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A.G.BARR p.l.c.
Annual Report and Accounts
January 2000

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Since 1875

Contents

Our Business

We are an independent, consumer led and profitable public company, engaged in the manufacture, distribution and marketing of branded and own label 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 taxation for the year to 29th January, 2000 was £12.1 million compared with £12.0 million for the previous year. There was however an underlying improvement in profit of £718,000 or 6.2% if adjustment is made for two abnormal factors – comprising profits of £380,000 on the sale of properties in the last financial year and a charge of £233,000 related to the early repayment of a bank loan in the year to January 2000.

Turnover for year to end January 2000 was £110 million, an increase over the previous year of 3%. Retailers' Own Labels now account for only 5% of total turnover and our continuing focus is on Barr brands where UK sales were up 4% over the twelve months. Sales were disappointing during the three months to the end of October reflecting the fact that the best of the summer weather in 1999 was in the South of the UK which remains – proportionately – our less significant trading area. The last three months of the financial year saw a better trend in line with promotional activity to which I refer below.

Our manufacturing costs continued to reflect, during the second half of the year, the lower sugar prices which had resulted from the strengthening of sterling during the first six months and this advantage was only modestly reduced by firmer prices for PET bottles. Our overall margins were however adversely affected during the last three months of our financial year by the cost of promoting our brands during what has increasingly become a particularly competitive market place over each Festive Season. The promotional investment, although impacting on the profits for the year, showed positive results since our brands enjoyed a satisfactory year-on-year increase in market share during the month of December.

"Profit for the year to January 2000 was £12.1m... an underlying improvement... of 6.2%..."

Over the full financial year we achieved an encouraging volume performance across the UK from our main brand Irn-Bru which increased by 8% overall and by no less than 16% in England/Wales. This achievement should provide a firm base for further progress in the current year.

Shareholders will be pleased to note the substantial improvement which has been achieved in our Balance Sheet at the end of this financial year. Our strong cash flow enabled us to make early repayment of our term loan and this has led to a significant reduction in creditors due after more than one year but with only a modest reduction in net current assets.

Earnings per share on our issued share capital at 44.46p were only marginally ahead of the 44.11p achieved in the previous year but, bearing in mind the underlying improvement in this year's profits to which I referred earlier, your Directors are able to recommend a final dividend of 12.25p per share making a total dividend of 19.60p for the year to end January 2000. This would represent an increase of 7.4% over the total dividend paid for the previous year.

Personnel

I am pleased to take this annual opportunity, on your behalf, to thank each of our employees for the contribution which they have made to the results which we have announced. Despite the modest financial improvement over the previous year, the Company's performance reflects a high level of skill and enthusiasm from our employees within what remains a very competitive market place. In particular I can confirm that, as a result of the comprehensive preparatory work which was carried out in advance of the Millennium, we did not experience any Y2K problems.

The first offer to employees under our 1995 Savings Related Share Option Scheme reaches the end of its five year lifespan on 1st June, 2000 and your Board has introduced a new offer effective from that date so that initial subscribers can continue to invest in the Scheme. I believe that this is an excellent method of continuing to align the long term interests of employees with those of the Company and shareholders will be interested to note that as a result of the offers made in 1995 and 1997 there are currently 369 employees participating in the Scheme which is approaching half of the eligible workforce.

"...the continuing investment in our brands will produce for A.G.Barr the optimum long term growth..."

Trading Outlook

Turnover for the first nine weeks of the new financial year has been 2% more than for the same period last year. The strength of sterling has so far continued to keep the price of sugar below that paid during last year. Our major packaging costs, including cans, have to date remained stable with the exception of PET bottle prices which increased in April.

The position with regard to our franchise for Orangina has, at least for the immediate future, become more certain as a result of the decision of the French government last November to finally block a proposed take-over of the Orangina business by The Coca-Cola Company. We are hopeful that Messrs Pernod Ricard, the owners of Orangina, will now retain and develop the business and that we can continue to play our part in that development through the franchise which we have held for Great Britain since 1995.

KLP Soft Drinks, who commenced their operations in Moscow in the summer of 1998 based on a franchise for two of our brands, continued to build their sales and distribution throughout our last financial year and are looking forward to further expansion this year. Naturally trading margins in Russia remain particularly tight as a consequence of the substantial devaluation of the currency since the financial crisis in August 1998.

Given the market place within which we operate and the competition from our major competitors, progress in terms of market share within the UK is likely to remain a hard fought prize. We remain convinced however that the continuing investment in our brands will produce for A.G.Barr the optimum long-term growth in relation to both turnover and profits.

W.R.G. Barr, Chairman.

The Future. Marketing, Innovation and Performance

Over the last five years there has been a step change in the performance of A.G.BARR p.l.c. driven mainly by a combination of core brand growth and significant operating efficiency improvements across the business.

Despite increasingly competitive market conditions last year this position was further consolidated as we entered the new millennium having achieved another year of underlying profit growth while also driving growth in volume and market share. This achievement should provide a stable platform from which to further build our business in the Year 2000 and beyond and highlights the benefit of a commitment over many years to invest consistently both in our brands and in our manufacturing asset base.

Looking to the future, we will continue to pursue our goal to be an independent, consumer-led and profitable public company. Our overriding principle is to enhance long term value for our shareholders and for other stakeholders in the business, in particular our customers and our employees. This in turn will be underpinned by a commitment to continuous improvement in all that we do, to the provision of only the highest quality products and to excellence in standards of customer service.

"...Our overriding principle is to enhance long term value for our shareholders..."

Our future vision is of a dynamic, growing business built on innovative, highly differentiated and high quality brands, supported by equally innovative marketing support campaigns. In this way A.G.Barr will continue to stimulate and add value to the soft drinks market and avoid the erosion of value which so often accompanies the development of duplicative and unsupported brands or products. The commercial emphasis will therefore remain in the area of long-term brand building rather than short-term trading and the historical commitment to consistent, heavyweight marketing support will continue.

In pursuit of this vision, we will carefully evaluate all opportunities for sustainable, profitable growth. That said, the priority must be to focus and build on our current position in the branded, carbonated soft drinks sector.

In the immediate future there does appear to be considerable scope for driving further organic growth on our existing core brands and in particular the continued development of Irn-Bru across the UK and in selected Export markets. Within the UK, we will seek to capitalise on opportunities across all three major trade channels: the multiple retail sector, the smaller independent retail sector and the traditional wholesale/cash and carry trade. Our direct retail business, serviced through a network of sales and distribution branches throughout England and Scotland, will continue to play a key role in ensuring distribution, visibility and ultimately consumer pick-up of our products through the impulse store channels.

Irn-Bru and Tizer both enjoyed volume and market share growth in the year to January 2000 and provide a sound base from which to pursue our strategy.

The Irn-Bru brand has been an icon of Scottish culture for many generations and while it has consistently been recognised as that country's No 1 grocery brand, the brands' status until recently in the rest of the UK would more accurately be described as secondary or 'niche'. Over the last few years, however, assisted by a distinctive, contemporary and highly effective marketing campaign, evidence is growing that momentum is building behind the brand in the rest of the country. In parallel with the development of a UK-wide marketing campaign, a number of sales and distribution led initiatives have also ensured more widespread availability of the brand in England and Wales. In 1999, Irn-Bru was featured for the first time in the list of the top 100 brands across the UK and one of the largest multiple retailers further endorsed this recognition by including the Irn-Bru brand in a recent national television campaign. Needless to say, work will continue to build on our achievements in the Year 2000 and beyond.

Within the Export arena, a decision was taken some eighteen months ago to focus on fewer territories but to provide more comprehensive marketing support packages for those markets judged to have sustainable long-term growth potential. This brought some success in 1999, notably in Russia where essence sales to our franchise bottler approximated to finished product volume of Irn-Bru and Cream Soda of 14 million litres. Where appropriate, similar initiatives will be pursued in other selected areas.

"...Our future vision is of a dynamic, growing business built on innovative, highly differentiated and high quality brands..."

As previously noted in the Chairman's statement, the rejection by the French authorities of the Coca-Cola bid for Orangina and the probability of retaining the Orangina brand within the A.G.Barr portfolio provides considerable opportunity for further development initiatives following two years of uncertainty. We would hope to fully capitalise on this opportunity and to forge an even closer and stronger relationship with Orangina in the years to come.

Innovation can take many forms and in order to support the key brand-led initiatives which will drive and grow our business, further actions will be required to deliver the plan. These will include: packaging development and innovative ways of further improving the visibility and presentation of our brands at point of sale; appropriate investment in manufacturing flexibility while still achieving targeted reductions in our unit cost of operations; and additional investment in information technology, delivering further improvements in our business information systems and in the efficiency of our manufacturing and supply chain processes.

Clarity of vision, combined with an understanding of the real value drivers within the business and high quality implementation of our key strategic initiatives should provide a firm foundation from which to deliver our performance objectives in the Year 2000 and beyond.

H. McPh.

Hugh McPherson, Managing Director.

A Unique Personality

Welcome to the A.G.Barr family of brands, where each member has a unique personality, whether well-established or new on the scene, and above all plays an invaluable role in the continuing success of our business.

Within an increasingly competitive market place, our long term commitment to the provision of substantial investment behind core brands remains as strong as ever. The marketing plans will continue to deliver impactful, effective and creative advertising, using new and traditional media.

Irn-Bru, already firmly fixed in the consciousness of the public thanks to unique black and white images and colourful captions on high profile poster sites, continued its expansion using a fully integrated television and outdoor campaign.

'Would the campaign translate successfully' was the question that this particular shift of direction raised. The *answer was a resounding 'yes', with a series of television* commercials which kept the essential feel of the poster campaign fresh whilst carrying the brand's personality into millions of homes.

This unique personality was also firmly linked with another, when Irn-Bru became the sponsor of Chris Evans' hit TV show TFI Friday. Sharing the same essential elements of fun and off-the-wall humour, the partnership significantly helped to strengthen the communication plan. The Irn-Bru brand has become synonymous with enjoyment, and this was further emphasised by the continuing sponsorship of the Revolution roller coaster at Blackpool Pleasure Beach, one of Britain's most popular attractions. Here, for tens of thousands of the seven million people who visit each year, a huge Irn-Bru logo is the last thing they see before being hurled into space on this breathtaking ride.

From the dizzy heights, this particular family member came back down to earth; more specifically, the turf of Scotland's brand new National Stadium.
The inaugural game featuring the cream of Scottish international footballers - past and present alongside a sparkling array of celebrities was certainly a fitting occasion to be associated with Scotland's other national drink.

The sporting theme was further continued with another successful sponsorship of the Great Scottish Run in Glasgow, attracting record entries of over 9,000.

Of course, sponsorship isn't entirely about brand-awareness. It's also about striving to make a positive difference where it's needed. Schools, for example, benefited from a project to promote balanced diets and deter absenteeism during lunch-times thanks to a scheme supporting their dining room facilities.

The final result was that Irn-Bru significantly outperformed the market in 1999. Even better, this performance ranks Irn-Bru as the UK's biggest selling 'other flavoured' carbonate brand.

Looking ahead our marketing plans will focus increasingly on the major growth opportunities in England and Wales while continuing to reinforce the Irn-Bru success story in Scotland.

A Creative Evolution

In addition to the growth enjoyed by Irn-Bru, Tizer benefited from an equally creative support package - designed to exact maximum value from our investment. This included the sponsorship of ITV's popular Saturday morning music programme cd:uk, which was perfect targeting for Tizer with the show aimed at the 5-15 year old audience. Creative and distinctive advertising credits were produced to 'refresh the heads' of the millions of regular viewers. Advertising features in the show's magazine as well as a successful on-pack promotion have further enhanced this sponsorship.

The aptly named Traumatizer ride at Pleasureland, Southport - the tallest, fastest, suspended looping coaster in the UK - was given a helping hand by the brand. The 2.6 million visitors to the amusement park could not fail to notice this exciting ride.

Ice by Tizer, first launched in 1998, continued to establish itself particularly in the impulse sector. Powerful packaging coupled with the support of television advertising made Ice by Tizer the brand not just to taste - but to feel.

To summarise, Tizer in total performed strongly in the 'other flavoured' carbonates sector. An exceptional performance in the impulse sector was driven by the incremental volume of Ice by Tizer.

Orangina became a member of the Barr family of brands in 1995 and enjoys a strong position in the premium orange carbonates sector of the market. Again using the personality of a TV programme which perfectly mirrored its own, Orangina was cleverly linked with Channel 4's Eurotrash in a sponsorship deal which provided the opportunity for millions of the cult programme's viewers to see the many humorous advertising credits. An increase in the size of the glass bulby bottle to match more closely Orangina's competitors together with on-pack promotional activity have added even more sparkle to the brand.

For the first time television advertising was used to support the 750ml returnable glass bottle, representing a substantial marketing investment in this pack format.

A further evolution over recent years within the UK soft drinks market has been the rapid growth of bottled water. In order to capitalise on this trend Findlays Spring, a relatively new name in the Barr family, underwent a campaign of repackaging. Increased involvement in the supply of water coolers has helped to further develop its position in this burgeoning market.

Building on our initiatives in the UK, inroads are being made into new overseas markets. In Russia, Irn-Bru has an enviable foothold gained within 18 months of its launch and now has a 4% share of the soft drinks market in Moscow. This has been achieved with the help of TV and poster advertising coupled with a strong distribution drive by our local franchise bottler. We will continue to conduct market trials in other geographical regions in order to further develop our export business.

Investing in the Family

Significant progress was evident across many other areas of the business, supporting the considerable investment behind the core brands. Within manufacturing, a number of key projects were completed, including the installation of an improved can multipacking facility at the Atherton site. This now enables a previously contracted out area of expertise to be undertaken in-house.

Continued investment in I.T. was evident to further support both the commercial and operations teams. With the updating of existing and the development of some newly introduced systems, the company now has a comprehensive I.T. infrastructure.

In recognition of the most important asset in our business, employee involvement was actively encouraged throughout the company. The wide geographical spread of our operating locations also required that measures to ensure effective communication were given the highest priority.

Initiatives to provide specialised training and the opportunity to achieve qualifications and gain experience also helped to maximise this huge resource of ideas and enthusiasm for the good of the entire company.

25 Years Service Awards

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

Clark Thomson
Driver Sales Representative
Falkirk

Chris Hulme
Fork Truck Operator
Atherton

John Taylor
Driver Sales Representative
Wishaw

Mary McGregor
Technical Operator
Cumbernauld

Trevor Crofts
Checker/Clerk
Sheffield

Eric Hendry
Distribution Manager
Atherton

Bryan Welch
Fork Truck Operator
Atherton

Irene Dawson
Primary Dist. Administrator
Atherton

A.G.BARR p.l.c.
Notice of Meeting

NOTICE IS HEREBY GIVEN that the ninety-sixth Annual General Meeting of the company will be held at the offices of HLB Kidsons, Breckenridge House, 274 Sauchiehall Street, Glasgow on Monday, 22nd May, 2000 at 11.00 a.m.

Agenda

1. To receive and adopt the audited consolidated accounts of the company and its subsidiaries for the year ended 29th January, 2000 together with the reports of the directors and auditors thereon.
2. To declare a final dividend for 2000.
3. To re-elect the retiring directors Mr. W.R.G. Barr and Mr. J.E. Dawson.
4. To re-appoint the auditors and to authorise the directors to fix their remuneration.
5. To transact any other competent business.

By Order of the Board,

I.F. Greenock, C.A.
Secretary.
21st April, 2000.

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 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 62.

HUGH McPHERSON, M.A. (Hons)
Joined the company as managing director in 1998, he was formerly a divisional managing director with United Biscuits PLC. Aged 44.

JAMES E. DAWSON
Joined the company in 1981. Appointed sales and marketing director in 1992. Aged 49.

ALAN A. BIBBY, B.Eng., M.Inst.B.E.
Joined the company in 1977. Appointed operations director in 1985. Aged 48.

IAIN F. GREENOCK, C.A.
Joined the company in 1975. Appointed secretary in 1995, financial director in 1998. Aged 52.

JAMES S. ESPEY, B.Com., M.B.A., Ph.D.
Joined the company as a non-executive director in 1999. Formerly chairman of Seagram Distillers (UK) plc and is currently a non-executive director of Fuller Smith & Turner P.L.C. and The Albert Fisher Group PLC. Aged 56.

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 67.

Registered Office:
1306 Gallowgate, Glasgow G31 4DS.
Secretary
I.F. Greenock, C.A.
Auditors
HLB Kidsons, Breckenridge House,
274 Sauchiehall Street, Glasgow G2 3EH.
Solicitors
Brechin Tindal Oatts,
48 St. Vincent Street, Glasgow G2 5HS.
Registrars
Lloyds TSB Registrars Scotland,
117 Dundas Street, Edinburgh EH3 5ED.

REGISTERED IN SCOTLAND NO. 5653

A.G.BARR p.l.c.

Directors' Report for the year ended 29th January, 2000

Results and dividends

The profit on ordinary activities after taxation as shown in the consolidated profit and loss account amounted to £8.645m (1999 – £8.576m).

The directors recommend that this be distributed as follows:

Dividends	**£000**
Interim dividend paid 29th October, 1999, 7.35p per share (1999 – 7.0p)	1,431
Final dividend proposed 12.25p per share (1999 – 11.25p)	2,382
Total dividends 19.60p per share (1999 – 18.25p)	3,813
Retained profit for the year	4,832
	8,645

If passed the proposed final dividend will be posted on 6th June, 2000.

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 statements on pages 2 to 5.

Fixed assets

The directors are of the opinion that the market value of properties at 29th January, 2000 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 and the Long Service Award Scheme.

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.

Charitable contributions

Payments to charitable organisations during the year amounted to £70,000.

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 29th January, 2000 trade creditors represented approximately 26 days purchases based on the average daily amount invoiced by suppliers during the year.

Directors

The directors retiring by rotation are Mr. W.R.G. Barr and Mr. J.E. Dawson, who being eligible, offer themselves for re-election. Both directors have service contracts which are terminable on two years' notice.

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 29th March, 2000:

Caledonian General Investments Limited	1,755,000 shares (9.03%)
Prudential Client (MSS) Nominees Limited	810,369 shares (4.17%)
Legal & General Investment Managers	719,769 shares (3.70%)
3i Group p.l.c.	710,000 shares (3.65%)

Mr. D.A. Jones, a partner in the company's auditors, HLB Kidsons, is a trustee of the A.G.BARR p.l.c. Profit Linked Share Plan which, at the balance sheet date, had a holding of 271,211 shares in the company.

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

HLB Kidsons (formerly Kidsons Impey) have agreed to offer themselves for re-election as auditors of the company. A resolution will be proposed at the Annual General Meeting for their re-appointment and, in addition, authorising the directors to fix their remuneration.

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,

Iain F. Greenock

I.F. Greenock, C.A.,
Secretary.
1306 Gallowgate, Glasgow G31 4DS.
7th April, 2000.

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, two from seven, are non-executive directors both of whom are considered by the board to be independent. Mr. 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, at least 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 18 and 19.
- the audit committee which is comprised of Mr. J.M. Goodwin as chairman and Mr. 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.
- the nominations committee which has responsibility for nominating, for approval by the board, candidates for appointment to the board. It is chaired by Mr. W.R.G. Barr. Its other members are Mr. J.M. Goodwin and Mr. J.S. Espey who joined the committee on 16th April, 1999. Appropriate training is provided to new members of the board.

Details of directors' remuneration are given in note 26 on pages 32 and 33.

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.

Internal control

The company has adopted the transitional approach for the Combined Code set out in the letter from the London Stock Exchange to listed companies at the end of September 1999 and reports as follows:

Wider aspects of internal control

The board expects to have the procedures in place by July 2000 necessary to implement the guidance Internal Control: Guidance for Directors on the Combined Code. The functional executive board members have started to build a risk register incorporating risks identified and agreed with the senior management of the company following consultation sessions. The identified risks will be allocated individually to board members who will be responsible for ensuring that the risks are regularly reviewed at the appropriate level throughout the company. The risks will be monitored on a quarterly basis at the functional executive meeting and annually by the full board.

As indicated in last year's report and annual accounts, a firm of internal auditors was appointed on 1st February, 1999 to report on the systems of internal control throughout the company.

Internal financial control

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 2000 with the code provisions set out in section 1 of the Combined Code appended to the London Stock Exchange Listing Rules:

- The chairman was also chief executive.
- For the reasons set out in the remuneration committee's report on page 19, 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 29th January, 2000

The remuneration committee

The remuneration committee comprised:

J.M. Goodwin, (Chairman)
W.R.G. Barr
J.S. Espey

Mr. J.M. Goodwin is the senior non-executive director of the company and Mr. W.R.G. Barr is the executive chairman. Both served from the inception of the committee on 19th December, 1996.
Mr. J.S. Espey, non-executive director, was appointed to the committee on the 16th April, 1999 at which time Mr. W.R.G. Barr resigned from the committee.

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 marketplace.

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.

(b) 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.

(c) 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.

(d) 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.

Under the scheme, participants will be awarded bonuses at the discretion of the remuneration committee following an increase in earnings per share of at least 2½% above Retail Price Index providing that the eligible 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 remaining two thirds 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. This provision is unfunded.

(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 market place 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.
7th April, 2000.

Auditors' Report

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

We have audited the accounts on pages 21 to 35 which have been prepared under the historical cost convention and the accounting policies set out on pages 24 to 35.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 15, the accounts. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

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. 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 is not disclosed.

We review whether the corporate governance statement on pages 16 and 17 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, 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.

Basis of opinion

We conducted our audit in accordance with 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 29th January, 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB Kidsons

HLB Kidsons,
Registered Auditors,
Chartered Accountants.
Glasgow.
7th April, 2000.

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

Consolidated Profit and Loss Account for the year ended 29th January, 2000

	Notes	2000 £000	1999 £000
Turnover	2	109,995	106,892
Cost of sales		58,003	55,059
Gross profit		51,992	51,833
Net operating expenses	3	39,782	39,530
Operating profit	4	12,210	12,303
Interest	7	114	312
Profit on ordinary activities before taxation		12,096	11,991
Tax on profit on ordinary activities	8	3,451	3,415
Profit on ordinary activities after taxation		8,645	8,576
Dividends	9	3,813	3,545
Retained profit for the year	23	4,832	5,031
Earnings per share on issued share capital	10	44.46p	44.11p
Basic earnings per share	10	45.87p	45.55p
Fully diluted earnings per share	10	44.31p	43.88p

All gains and losses as described in Financial Reporting Standard 3 (27) have been included in the profit for the financial year.

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

Balance Sheets as at 29th January, 2000

	Notes	GROUP 2000 £000	GROUP 1999 £000	COMPANY 2000 £000	COMPANY 1999 £000
Fixed assets					
Tangible assets	11	**40,384**	40,956	**40,149**	40,791
Investment in subsidiaries and associated undertakings	12	**100**	100	**100**	100
		40,484	41,056	**40,249**	40,891
Current assets					
Stocks	13	**9,027**	9,596	**8,998**	9,584
Debtors	14	**14,750**	16,741	**14,752**	16,750
Investment	15	**2,228**	1,745	**2,228**	1,745
Cash at bank		**9,762**	9,261	**9,762**	9,261
		35,767	37,343	**35,740**	37,340
Creditors: Due within one year	16	**23,025**	23,758	**23,419**	24,136
Net current assets		**12,742**	13,585	**12,321**	13,204
Total assets less current liabilities		**53,226**	54,641	**52,570**	54,095
Creditors: Due after more than one year					
Loans	17	**–**	5,000	**–**	5,000
Hire purchase creditor	18	**304**	1,456	**304**	1,456
		304	6,456	**304**	6,456
Provisions for liabilities and charges	19				
Deferred credit	20	**719**	771	**719**	771
Deferred taxation	21	**1,502**	1,621	**1,502**	1,613
		2,221	2,392	**2,221**	2,384
		2,525	8,848	**2,525**	8,840
		50,701	45,793	**50,045**	45,255
Capital and reserves					
Called up share capital	22	**4,861**	4,856	**4,861**	4,856
Share premium reserve	23	**859**	788	**859**	788
Profit and loss account	23	**44,981**	40,149	**44,325**	39,611
		50,701	45,793	**50,045**	45,255

The accounts on pages 21 to 35 were approved by the Board on 7th April, 2000.

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 29th January, 2000

	Notes	2000 £000	2000 £000	1999 £000	1999 £000
Net cash inflow from operating activities	27		**17,675**		15,356
Returns on investment and servicing of finance					
Interest received		**207**		420	
Interest paid		**(152)**		(474)	
Interest element of hire purchase paid		**(169)**		(258)	
Net cash outflow from returns on investments and servicing of finance			**(114)**		(312)
Taxation					
Corporation tax paid			**(3,229)**		(4,906)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(4,679)**		(6,267)	
Sale of tangible fixed assets		**525**		1,109	
			(4,154)		(5,158)
			10,178		4,980
Dividends paid			**(3,616)**		(4,658)
			6,562		322
Financing					
Issue of share capital		**76**		75	
Capital element of hire purchase repaid		**(1,061)**		(977)	
Loans repaid		**(5,053)**		(105)	
			(6,038)		(1,007)
Increase/(decrease) in cash			**524**		(685)

Accounting Policies

The accounts set out on pages 21 to 35 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 29th January, 2000.

The group's share of the results and net assets of its associated undertaking have not been accounted for as the directors consider that they are not material to the group as a whole. The group's share of the pre-tax profit as shown in the unaudited accounts for the 12 months to 29th January, 2000 amounted to £7,727 and its share of net assets amounted to £20,520. The purchases during the period from the associated company amounted to £530,730 and the balance due to the associated company as at 29th January, 2000 amounted to £26,669.

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 £778,000 (1999 – £744,000) which are not considered sufficiently significant to warrant allocation to the geographical markets involved.

3. Net operating expenses

	2000 £000	1999 £000
Distribution costs	**26,360**	26,684
Administrative expenses	**13,422**	12,846
	39,782	39,530

4. Operating profit

	2000 £000	1999 £000
Operating profit is arrived at after charging:		
Depreciation of fixed assets (note 11)	**5,405**	5,350
Audit fees	**83**	81
Non-audit fees paid to auditors	**44**	18

5. Employees

	2000	1999
The average number of persons employed including directors was:	**945**	948
	£000	£000
Wages and salaries	**17,825**	17,183
Social security costs	**1,430**	1,492
Pension contributions (note 6)	**1,272**	1,114
	20,527	19,789

At 29th January, 2000 369 employees held options over 549,257 ordinary shares under the A.G.BARR p.l.c. 1995 Savings Related Share Option Scheme.

6. Pension schemes

The company operates three pension schemes. The scheme for works employees is an insured money purchase contract. 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.

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 Statement of Standard Accounting Practice No. 24. The contributions to the final salary schemes are determined by a qualified actuary on the basis of triennial valuations. The most recent valuations were conducted as at 1st November, 1996. The projected unit method was used at the valuations.

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 returns would be 2% per annum higher than the growth in pensionable pay and 4% per annum higher than the increase in pensions for the executive and staff schemes, and 4½% per annum higher than the increase in pensions for the Mandora scheme which was merged with the staff scheme on 1st January, 1997.

The surplus at 1st November, 1996, determined using the above valuation assumptions, was £1,458,000.

The pension charge for the period of the accounts based on the above assumptions was £448,000 (1999 – £395,000) (money purchase scheme) plus £824,000 (1999 – £719,000) (final salary schemes).

The valuation at 1st November, 1996 showed that the market value of the assets of the final salary schemes was £18,183,000, and that the actuarial value of those assets represented 110% of the benefits that had accrued to members, after allowing for expected future increases in pay.

The triennial valuation at 1st November, 1999 has not yet been completed.

7. Interest

	2000 £000	1999 £000
Paid: On bank overdrafts	26	42
On loans	126	432
On hire purchase	169	258
	321	732
Received	(207)	(420)
	114	312

8. Tax on profit on ordinary activities

	2000 £000	1999 £000
Corporation tax on profits of the year	3,569	3,302
Deferred taxation transfer	(70)	82
	3,499	3,384
(Over)/under provision prior years	(48)	31
	3,451	3,415

If full provision had been made for the potential amount of deferred taxation, the taxation charge for the year would have increased by £67,000 (1999 – £30,000).

9. Dividends

		2000 £000	1999 £000
Interim paid 29th October, 1999	(7.35p per share)	**1,431**	1,360
Proposed final payable 7th June, 2000	(12.25p per share)	**2,382**	2,185
		3,813	3,545

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	2000 £000	1999 £000
Earnings – basic	**8,645**	8,576
Dividends received (note 15)	**(127)**	(144)
Earnings – diluted	**8,518**	8,432

Weighted average number of shares in issue	Number	Number
Ordinary shares in issue	**19,443,463**	19,423,463
Shares held (note 15)	**(592,836)**	(593,503)
Weighting adjustment	**(4,055)**	(3,507)
Basic	**18,846,572**	18,826,453
Calculation adjustments:		
Executive share options	**17,851**	21,880
Savings related share option scheme	**211,564**	216,068
Performance related share scheme:		
Deferred shares	**75,554**	75,554
Matching shares	**75,554**	75,554
	19,227,095	19,215,509

11. Fixed tangible assets

	Land & buildings Freehold £000	Long leasehold £000	Plant, equipment & vehicles £000	Total £000
GROUP				
Cost or valuation				
At 30th January, 1999	23,336	79	59,523	82,938
Additions	–	–	5,116	5,116
Disposals	–	–	(1,211)	(1,211)
At 29th January, 2000	23,336	79	63,428	86,843
Depreciation				
At 30th January, 1999	2,733	34	39,215	41,982
Amount charged	241	2	5,162	5,405
Disposals	–	–	(928)	(928)
At 29th January, 2000	2,974	36	43,449	46,459
Net book value				
At 29th January, 2000	20,362	43	19,979	40,384
At 30th January, 1999	20,603	45	20,308	40,956

11. Fixed tangible assets (continued)

	Land & buildings Freehold £000	Long leasehold £000	Plant, equipment & vehicles £000	Total £000
COMPANY				
Cost or valuation				
At 30th January, 1999	23,336	79	59,229	82,644
Additions	–	–	4,965	4,965
Disposals	–	–	(1,197)	(1,197)
At 29th January, 2000	23,336	79	62,997	86,412
Depreciation				
At 30th January, 1999	2,733	34	39,086	41,853
Amount charged	241	2	5,086	5,329
Disposals	–	–	(919)	(919)
At 29th January, 2000	2,974	36	43,253	46,263
Net book value				
At 29th January, 2000	20,362	43	19,744	40,149
At 30th January, 1999	20,603	45	20,143	40,791

The net book value of plant, equipment and vehicles held under hire purchase agreements was £2,881,000 (1999 – £3,461,000).

GROUP AND COMPANY
For the land and buildings at valuation made in 1970:

	Freehold £000	Long leasehold £000	Total £000
Net book value			
At 29th January, 2000	73	40	113
At 30th January, 1999	73	40	113
Historical cost value for the land and buildings at valuation:			
Historical cost at 29th January, 2000	28	20	48
Accumulated depreciation at 29th January, 2000	13	10	23
Net historical cost value at 29th January, 2000	15	10	25
Net historical cost value at 30th January, 1999	15	10	25

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	
	2000	1999	2000	1999
	£000	£000	£000	£000
Subsidiaries				
Cost	–	–	3,082	3,082
Amounts written off	–	–	(990)	(990)
Amounts due to subsidiaries	–	–	(2,092)	(2,092)
At 29th January, 2000	–	–	–	–
Associated undertaking				
At 29th January, 2000	100	100	100	100

Operating subsidiaries

Barr Leasing Limited
Iceborg Limited
Hampshire Mineral Water Company Limited
Stotherts Limited

Non-trading subsidiaries

Robert Barr Limited
Frucose Limited
Rimark Overseas Limited
Tizer Limited
T. W. Beach & Sons Limited
Mandora St. Clements Limited
St. Clements (U.K.) Limited

All subsidiaries are wholly owned.

Associated undertaking:

Findlays Limited (40%)

This company is involved in the extraction and bottling of natural mineral water.

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	
	2000	1999	2000	1999
	£000	£000	£000	£000
Returnable containers	844	923	844	923
Materials	1,656	1,556	1,627	1,544
Finished goods	6,527	7,117	6,527	7,117
	9,027	9,596	8,998	9,584

14. Debtors

	GROUP		COMPANY	
	2000	1999	2000	1999
	£000	£000	£000	£000
Trade debtors	13,014	14,014	13,014	14,014
Other debtors	8	13	8	13
Prepayments and accrued income	1,057	1,529	1,046	1,529
Plant deposits	514	1,021	514	1,021
Amounts due by subsidiary companies	–	–	13	9
Pension scheme prepayment	157	164	157	164
	14,750	16,741	14,752	16,750

15. Investment

	GROUP 2000 £000	GROUP 1999 £000	COMPANY 2000 £000	COMPANY 1999 £000
Shares in A.G.BARR p.l.c.				
Balance at beginning of period	**1,745**	1,766	**1,745**	1,766
Shares purchased	**451**	–	**451**	–
Options exercised	**(2)**	(13)	**(2)**	(13)
Adjustment in value of opening shares	**34**	(8)	**34**	(8)
Balance at end of period	**2,228**	1,745	**2,228**	1,745

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 29th January, 2000 the trust held 313,621 ordinary shares in A.G.BARR p.l.c. at the first exercise price of 270p, 235,636 ordinary shares at the second exercise price of 330p and a balance of 43,579 ordinary shares at cost. The shares held by the trust were purchased at an average price of 369p 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 29th January, 2000 the trust held 76,000 shares which have been valued at cost.

The trusts have waived their rights to £127,000 in respect of dividends paid during the period and to the future dividends until such time as the shares are transferred to the employees.

16. Creditors: Due within one year

	GROUP 2000 £000	GROUP 1999 £000	COMPANY 2000 £000	COMPANY 1999 £000
Current instalments due on loans (note 17)	–	53	–	53
Unpresented cheques	**4,752**	6,336	**4,752**	6,335
Trade creditors	**3,512**	3,554	**3,512**	3,554
Current corporation tax	**2,528**	2,187	**2,484**	2,159
Other taxes and social security costs	**1,692**	1,325	**1,692**	1,325
Accruals	**6,997**	7,025	**6,997**	7,021
Proposed dividend	**2,382**	2,185	**2,382**	2,185
Amounts due to subsidiary companies	–	–	**448**	444
Bank overdraft	**10**	33	–	–
Hire purchase creditor (note 18)	**1,152**	1,060	**1,152**	1,060
	23,025	23,758	**23,419**	24,136

17. Loans

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	£000	£000	**£000**	£000
Term loan	**–**	5,000	**–**	5,000
Loans repayable by instalments	**–**	53	**–**	53
Less: Repayable within 1 year	**–**	(53)	**–**	(53)
	–	5,000	**–**	5,000
Summary:				
Repayable between 1 and 2 years	**–**	–	**–**	–
Repayable between 2 and 5 years	**–**	5,000	**–**	5,000
	–	5,000	**–**	5,000

The term loan was repaid during the year prior to the scheduled 2001 maturity date.

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 29th January, 2000 are as follows:

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	£000	£000	**£000**	£000
Between 1 and 5 years	**304**	1,456	**304**	1,456
Within 1 year	**1,152**	1,060	**1,152**	1,060
	1,456	2,516	**1,456**	2,516

19. Provisions for liabilities and charges

	GROUP		COMPANY	
	Deferred credit	Deferred taxation	Deferred credit	Deferred taxation
	£000	£000	£000	£000
At 30th January, 1999	771	1,621	771	1,613
Profit and loss account	(52)	(119)	(52)	(111)
At 29th January, 2000	719	1,502	719	1,502

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 taxation

Deferred taxation is provided on all timing differences except where these are not expected to reverse in the foreseeable future.

The provision made in the accounts and the full potential liability are set out below.

	Provision made		Potential liability	
	2000	1999	**2000**	1999
GROUP	**£000**	£000	**£000**	£000
Attributable to timing differences between capital allowances granted for taxation purposes and depreciation written off in the accounts	**1,519**	1,684	**4,498**	4,588
Other timing differences	**(17)**	(63)	**209**	171
	1,502	1,621	**4,707**	4,759
COMPANY				
Attributable to timing differences between capital allowances granted for taxation purposes and depreciation written off in the accounts	**1,519**	1,676	**4,498**	4,580
Other timing differences	**(17)**	(63)	**209**	171
	1,502	1,613	**4,707**	4,751

22. Share capital

	2000	1999
	£	£
Ordinary shares of 25p each		
Authorised: 24,000,000 (1999 – 24,000,000)	**6,000,000**	6,000,000
Issued and fully paid: 19,443,463 (1999 – 19,423,463)		
At 30th January, 1999	**4,855,866**	4,850,866
Shares issued under the Executive Share Option Scheme	**5,000**	5,000
At 29th January, 2000	**4,860,866**	4,855,866

At 29th January, 2000 options were exercisable over 92,500 ordinary shares under the Executive Share Option Plan at exercise prices between 281p and 378p per share with an average of 362p per share at exercise dates between 1998 and 2005. Options were exercisable over 549,257 ordinary shares under the Savings Related Share Option Scheme at dates up to 2002 at exercise prices of 270p and 330p per share with an average of 296p per share.

23. Reserves

	Share premium	Profit and loss account
GROUP	£000	£000
At 30th January, 1999	788	40,149
Retained earnings	–	4,832
Issue of shares on exercise of share option	71	–
At 29th January, 2000	859	44,981
COMPANY	£000	£000
At 30th January, 1999	788	39,611
Retained earnings	–	4,714
Issue of shares on exercise of share option	71	–
At 29th January, 2000	859	44,325

24. Reconciliation of movements in shareholders' funds

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	£000	£000	**£000**	£000
Profit on ordinary activities after taxation	**8,645**	8,576	**8,527**	8,534
Dividends	**(3,813)**	(3,545)	**(3,813)**	(3,545)
Issue of share capital	**76**	75	**76**	75
Net addition to shareholders' funds	**4,908**	5,106	**4,790**	5,064
Opening shareholders' funds	**45,793**	40,687	**45,255**	40,191
Closing shareholders' funds	**50,701**	45,793	**50,045**	45,255

25. Capital commitments

	GROUP		COMPANY	
	2000	1999	**2000**	1999
	£000	£000	**£000**	£000
Contracted (includes plant deposits (note 14))	**5,303**	4,574	**5,303**	4,574

26. Directors' remuneration and interests

	2000	1999
	£000	£000
Remuneration		
Salaries and benefits	**633**	626
Profit linked share plan	**14**	19
Pension contributions	**103**	96
Performance related share scheme – cash bonus	**–**	45
– deferred shares	**–**	89
Fees to non-executive directors	**33**	16
	783	891

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

26. Directors' remuneration and interests (continued)

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	152	135	102	102	90
Benefit in kind	12	13	7	8	12
Profit linked share plan	5	–	3	3	3
12 months to 29th January, 2000	169	148	112	113	105
12 months to 30th January, 1999	193	158	129	130	111
Performance related share scheme					
– potential value of matching shares					
12 months to 29th January, 2000	–	–	–	–	–
12 months to 30th January, 1999	23	21	16	16	13
Directors' pensions					
Accrued annual pension at 29th January, 2000	105	6	42	40	43
Increase in accrued annual pension after indexation	8	3	3	3	3
Transfer value of increase in accrued pension at 29th January, 2000	136	31	35	40	44

The figures for directors' pensions above take account of both approved and unapproved arrangements.

Directors' interests	Number	Number	Number	Number	Number
Performance related share scheme					
– deferred shares awarded					
12 months to 30th January, 1999	5,111	4,564	3,454	3,454	2,921
15 months to 31st January, 1998	9,313	–	6,282	6,282	2,350
	14,424	4,564	9,736	9,736	5,271
– potential matching shares					
12 months to 30th January, 1999	5,111	4,564	3,454	3,454	2,921
15 months to 31st January, 1998	9,313	–	6,282	6,282	2,350
	14,424	4,564	9,736	9,736	5,271

26. Directors' remuneration and interests (continued)

The options of the executive directors in office at 29th January, 2000 over the ordinary share capital of the company were as undernoted. There were no movements therein during the year.

	Options at 30th January, 1999 and 29th January, 2000	Exercise price (pence)	Date from which exercisable	Expiry date
W.R.G. Barr	27,500	378	24.01.98	24.01.05
A.A. Bibby	20,000	378	24.01.98	24.01.05
	6,388	270	01.06.00	01.12.00
J.E. Dawson	20,000	378	24.01.98	24.01.05
	18,000	281	16.07.95	16.07.02
	6,388	270	01.06.00	01.12.00
I.F. Greenock	1,200	378	16.02.98	16.02.05
	1,277	270	01.06.00	01.12.00
	2,090	330	01.10.02	01.04.03

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

	2000	1999
Executive directors		
W.R.G. Barr	**1,191,447**	1,190,372
H. McPherson	**3,000**	3,000
A.A. Bibby	**59,119**	60,364
J.E. Dawson	**23,452**	24,625
I.F. Greenock	**5,442**	4,883
Non-executive directors		
J.M. Goodwin	**3,000**	3,000
J.S. Espey	**4,000**	–

Mr. I.F. Greenock as a trustee of the Profit Linked Share Plan has a non-beneficial interest in 271,211 shares (1999 – 205,593 shares) and, as a director of Robert Barr Limited the trustee of the Savings Related Benefit Trust, 592,836 shares (1999 – 593,503 shares) and the General Employee Benefit Trust 76,000 shares (1999 – 48,000 shares) and the Long Service Award 22,900 (1999 – 25,000 shares).

Mr. W.R.G. Barr has a non-beneficial interest in 1,686,543 shares (1999 – 1,686,543 shares) as trustee of a charitable trust and several family trusts.

There have been no changes notified in the directors' shareholdings between 29th January, 2000 and 29th March, 2000.

27. Net cash inflow from operating activities

	2000 £000	1999 £000
Operating profit	**12,210**	12,303
Depreciation	**5,405**	5,350
(Gain) on sale of tangible fixed assets	**(242)**	(568)
Government grants written back	**(52)**	(52)
Decrease in stocks	**569**	637
Decrease/(increase) in debtors	**1,478**	(757)
(Increase)/decrease in investment	**(483)**	21
(Decrease) in creditors	**(1,217)**	(1,586)
Pension provision release	**7**	8
	17,675	15,356

28. Reconciliation of net cash inflow to movement in net funds

	2000 £000	1999 £000
Increase/(decrease) in cash in the year	**524**	(685)
Cash outflow from decrease in debt and leasing finance	**6,113**	1,082
Changes in net funds resulting from cash flows	**6,637**	397
Net funds at 30th January, 1999	**1,659**	1,262
Net funds at 29th January, 2000	**8,296**	1,659

29. Analysis of changes in net funds

	At 30.01.99 *£000*	Cash flows *£000*	**At 29.01.00** ***£000***
Cash in hand and at bank	9,261	501	**9,762**
Overdrafts	(33)	23	**(10)**
Debt due within 1 year	(53)	53	**–**
Debt due after 1 year	(5,000)	5,000	**–**
Hire purchase creditor	(2,516)	1,060	**(1,456)**
Total	1,659	6,637	**8,296**

	2000 £000	1999 £000	15 mths 1998 £000	1996 £000	1995 £000
Turnover	**109,995**	106,892	136,729	103,068	101,239
Operating profit	**12,210**	12,303	15,528	6,083	6,375
Restructuring costs	**–**	–	–	–	(1,423)
Profit on ordinary activities before interest	**12,210**	12,303	15,528	6,083	4,952
Interest	**114**	312	1,118	1,042	370
Profit on ordinary activities before taxation	**12,096**	11,991	14,410	5,041	4,582
Tax on profit on ordinary activities	**3,451**	3,415	4,339	1,460	1,612
Profit on ordinary activities after taxation	**8,645**	8,576	10,071	3,581	2,970
Dividends	**3,813**	3,545	4,074	1,678	1,591
Retained profit for the year	**4,832**	5,031	5,997	1,903	1,379
Earnings per share on issued share capital	**44.46p**	44.11p	51.79p	18.42p	15.28p
Dividend per share	**19.60p**	18.25p	21.00p	8.65p	8.20p

The Earnings per share for each period have been calculated to reflect the shares in issue at 29th January, 2000.