5,730	5,989
Disposals	—	—	(2,807)	(2,807)
At 26th January, 2002	<u>3,476</u>	<u>40</u>	<u>50,521</u>	<u>54,037</u>
Net book value				
At 26th January, 2002	<u>20,461</u>	<u>39</u>	<u>22,080</u>	<u>42,580</u>
At 27th January, 2001	<u>20,485</u>	<u>41</u>	<u>18,576</u>	<u>39,102</u>
COMPANY				
Cost or valuation				
At 27th January, 2001	23,704	79	65,547	89,330
Additions	233	—	9,216	9,449
Disposals	—	—	(3,166)	(3,166)
At 26th January, 2002	<u>23,937</u>	<u>79</u>	<u>71,597</u>	<u>95,613</u>
Depreciation				
At 27th January, 2001	3,219	38	47,316	50,573
Amount charged	257	2	5,597	5,856
Disposals	—	—	(2,787)	(2,787)
At 26th January, 2002	<u>3,476</u>	<u>40</u>	<u>50,126</u>	<u>53,642</u>
Net book value				
At 26th January, 2002	<u>20,461</u>	<u>39</u>	<u>21,471</u>	<u>41,971</u>
At 27th January, 2001	<u>20,485</u>	<u>41</u>	<u>18,231</u>	<u>38,757</u>

The net book value of plant, equipment and vehicles held under hire purchase agreements was £Nil (2001 – £2,302,000).

GROUP AND COMPANY

For the land and buildings at valuation made in 1970:

	Freehold £000	Long leasehold £000	Total £000
Net book value			
At 26th January, 2002	<u>72</u>	<u>39</u>	<u>111</u>
At 27th January, 2001	<u>72</u>	<u>39</u>	<u>111</u>

A.G.BARR p.l.c. and its Subsidiary Companies

11. Fixed tangible assets (continued)

Historical cost value for the land and buildings at valuation:

	Freehold £000	Long leasehold £000	Total £000
Historical cost at 26th January, 2002	28	20	48
Accumulated depreciation at 26th January, 2002	14	11	25
Net historical cost value at 26th January, 2002	14	9	23
<i>Net historical cost value at 27th January, 2001</i>	<i>14</i>	<i>9</i>	<i>23</i>

Depreciation

Depreciation is written off the full cost of the fixed assets on a straight line basis at the following rates:

Buildings	1%
Plant, equipment and vehicles	10%, 15%, 20% and 33%

12. Investment in subsidiaries and associated undertaking

	GROUP		COMPANY	
	2002 £000	2001 £000	2002 £000	2001 £000
Subsidiaries				
Cost as at 27th January, 2001	-	-	3,082	3,082
Additions	-	-	205	-
Amounts written off	-	-	(990)	(990)
Amounts due to subsidiaries	-	-	(2,092)	(2,092)
At 26th January, 2002	-	-	205	-
Associated undertaking				
At 26th January, 2002	-	100	-	100

Operating subsidiaries

Barr Leasing Limited
Iceborg Limited

Findlays Limited
Stotherts Limited

Non-trading subsidiaries

Robert Barr Limited
Fructose Limited
Mandora St. Clements Limited
St. Clements (U.K.) Limited

T. W. Beach & Sons Limited
Hampshire Mineral Water Limited
Rimark Overseas Limited
Tizer Limited

All subsidiaries are wholly owned.

Associated undertaking

On 21st December, 2001 A.G.BARR p.l.c. acquired the remaining 60% of the shares in Findlays Limited making it a wholly owned subsidiary. Findlays Limited is involved in the extraction and bottling of natural mineral water. At that date the book values were as follows:

	£000
Fixed assets	223
Current assets	134
Current liabilities	(122)
Long-term liabilities	(30)
	205
Total consideration	(205)

A.G.BARR p.l.c. and its Subsidiary Companies

13. Stocks

Stocks of returnable bottles and boxes have been valued at the lower of cost or deposit prices. Other stocks with minor exceptions have been valued at cost which is not in excess of market value. In the case of finished goods cost includes a proportion of overhead expenses.

	GROUP		COMPANY	
	2002	2001	2002	2001
	£000	£000	£000	£000
Returnable containers	982	922	982	922
Materials	1,833	1,842	1,734	1,824
Finished goods	8,721	8,036	8,721	8,036
	<u>11,536</u>	<u>10,800</u>	<u>11,437</u>	<u>10,782</u>

14. Debtors

	GROUP		COMPANY	
	2002	2001	2002	2001
	£000	£000	£000	£000
Trade debtors	17,344	15,147	17,286	15,147
Other debtors	271	6	68	6
Prepayments and accrued income	1,945	1,596	1,931	1,595
Plant deposits	1,375	2,935	1,375	2,935
Amounts due by subsidiary companies	-	-	15	39
Pension scheme prepayment	143	150	143	150
	<u>21,078</u>	<u>19,834</u>	<u>20,818</u>	<u>19,872</u>

15. Investment

	GROUP		COMPANY	
	2002	2001	2002	2001
	£000	£000	£000	£000
Shares in A.G.BARR p.l.c.				
At 27th January, 2001	2,499	2,228	2,499	2,228
Shares purchased	168	1,243	168	1,243
Options exercised	(41)	(843)	(41)	(843)
Adjustment in value of opening shares	(3)	(129)	(3)	(129)
At 26th January, 2002	<u>2,623</u>	<u>2,499</u>	<u>2,623</u>	<u>2,499</u>

The shares held in the company were purchased to meet the company's future requirements under both the Savings Related Share Option Scheme (SAYE) and the Performance Related Share Scheme (PRSS).

The Savings Related Benefit Trust, which was set up to hold shares for the SAYE, has purchased shares relating to two offers made under the SAYE. At 26th January, 2002 the trust held 196,844 ordinary shares in A.G.BARR p.l.c. at the first exercise price of 330p and 484,156 ordinary shares at the second exercise price of 296p. The shares held by the trust were purchased at an average price of 384p per share. The difference between the purchase and exercise prices is being written off by the company to the Profit and Loss Account over the life of the options.

The General Employee Benefit Trust, which was set up to hold shares for the PRSS, has purchased shares to satisfy the awards made for deferred shares under the PRSS. At 26th January, 2002 the trust held 108,000 shares which have been valued at cost.

The trusts have waived their rights to £191,000 in respect of dividends paid during the period and to future dividends until such time as the shares are transferred to the employees.

A.G.BARR p.l.c. and its Subsidiary Companies

16. Creditors: Due within one year

	GROUP		COMPANY	
	2002	2001	2002	2001
	£000	£000	£000	£000
Unpresented cheques	4,827	5,193	4,827	5,193
Trade creditors	2,735	2,823	2,723	2,823
Current corporation tax	1,716	2,830	1,659	2,811
Other taxes and social security costs	1,784	1,646	1,780	1,646
Accruals	10,101	9,496	10,084	9,495
Proposed dividend	2,773	2,771	2,773	2,771
Amounts due to subsidiary companies	-	-	413	461
Bank overdraft	177	1	-	-
Hire purchase creditor (note 18)	-	304	-	304
	<u>24,113</u>	<u>25,064</u>	<u>24,259</u>	<u>25,504</u>

17. Financial instruments

The disclosures detailed below are as required by FRS 13, Derivatives and Other Financial Instruments: Disclosures. As permitted by FRS 13, short-term debtors and creditors have been excluded from the disclosures. The company's principal treasury objective is to provide sufficient liquidity to meet operational cash flows whilst maximising shareholder value. The company operates controlled treasury policies which are monitored by the board to ensure that the needs of the company are met as they evolve. The impact of the risks required to be discussed in accordance with FRS 13 are detailed below.

Liquidity and funding risk

The objective of the company in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due. At the year end there was no debt outstanding. The company has a strong credit rating and as such has good access to capital markets, if required. At the year end the undrawn borrowing facility amounted to £15,000,000.

Foreign exchange risk

The company's transactional foreign exchange exposure arises from income and expenditure denominated in foreign currencies. As each material commitment is made, the risk in relation to currency fluctuations is assessed and at that time a decision is made whether to adopt forward currency contracts. The company's exposure to this risk is regularly reviewed.

Financial assets

The group and company held the following investments in financial assets:

	GROUP		COMPANY	
	2002	2001	2002	2001
	£000	£000	£000	£000
Cash at bank and on hand	8,265	11,199	8,265	11,177

Financial liabilities

The financial liabilities of the group and company were:

Bank overdraft	177	1	-	-
----------------	-----	---	---	---

18. Hire purchase creditor

Where assets are purchased under hire purchase agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright and the corresponding liability is included as a hire purchase creditor. Hire purchase payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account.

Future capital commitments under hire purchase agreements at 26th January, 2002 are as follows:

	GROUP		COMPANY	
	2002	2001	2002	2001
	£000	£000	£000	£000
Within 1 year	-	304	-	304

A.G.BARR p.l.c. and its Subsidiary Companies

19. Provisions for liabilities and charges

	GROUP		COMPANY	
	Deferred credit £000	*Deferred tax £000	Deferred credit £000	*Deferred tax £000
At 27th January, 2001 (*As restated – see note 21)	667	4,744	667	4,737
Profit and loss account	(22)	187	(22)	193
At 26th January, 2002	645	4,931	645	4,930

20. Deferred credit

Capital grants are treated as deferred credits and a proportion of the grants based on the depreciation rates written off the relative fixed assets is credited each year to the profit and loss account.

21. Deferred tax

Deferred tax is provided on all timing differences. The provision made in the accounts is set out below.

	GROUP		COMPANY	
	2002 £000	2001 £000 <i>As restated</i>	2002 £000	2001 £000 <i>As restated</i>
Attributable to timing differences between capital allowances granted for tax purposes and depreciation written off in the accounts	4,914	4,753	4,913	4,746
Other timing differences	17	(9)	17	(9)
	4,931	4,744	4,930	4,737

The accounts for the year ended 27th January, 2001 have been restated to reflect the requirements of FRS 19, Deferred Tax to provide for all potential deferred tax liabilities. The effect of the restatement was to decrease the profit for the year by £88,000. The opening balance of retained profit for the year ended 27th January, 2001 has been adjusted by £3,205,000 for the effects of the restatement in prior periods.

22. Share capital

	2002 £	2001 £
Ordinary shares of 25p each		
Authorised: 24,000,000 (2001 – 24,000,000)	6,000,000	6,000,000
Issued and fully paid: 19,461,463 (2001 – 19,443,463)		
At 27th January, 2001	4,860,866	4,860,866
Shares issued under the Executive Share Option Scheme	4,500	–
At 26th January, 2002	4,865,366	4,860,866

At 26th January, 2002 options were exercisable over 68,700 ordinary shares under the Executive Share Option Plan at exercise price of 378p per share at exercise dates between 1998 and 2005. Options were exercisable over 713,703 ordinary shares under the Savings Related Share Option Scheme at dates up to 2005 at exercise prices of 330p and 296p per share with an average of 305p per share.

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23. Reserves

	Share premium £000	Profit and loss account £000
GROUP		
At 27th January, 2001 as previously stated	859	50,632
Prior period adjustment (see note 21)	—	(3,293)
	<u>859</u>	<u>47,339</u>
Retained earnings	—	3,284
Shares issued under the Executive Share Option Scheme	46	—
At 26th January, 2002	<u>905</u>	<u>50,623</u>
COMPANY		
At 27th January, 2001 as previously stated	859	49,852
Prior period adjustment (see note 21)	—	(3,293)
	<u>859</u>	<u>46,559</u>
Retained earnings	—	3,156
Shares issued under the Executive Share Option Scheme	46	—
At 26th January, 2002	<u>905</u>	<u>49,715</u>

24. Reconciliation of movements in shareholders' funds

	GROUP		COMPANY	
	2002 £000	2001 £000	2002 £000	2001 £000
	<i>*As restated</i>		<i>*As restated</i>	
Profit on ordinary activities after tax	7,486	9,763	7,358	9,727
Dividends	(4,202)	(4,200)	(4,202)	(4,200)
Issue of share capital	50	—	50	—
Net addition to shareholders' funds	<u>3,334</u>	<u>5,563</u>	<u>3,206</u>	<u>5,527</u>
Shareholders' funds brought forward	<u>53,059</u>	<u>47,496</u>	<u>52,279</u>	<u>46,752</u>
Shareholders' funds at 26th January, 2002	<u>56,393</u>	<u>53,059</u>	<u>55,485</u>	<u>52,279</u>

*Restated as required for FRS 19, Deferred Tax (see note 21)

25. Capital commitments

	GROUP		COMPANY	
	2002 £000	2001 £000	2002 £000	2001 £000
Contracted (includes plant deposits (note 14))	<u>2,278</u>	<u>5,199</u>	<u>2,278</u>	<u>5,199</u>

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26. Directors' remuneration and interests	2002	2001
	£000	£000
Remuneration		
Salaries and benefits	738	679
Profit Linked Share Plan	20	14
Gain on exercise of options	32	–
Pension contributions	70	123
Performance Related Share Scheme		
– cash bonus	–	54
– deferred shares	–	109
Fees to non-executive directors	36	36
Ex-gratia payment on retirement	200	–
	1,096	1,015

The Profit Linked Share Plan is shown when appropriated whereas the Performance Related Share Scheme represents the accrual for the reporting period.

The remuneration of the executive directors was as follows:

	W.R.G.Barr	H.McPherson	A.A.Bibby	J.E.Dawson	I.F.Greenock
	£000	£000	£000	£000	£000
Salary	188	132	123	131	120
Benefit in kind	14	11	10	6	3
Profit Linked Share Plan	5	–	5	5	5
Ex-gratia payment on retirement	–	200	–	–	–
12 months to 26th January, 2002	207	343	138	142	128
<i>12 months to 27th January, 2001</i>	<i>225</i>	<i>197</i>	<i>148</i>	<i>148</i>	<i>138</i>
Performance Related Share Scheme					
– potential value of matching shares					
12 months to 26th January, 2002	–	–	–	–	–
<i>12 months to 27th January, 2001</i>	<i>29</i>	<i>25</i>	<i>19</i>	<i>19</i>	<i>17</i>
Directors' pensions					
Accrued annual pension at 26th January, 2002	117	10	50	49	52
Increase in accrued annual pension after indexation	(2)	–	3	3	3
Transfer value of increase in accrued pension at 26th January, 2002	(40)	155	22	26	33

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26. Directors' remuneration and interests (continued)

Directors' interests	W.R.G.Barr Number	A.A.Bibby Number	J.E.Dawson Number	I.F.Greenock Number
Performance Related Share Scheme				
– deferred shares awarded				
12 months to 27th January, 2001	6,197	4,065	4,065	3,638
12 months to 30th January, 1999	5,111	3,454	3,454	2,921
15 months to 31st January, 1998	9,313	6,282	6,282	2,350
	<u>20,621</u>	<u>13,801</u>	<u>13,801</u>	<u>8,909</u>
– potential matching shares				
12 months to 27th January, 2001	6,197	4,065	4,065	3,638
12 months to 30th January, 1999	5,111	3,454	3,454	2,921
15 months to 31st January, 1998	9,313	6,282	6,282	2,350
	<u>20,621</u>	<u>13,801</u>	<u>13,801</u>	<u>8,909</u>

The options of the executive directors at 26th January, 2002 over the ordinary share capital of the company were as undernoted.

	Options as at 27.01.01	Options granted during year	Options exercised during year	Options as at 26.01.02	Exercise price (pence)	Market price at date of exercise (pence)	Date from which exercisable	Expiry date
W.R.G. Barr	27,500	–	–	27,500	378	–	24.01.98	24.01.05
A.A. Bibby	20,000	–	–	20,000	378	–	24.01.98	24.01.05
	5,701	–	–	5,701	296	–	01.06.05	01.12.05
J.E. Dawson	20,000	–	–	20,000	378	–	24.01.98	24.01.05
	18,000	–	(18,000)	–	281	457	–	–
	5,701	–	–	5,701	296	–	01.06.05	01.12.05
I.F. Greenock	1,200	–	–	1,200	378	–	16.02.98	16.02.05
	2,090	–	–	2,090	330	–	01.10.02	01.04.03
	3,420	–	–	3,420	296	–	01.06.05	01.12.05

The beneficial interest of the directors in the ordinary shares of the company are as follows:

	2002	2001
Executive directors		
W.R.G. Barr	1,190,752	1,189,770
A.A. Bibby	60,063	62,368
J.E. Dawson	33,211	31,188
I.F. Greenock	9,277	8,079
Non-executive directors		
J.M. Goodwin	3,000	3,000
J.S. Espey	4,000	4,000

I.F. Greenock has non-beneficial interests in 1,141,626 shares (2001 – 1,188,996 shares) under trusteeships of various employee share schemes. W.R.G. Barr has non-beneficial interests in 1,687,118 shares (2001 – 1,688,218 shares) as trustee of a charitable trust and several family trusts.

There have been the following changes notified in the directors' shareholdings between 26th January, 2002 and 27th March, 2002: A.A. Bibby an increase in beneficial holding of 45 shares, J.E. Dawson an increase in beneficial holding of 63 shares, I.F. Greenock an increase in beneficial holding of 36 shares and a reduction in non-beneficial holding of 100 shares.

A.G.BARR p.l.c. and its Subsidiary Companies

27. Net cash inflow from operating activities	2002	2001
	£000	£000
Operating profit	10,487	13,697
Depreciation	5,989	5,710
Loss on sale of tangible fixed assets	139	91
Government grants written back	(22)	(52)
(Increase) in stocks	(662)	(1,773)
(Increase) in debtors	(2,752)	(2,670)
(Increase) in investment	(124)	(271)
(Decrease)/increase in creditors	(73)	2,193
Pension provision release	7	7
	<u>12,989</u>	<u>16,932</u>

28. Reconciliation of net cash inflow to movement in net funds	2002	2001
	£000	£000
(Decrease)/increase in cash in the year	(3,110)	1,446
Cash outflow from decrease in debt and leasing finance	334	1,152
Changes in net funds resulting from cash flows	(2,776)	2,598
Loan acquired with subsidiary	(30)	-
Net funds at 27th January, 2001	10,894	8,296
Net funds at 26th January, 2002	<u>8,088</u>	<u>10,894</u>

29. Analysis of changes in net funds	At	Cash	Acquisition	At
	27.01.01	flows	(excluding	26.01.02
	£000	£000	cash and	£000
			overdrafts)	
Cash in hand and at bank	11,199	(2,934)	-	8,265
Overdrafts	(1)	(176)	-	(177)
Debt due within one year	-	30	(30)	-
Hire purchase creditor	(304)	304	-	-
Total	<u>10,894</u>	<u>(2,776)</u>	<u>(30)</u>	<u>8,088</u>

A.G.BARR p.l.c. and its Subsidiary Companies
Review of the Trading Results

	2002	2001	2000	1999	15 mths 1998
	£000	£000	£000	£000	£000
		*As restated			
Turnover	116,261	111,878	109,995	106,892	136,729
Operating profit	10,487	13,697	12,210	12,303	15,528
Interest	253	225	(114)	(312)	(1,118)
Profit on ordinary activities before tax	10,740	13,922	12,096	11,991	14,410
Tax on profit on ordinary activities	3,254	4,159	3,451	3,415	4,339
Profit on ordinary activities after tax	7,486	9,763	8,645	8,576	10,071
Dividends	4,202	4,200	3,813	3,545	4,074
Retained profit for the year	3,284	5,563	4,832	5,031	5,997
*Restated as required for FRS 19, Deferred Tax (see note 21).					
Earnings per share on issued share capital	38.47p	50.17p	44.42p	44.07p	51.75p
Dividend per share	21.60p	21.60p	19.60p	18.25p	21.00p

The Earnings per share on issued share capital for each period have been calculated to reflect the shares in issue at 26th January, 2002.