SC 5653

A.G.Barr p.l.c. Annual Report and Accounts January 2003

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COMPANIES HOUSE 14/07/03

Since 1875

Contents

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

Reflecting an excellent performance in the second six months, profit on ordinary activities before taxation for the year to January 2003 was £12.2 million compared with £10.7 million for the previous year – an increase of 14%. We have thus achieved a significant step in a recovery towards the record level of £13.9 million recorded for the year to January 2001.

Although competitive pressures in the market place continued unabated, internally generated efficiencies allied to a more advantageous channel/product mix enabled us during the second half of the year to achieve an improvement in year-on-year margins despite only a modest increase in turnover. This resulted in a second half profit of £6.0 million compared with £5.0 million for the same period last year.

For the full year to January 2003 turnover was £120.0 million, an increase of 3% over the previous year. The increase during the second six months was only 2% which reflected both the lack of buoyancy in the soft drinks market generally on account of the awful summer weather during 2002 and also the earlier timing compared with 2001/02 of the major promotional activity for our Irn-Bru brand in England and Wales which had moved some sales into the first half of the year.

Earnings per share on issued share capital were 43.78p compared with 38.47p for the previous year. Your directors are pleased to be able to recognise both this improvement and the satisfactory cash position shown in our Balance Sheet by recommending an increase in the final dividend to 15.75p per share to give a total dividend for the year of 23.10p. This would represent an increase of 10½% in the final dividend and just under 7% in the total dividend compared with the amounts paid last year.

Defined benefit pension schemes

Shareholders will be well aware that the recent sustained fall in worldwide stock exchange values has led to funding problems for defined benefit schemes. Our own schemes are similarly affected by this problem although we have limited our ongoing exposure by closing our defined benefit staff pension scheme to new entrants in March 2002 and substituting a revised money purchase scheme for both staff and works employees. We currently await the triennial actuarial valuations for our defined benefit schemes which are being conducted by our pension advisers as at 1st November 2002 and, since it is likely that these schemes will at that date have a substantial underfunding, your board has felt it prudent to make a provision in the accounts to January 2003 of an additional pension charge of £0.25 million to reflect the first three months subsequent to the valuation date. We will of course thoroughly review the situation when the valuations have been completed. Shareholders should note that triennial valuations are the basis on which the actual contributions which must be made over the years to fund the pension promises are assessed. This differs from the calculations demanded by FRS 17 which are again shown in this year's accounts but which I criticised, on their introduction last year, as being potentially misleading.

.....we believe that our brands, handled in an appropriate manner, will enable us to develop and prosper.....

Performance Related Bonus Scheme

We have recently completed, in conjunction with external *consultants, a review into current best practice in respect of* incentives for directors and senior managers. This has resulted in the remuneration committee proposing and the board agreeing that it is now appropriate to discontinue the existing Performance Related Share Scheme which was introduced in 1997 and to replace it with a new incentive plan. Details of this plan are contained in the attached letter and the two resolutions which would implement it will be proposed as special business at the forthcoming annual general meeting.

Personnel

Roger White joined the company as managing director in September 2002 after a total of fifteen years' service with Rank Hovis McDougall Ltd and his considerable experience in the grocery sector has enabled him to settle quickly into his new position and to make an early contribution to our future plans. I am pleased to recommend that his appointment be confirmed at the annual general meeting.

I am also pleased again to have the opportunity to thank, on behalf of shareholders, each employee for their individual skills and effort which taken altogether have contributed to the improving performance which we have achieved over the last twelve months.

Trading outlook

Turnover for the first eight weeks of the new financial year has been 4½% up on the same period last year – a positive start during what is, of course, a time of seasonally low demand. The market place has recently seen a modest uplift in prices which we are following but that benefit will be impacted both by the increase in the price of sugar in the UK on account of the recent fall in the value of the £ sterling against the euro as well as the extra costs which we face in respect of our pension schemes to which I referred earlier. In addition we face higher NI contributions from April 6th and general insurance premiums have also increased substantially in some categories.

The fall in the value of the £ sterling, while harmful to our sugar costs, should if sustained lead to a reduction in the recent levels of soft drinks imported into the UK and consequently a more stable market place.

Although at the time this statement is written we face, in addition to the ongoing commercial challenges, quite abnormal financial and political threats on a worldwide scale, it is some comfort to reflect that our business is part of a relatively stable food and drinks sector and we believe that our brands, handled in an appropriate manner, will enable us to develop and prosper even in uncertain times.

Robin Barr, Chairman.

Managing Director's Overview

Simplicity and focus remain the key attributes of A.G.Barr's continuing success.

Business performance in 2002/03 has improved. We continue to follow our growth based strategy which is focused on a core group of differentiated and well supported brands.

Sales volume increased by 6%.

Profit increased by 14%.

Our purpose
A.G.Barr is simply about soft drinks.
Providing consumers with a choice of exciting, enjoyable and truly differentiated brands across the complete soft drinks category is our purpose.
We deliver this each and every day to thousands of outlets treating each customer as an individual and aiming to differentiate through our service as well as our brands.

Our market place
The soft drinks category is as vibrant and exciting as ever. Competition is intense and only the best will survive.
A.G.Barr continues to punch well above its weight.

The total soft drinks market grew in volume by 3% in the year to Jan '03. This figure includes the carbonates sector which has significantly slowed its growth from 3% in the year to Jan '02 to only 0.4% growth in the last 12 months. A.G.Barr's growth, however, does break this trend with our carbonates business growing at over 4%, outstripping both total soft drinks and growing at ten times the market rate of carbonates.

Outside our core carbonates business we have experienced significant growth. In both bottled water and fruit based drinks through Findlays Spring Natural Mineral Water and Simply Citrus brands, growth was well over 30% in the year.

Our brand Irn-Bru continues to go from strength to strength. Sales have grown in both standard and diet variants and across all pack sizes, from impulse cans to 4 x 2 litre take home packs. Litreage sales have increased in our high penetration traditional core territory where we are also extremely proud that Irn-Bru has retained the accolade of No.1 Scottish grocery brand continuing to defeat all comers across all categories to be the nation's favourite.

The execution of our Irn-Bru plans across England and Wales has driven both growth and brand awareness. Last year's diverse mix of marketing activity has recruited and, importantly, retained large numbers of new Irn-Bru consumers outside our traditional areas of strength. Irn-Bru litreage growth figures in England and Wales show a year-on-year increase of well over 16% and key marketing measures of household penetration and brand awareness levels continue to rise.

Irn-Bru is still the largest single flavoured brand (excluding Colas) in the UK, and in the last year has increased its lead over its nearest rival.

The investment and activity behind the growth plans for Irn-Bru across all trade channels and territories will continue to dominate our focus throughout the business in 2003/04.

Excellent growth in the UK has been mirrored by our first successful year in conjunction with our partners Pepsi Bottling Group in Russia. Irn-Bru has now captured almost 1% of the huge Russian market, an exceptional performance and a strong basis for future growth in this and other export markets.

Our partners

Lipton Ice Tea featured strongly in our impulse programme for 2002/03. The partnership between A.G.Barr and Unilever Bestfoods to introduce Lipton Ice Tea to the UK consumer has commenced on a solid basis. The strength of our route to market and our executional focus has made Lipton Ice Tea an exciting newcomer to the Barr portfolio.

Pernod Ricard, our franchise partner for the Orangina range in the UK, awarded A.G.Barr the Gold Bottling trophy 2002 for excellent sales growth and for the successful introduction of the Orangina Rouge product in the UK. We are delighted to see Orangina again performing well in its market segment with sales growth of over 7% in 2002/03.

Investing for the future

Investing in our people has always been a core strength of A.G.Barr and I am pleased to report, as one of the newest recruits, that people really do come first in our business. The enthusiasm, experience and commitment of the teams across the whole company remains beyond question and, when that is harnessed with training and strong business processes, we are fit to meet the challenges of the future.

Investment in improved efficiency across our manufacturing base and the supply chain has also continued at a pace throughout the past year. This investment has insured we can improve not only our efficiency but also our ability to deliver improved customer and consumer solutions. The development of multi-pack technology, in-store display pallet merchandising and outstanding on-pack branding opportunities through improved printed film technology are only a sample of our continuing ambition to meet and exceed consumer and customer expectations.

Innovation

The soft drinks market has been awash with product extensions and new product ideas in the past 12 months. Whilst some have proved extremely successful, many have fallen by the wayside. Much of our success has been through innovation, not only in products, but also in innovative communication and in-store execution. The growth of Findlays Spring Natural Mineral Water, Simply Citrus and Simply Clear along with many successes in new packaging formats with our established brands have driven incremental new sales across all trade channels.

Delivering our promises – the future

We have a solid asset base and a growing consumer penetration from our key brands. Our portfolio is diverse and truly different. We are learning more and more about our consumers.

We have commenced a programme of rigorous review to include all our core business processes and procedures and this will be followed by the development of plans to increase the effective execution of our simple strategy.

We will continue to deliver growth by developing brands that consumers love, products and services that customers need and will thereby deliver sustainable financial returns to all our shareholders and stakeholders. The coming year will see our longer-term strategic goals develop further, based on our improved consumer insights and sound business plans. At all times this will be accompanied by increased focus on excellent day-to-day execution.

Our business operates in a highly dynamic and competitive sector but we are confident that our strategy – focused on providing consumers a choice of differentiated, well supported and exciting brands – will continue to deliver for us.

Our portfolio is diverse and truly different.

Roger White, Managing Director.

Review Of Activities

As with recent years 2002/03 was both challenging and rewarding. It was a year of progress for all the brands in the Barr Soft Drinks portfolio - brands with the right attitude and approach to face evolving markets with confidence.

Yet again Irn-Bru topped the soft drinks market in Scotland, despite intense price activity in the grocery segment, achieving sales figures that placed it significantly ahead of a well-known cola product. In addition it retained its position as the number one Scottish grocery brand outselling, amongst others, staple major brands in snacks and confectionery. Diet Irn-Bru also exceeded expectations, moving up the ranks from 8th to 7th in the annual independent research carried out for The Scottish Grocer.

In England and Wales consumer tastes continue to warm to the unique proposition that is Irn-Bru. Scotland's favourite soft drink made significant inroads, experiencing a litreage growth of 16½% thanks to an aggressive campaign designed to increase exposure of the product and to drive trial and win a bigger market share in this tough sector.

Whilst Irn-Bru was high on consumer's shopping lists, Tizer was showing excellent growth in the key impulse pack sizes of 250ml and 500ml. Diet Tizer also performed well, in particular gaining new listings in major accounts.

These results continue to reflect the success of marketing activities that consistently represent our brands with exciting, innovative, relevant and unmistakably different activities.

Brands With A Different Attitude

Tizer got off on the right note, thanks to a national 'Headz-U-Win' promotion targeted towards music mad teenagers. The cutting edge activity appealed directly to the target audience by utilising the Internet, an impactful poster campaign, teen press and under 18's club nights plus a massive on-pack promotion. Consumers were given the chance to win thousands of mega music prizes via text messaging or online. The promotion was tremendously well supported by retailers, as a result of a co-ordinated campaign which was aimed at both the consumer and trade channels.

A smash hit for the third year running, Irn-Bru was once more top of the bill at Irn-Bru Live in the City, held in the Brittania stadium in Stoke on Trent. The 15,000 sell out crowd got a taste of Darius, Gareth Gates, Sugababes and Irn-Bru.

To the great disappointment of both Barr Soft Drinks and the 30,000 fans who had already purchased tickets to Irn-Bru Live + Loud at Bellahouston Park Glasgow, the event was unfortunately cancelled due to severe flooding. Scheduled to appear were Westlife, Blue and A1 but the wettest May on record including a week of torrential rain prior to the event demonstrated that the British weather can never be relied upon.

Water, however, was an essential part of the exciting new Scottish tourist attractions to which Barr Soft Drinks gained exclusive pouring rights.

The Falkirk Wheel, an engineering feat that links the Forth and Clyde to the Union canal, is attracting visitors from far and wide to experience its revolutionary canal boat lift, the uniquely architectured visitor centre and our range of soft drinks.

On the banks of Loch Lomond, the involvement with the Lomond Shores development means Barr's name will be on the lips of the thousands of visitors to Scotland's first national park.

Once again the ever-popular Irn-Bru branded taxis were at the heart of the hustle and bustle delivering the message in London, Glasgow and Edinburgh. An added dimension to this campaign is our use of memorable Irn-Bru advertisements on the fold down seats.

/ith the proven ability of reaching as many :enagers in England and Wales as ossible, the Irn-Bru Scooterettes were n hand to visit top pop venues and spense promotional cans from ieir fleet of branded scooters.)ver 60,000 consumers were nticed to try Irn-Bru.

The intensity of Irn-Bru promotional activity was again increased. The use of trial price mark packs and multi-buy deals backed up with eye-catching in-store displays and improved merchandising drove sales in participating stores.

Irn-Bru gained brand share, brand loyalty and significantly increased its availability throughout, in what has been an ongoing success story.

Meanwhile, elsewhere in the Barr portfolio, KA was getting into the groove at the Notting Hill Carnival with an extensive sampling drive. Reinforcing its tropical flavour, hot prizes such as a Caribbean holiday, BBQ's and hammocks were offered via a summer on-pack promotion.

It was a great year for Simply Citrus and Simply Clear, too.
Simply Citrus was named in a leading trade publication as the 6th fastest growing brand in the total soft drinks category, while two new flavours of Simply Clear, Strawberry & Kiwi and Cranberry & Passionfruit, made a refreshing entry into the marketplace. A pack extension into the handy resealable 250ml bottle proved to be very successful especially with lunch boxes and in schools.

Making A Real Difference

Over the last few years, sponsorship has not only proved an effective way of publicising our brands but also a great way of putting something back into the community.

At the Great North Run in Newcastle, Findlays Spring led the way in slaking the thirst of participating athletes by providing over 258,000 bottles of mineral water. BBC coverage of the event gave the brand exposure in over 185 countries! Also at the Scottish Half Marathon in Glasgow and the Great South Run in Portsmouth, similar opportunities proved to be winners.

The outstanding purity and quality of Findlays Spring along with the media coverage from these events helped to increase its popularity and drive sales in this exciting, high growth market.

Once again millions of fun-seekers saw Irn-Bru from a different angle on one of the UK's most popular rollercoasters, the Irn-Bru Revolution at Blackpool Pleasure Beach.

Further down the coast in Southport, Traumatizer - sponsored by Tizer - joined forces with a local radio station in an innovative text message promotion to win free tickets for this exciting white knuckle ride.

Festive fun was yet again provided by Irn-Bru at the SECC in Glasgow with a 3rd year of sponsorship of the Xmas and New Year Carnival which attracted over 140,000 people.

With environmental issues an important part of any child's education Tizer and Alcan teamed up for a canny recycling promotion in schools. Pupils were invited to collect aluminium cans for recycling with an opportunity to win prizes for their schools, including musical equipment.

The challenge has been given a huge thumbs up with nearly 250 schools recycling competitively throughout the UK.

Altogether Better Partnerships

With continued improvement in executional skills and consistent delivery of exciting and relevant marketing campaigns Barr's relationship with its international soft drink partners, both long standing and recent, flourished during the past year.

Orangina with the help of promotional and sponsorship support demonstrated volume growth of 7½% over the year. An impactful, national colour press campaign in glossy magazines such as Cosmopolitan and Hello provided a memorable focus for the target audience throughout the summer. The sponsorship of Medfest, which was the UK's biggest ever Mediterranean festival, celebrated the culture of the region with a packed programme of events at the Barbican in London.

Innovation also drove sales as Orangina was accompanied for the first time in national outlets by Orangina Rouge, launched after a positive regional test. This tempting red drink has achieved an excellent start in what is an otherwise static orange carbonates category.

Both Orangina brands were made even more attractive to the adult soft drinks market with the launch into premium 1 litre glass bottles.

Lipton Ice, the world's most successful Ice Tea, proved that partnerships have huge potential. This famous brand was launched across the UK with a vast sampling exercise that gave a high visibility presence at key summer events.

Lipton Ice Tea was rolled out nationally via the Unilever Bestfoods sales force into the grocery multiple sector with Barr being the chosen partner to develop the impulse, independent and cash and carry trade. The close working relationship between both companies in the UK has helped to drive awareness of the brand that is the 15th biggest soft drink by value globally.

Further afield Irn-Bru has re-established a strong foothold in Russia thanks to a franchise bottling agreement with the Pepsi Bottling Group (PBG). The relationship with PBG has achieved an excellent start.

Irn-Bru is manufactured in all five of the group's Russian plants; distribution has been achieved across virtually all the Russian market, from Moscow and St. Petersburg in the west to Siberia in the east.

Unique Advertising For Unique Brands

The infamous orange Irn-Bru advertisements went from strength to strength, not only winning smiles of recognition from consumers but also accolades. 'Jef', the new TV execution scooped 'Best Commercial' at the prestigious Scottish Advertising Awards. The television campaign ran nationally for 13 weeks and was seen during many high profile programmes including Coronation Street and Friends.

In Scotland unusual outdoor advertising sites were utilised by Irn-Bru which raised the brand's profile still further.
The continued use of this consistent advertising approach underlines the ongoing success of this chosen strategy.

Tizer's creative use of TV sponsorship entered its eighth year with another successful season of the UK's No. 1 music chart show cd:uk. The programme was chosen for its cost effectiveness in media terms as it is an ideal fit with the Tizer target audience.

The show is the most efficient in terms of having the greatest proportion of our target market viewing at any one time and therefore the highest opportunity for our audience to see Tizer branding via those unique and highly humorous idents.

Since the sponsorship was first launched in 1995, the brand perception has been transformed. In a crowded market place where teenagers can be bombarded with advertising concepts any link with music and television can only be a positive.

The Internet, an essential and growing element of any brand marketing mix, was used effectively throughout the year. Not only were the Irn-Bru, Tizer and corporate sites developed but one-off sites were launched to tie-in with particular marketing initiatives such as the Irn-Bru partnership with an interactive virtual 3D teen city to develop its cheeky and irreverent image amongst teenagers and the 'Headz-U-Win' site for Tizer featuring the on-pack promotion.

Investing In Plant, Investing In People

Investment in leading edge technology and operating solutions has continued at a pace. Significant installations at our Mansfield and Cumbernauld production sites have given state of the art packaging capability as well as significantly improved efficiencies.

Investment has also been notable across the business in both our I.T. systems and our supply chain activity and it is ongoing.

Of course it's not just investment in our brands, plants and supply chain but investment in our people that makes a really positive difference.

We continue to recognise the importance of our people by providing specialist-training programmes that enable employees to gain skills and experience to develop their potential within the company. In our locations across the country N.V.Q. certificates were gained by staff at all levels in subjects ranging from Management to Mechanical Maintenance.

As part of a multi-site and employee empowered business we have introduced an 'E-Learning' facility which will enable employees to be trained in the desktop PC skills essential in today's working environment.

It's this attitude that makes Barr Soft Drinks a very different company.
A company that makes a difference to its employees through training and development. A company that can operate effectively in diverse markets as well as in its traditional heartlands.

But most importantly a company that puts as much into its people as it does into its brands.

25 Years Service

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.

Matthew McCann
Sales Manager,
Cumbernauld.

John Smith
Driver Sales Rep,
Glasgow Retail.

Stephen Cannon
Driver Sales Rep,
Glasgow Retail.

Alexander McRoberts
Van Mate,
Glasgow Retail.

Gillian Challinor
Systems Admin Supervisor,
Atherton.

Corporate Social Responsibility

It is recognised within A.G.Barr p.l.c. that social and environmental as well as financial issues are all critical and fundamental to ensuring a successful business and the group is committed to developing ways of ensuring that these issues are integrated into the decision-making processes and performance measures of the group.

Health and safety

It is the policy of the group to take all reasonable steps to provide for our employees and visitors to our sites a healthy and safe environment in which to carry out our business. We believe that effective management of health and safety is integral to our business success.

Health and safety manuals incorporating safe working practices are maintained and held at each site for the information of all employees. The management at each of our locations is held accountable for the effective control of health and safety on-site. In addition to a Group Safety Advisor, it is group policy that each site should have a NEBOSH (National Examining Board of Occupational Safety and Health) qualified safety co-ordinator to provide local health and safety expertise.

The group operates an annual health and safety action plan to enable continuous improvement. Local and group safety committees conduct monthly, quarterly and annual reviews of safety performance against this plan. The board of directors require implementation of agreed safe working practices throughout the group ensuring that the practices in place meet, as a minimum, our legal responsibilities and performance is reviewed on a quarterly basis.

The group operates a HACCP (Hazard Analysis and Critical Control Point) approach, whereby each critical point in our processes is reviewed and controls put in place to ensure food safety within relevant sites. In all of our factories staff are trained to certificate levels in food hygiene and safety techniques.

In the year to January 2003 there were 12 accidents across the group which were reportable to the Health and Safety Executive. By the nature of our business the main causes of accidents are manual handling and slips, trips and falls, some of which happen off our sites in the course of product delivery. All accidents are thoroughly investigated to enable appropriate corrective action to be taken.

Environment

Sustainability

Within A.G.Barr p.l.c., sustainability is promoted through our environmental programme; where possible, conserving natural resources, protecting natural ecosystems and minimising our environmental impacts. The operations director has been given responsibility to carry through our environmental programme.

Policy

We are committed to prevention of pollution and continual improvement of our environmental performance in line with all relevant environmental legislation and other self-imposed requirements.

Programme

Our three major factories are committed to a rolling programme of implementation of BS EN ISO 14001. Our Atherton factory was the first of our factories to be externally audited and was verified as compliant in January 2003. The other two main factories will be submitted to external assessment later in the calendar year.

Good operational controls have also improved our use of assets throughout our factories and in the supply chain. The procedures implemented will ensure that there will be on-site evidence of having met environmental legislative requirements and will provide a framework within which continual improvements can be made to our environmental performance. In turn, this will enable us to meet the requirements of the European Directive on "Integrated Pollution Prevention and Control" which, in United Kingdom law, requires us to apply for environmental permits by the end of March 2005.

We see as one of our main environmental impacts the use of energy. Thus our energy usage and the carbon we cause to be emitted are being monitored regularly at all our factories. The monitoring has enabled us to identify and implement changes to our processes that have resulted in better control and minimisation of energy used. This enabled us to meet the Government targets for climate change and qualify for the climate change levy rebate. In addition, each factory is setting, annually, challenging site-specific targets to reduce our environmental impact on an on-going basis.

Our technical team continuously review the packaging design requirements for our products. We are still the largest United Kingdom soft drinks company to offer a range of products in the eco-friendly 750ml returnable glass bottle. Where practicable, we have minimised the use of packaging by light-weighting and the reduction of secondary packaging.

Procurement

Regular auditing of our suppliers' control processes has contributed to improvement in their performance, improving efficiency and reducing waste and, where opportunities arise, we will assist them in the reduction of their environmental impact. We are now at an early stage of making enquiries of our suppliers as to their social and environmental commitment. We have also required our suppliers to maintain the GM-free status of our raw materials.

Employees

We recognise that the talents and skills of our workforce are vital to the group's past and continuing success. Along with the conventional rewards of pay and other benefits, the group seeks to ensure that employees are provided with a safe and healthy work environment and a guarantee of fairness and equal opportunities. We believe that the group is compliant with all United Kingdom employment law and will, of course, recognise and implement any new laws that are introduced.

For other employment matters see the directors' report on page 22 and directors' remuneration report on page 26.

Community

On the previous pages of this report you will have seen reference made to some of the activities in the community with which the group has been involved in the past 12 months from a corporate position. However, each of our sites is also encouraged to be involved with its local community and to support, where possible, some of its local community charities and events.

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

NOTICE IS HEREBY GIVEN that the ninety-ninth Annual General Meeting of the company will be held at the offices of Baker Tilly, Breckenridge House, 274 Sauchiehall Street, Glasgow on Monday, 19th May, 2003 at 11.00a.m.

Agenda

1. To receive and adopt the audited accounts of the group for the year ended 25th January, 2003 together with the reports of the directors and auditors thereon.
2. To receive and approve the directors' remuneration report for 2003.
3. To declare a final dividend for 2003.
4. To re-elect the retiring directors W.R.G. Barr and J.E. Dawson.
5. To confirm the re-appointment of J.M. Goodwin, on reaching the age of 70 years, as a director.
6. To confirm the appointment of R.A. White as a director.
7. To re-appoint the auditors and to authorise the directors to fix their remuneration.
8. To consider as special business and, if thought fit, pass the following ordinary resolutions:
   (i) "The establishment of the A.G.Barr p.l.c. Long Term Incentive Plan 2003 ("the Plan"), a summary of the rules being set out in Appendix 1 to the letter to shareholders dated 18th April, 2003 be and is hereby approved and that the directors be and are hereby authorised to do all such things which they may consider necessary or expedient to give effect to the said Plan"
   (ii) "The establishment of the A.G.Barr p.l.c. Executive Share Option Scheme ("the Scheme"), a summary of the rules being set out in Appendix 2 to the letter to shareholders dated 18th April, 2003 be and is hereby approved and that the directors be and are hereby authorised to do all such things which they may consider necessary or expedient to give effect to the said Scheme"
9. To transact any other competent business.

By order of the board,

I.F. Greenock, C.A.,
Secretary.
18th April, 2003

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 65.

ROGER A. WHITE, M.A. (Hons)
Joined the company in 2002
as managing director.
Aged 37.

JAMES E. DAWSON
Joined the company in 1981.
Appointed sales and marketing
director in 1992.
Aged 52.

IAIN F. GREENOCK, C.A.
Joined the company in 1975.
Appointed secretary in 1995,
financial director in 1998.
Aged 55.

ALAN A. BIBBY, B.Eng., F.Inst.B.E.
Joined the company in 1977.
Appointed operations director in 1985.
Aged 51.

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 70.

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.
Aged 58.

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
Brechin 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 25th January, 2003

Results and dividends

The profit on ordinary activities after tax as shown in the consolidated profit and loss account amounted to £8.520m *(2002 – £7.486m)*.

The directors recommend that this be distributed as follows:

Dividends	**£000**
Interim dividend paid 25th October, 2002, 7.35p per share *(2002 – 7.35p)*	1,431
Final dividend proposed 15.75p per share *(2002 – 14.25p)*	3,065
Total dividends 23.10p per share *(2002 – 21.60p)*	4,496
Retained profit for the year	4,024
	8,520

If approved the proposed final dividend will be posted on 4th June, 2003.

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 and the managing director's overview on pages 2 to 5.

Fixed assets

The directors are of the opinion that the market value of properties at 25th January, 2003 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 25th January, 2003 trade creditors represented approximately 35 days purchases based on the average daily amount invoiced by suppliers during the year.

Directors

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

J.M. Goodwin, having reached the age of 70 years, falls due to have his re-appointment as a director confirmed. His current letter of appointment expires on 17th November, 2003.

The appointment of R.A. White to the board on 30th September, 2002, falls due to be confirmed. R.A. White has a service contract which is currently terminable on one year's 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 the directors' remuneration report on page 31, the directors have been notified of the following shareholdings in excess of 3% of the issued share capital as at 26th March, 2003:

Caledonia Investments PLC	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 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.
9th April, 2003.

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 is set out on page 26;
- 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 the directors' remuneration report on pages 26 to 31.

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 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 25th January, 2003 with the 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 directors' remuneration report on page 27, 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.
Directors' Remuneration Report
for the year ended 25th January, 2003

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 (PLSP)
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 was the final distribution under this scheme. These shares will be released on the third anniversary of the award.

(b) All-Employee Share Ownership Plan (AESOP)
The introduction of an All-Employee Share Ownership Plan was approved at the Annual General Meeting of the company on 21st May, 2001 and is Inland Revenue approved. Executive directors participate in both sections of the scheme which is open to all employees.

The partnership share element currently provides that for every four shares an individual purchases in A.G.Barr p.l.c. to a maximum contribution of £125 per month, the company has agreed to purchase one matching share which is held in trust in the name of the individual. There are various rules as to the period of time that the shares must be held in trust but after five years the shares can be released tax free.

The second element relates to free shares. Under the terms of this section all participants can receive shares to the value of a common percentage of their earnings, related to the performance of the group. The shares appropriated are to a maximum value of £3,000 and are held in trust for five years.

Under the terms of this scheme, the matching shares will be forfeit if employment with the group terminates within three years of the award and all other partnership, matching and free shares must be removed from the trust if employment with the group ceases.

(c) Savings Related Share Option Scheme (SAYE)
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 (ESOP)
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.

(e) Performance Related Share Scheme (PRSS)
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 annual bonus value awarded to a participant in respect of a scheme year is on a sliding scale commencing at 8⅓% and 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.

The performance conditions described above were chosen to align executives' bonus payments to company performance both in the short term and over a 5 to 7 year period.

Provided shareholders, at the Annual General Meeting, approve the share schemes which are proposed in the separate enclosure with these accounts, this scheme will close.

(iii) Elements of remuneration

- Basic salary and benefits.
- Performance related components. In the year to 25th January, 2003 these were the PRSS described at (e) above and the free share element of the AESOP described at (b) above.

The balance of these elements is intended to align executives' longer term interests with those of shareholders. In 2003 the performance related elements of the remuneration package amounted to 22.9% of the total. In 2002, this was 6.3% of the total, due to non-achievement of the conditions specified in relation to the PRSS described at (e) above.

(iv) 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.

Executive directors have no contractual entitlement to termination payments other than those related to their period of notice.

Share price performance

The graph above plots the total shareholder return for the ordinary share capital of A.G.Barr p.l.c. against the FTSE small-cap index, which has been selected as the most appropriate measure. In the opinion of the board, no readily identifiable benchmark group of companies exists.

Directors' remuneration

	2003 £000	*2002 £000*
Salaries and benefits	**645**	*738*
Profit Linked Share Plan	**14**	*20*
Gain on exercise of options	**–**	*32*
Performance Related Share Scheme:		
– cash bonus	**63**	*–*
– deferred shares	**128**	*–*
Fees to non-executive directors	**44**	*36*
Ex-gratia payment on retirement	**–**	*200*
	894	*1,026*

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 £000	R.A. White £000	A.A. Bibby £000	J.E. Dawson £000	I.F. Greenock £000
Salary	181	88	121	120	114
Benefit in kind	19	–	2	–	–
Profit Linked Share Plan	5	–	3	3	3
Performance Related Share Scheme					
– cash bonus	16	17	10	10	10
– deferred shares	31	34	21	21	21
12 months to 25th January, 2003	**252**	**139**	**157**	**154**	**148**
12 months to 26th January, 2002	*207*	–	*138*	*142*	*128*
Performance Related Share Scheme – potential value of matching shares					
12 months to 25th January, 2003	**31**	**34**	**21**	**21**	**21**
12 months to 26th January, 2002	–	–	–	–	–
Directors' pensions					
Accrued annual pension at 25th January, 2003	127	1	55	54	63
Increase in accrued annual pension after indexation	7	1	3	3	9
Transfer value of increase in accrued pension at 25th January, 2003	151	2	23	28	120
Transfer value of increase in accrued pension at 26th January, 2002	*(40)*	–	*22*	*26*	*33*

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

Directors' interests

	W.R.G. Barr Number	R.A. White Number	A.A. Bibby Number	J.E. Dawson Number	I.F. Greenock Number
Performance Related Share Scheme					
– deferred shares awarded					
Year to 25th January, 2003	6,362	6,997	4,171	4,171	4,171
Year to 27th January, 2001	6,197	–	4,065	4,065	3,638
Year to 30th January, 1999	5,220	–	3,527	3,527	2,983
15 months to 31st January, 1998	9,313	–	6,282	6,282	2,350
	27,092	6,997	18,045	18,045	13,142
– potential matching shares					
Year to 25th January, 2003	6,362	6,997	4,171	4,171	4,171
Year to 27th January, 2001	6,197	–	4,065	4,065	3,638
Year to 30th January, 1999	5,220	–	3,527	3,527	2,983
15 months to 31st January, 1998	9,313	–	6,282	6,282	2,350
	27,092	6,997	18,045	18,045	13,142

These awards were made on the dates and at the prices noted below:

Year to 25th January, 2003	16th April, 2003	488.3p
Year to 27th January, 2001	19th April, 2001	462.1p
Year to 30th January, 1999	23rd April, 1999	447p
15 months to 31st January, 1998	7th January, 1998	451p

Directors' share options

The options of the executive directors at 25th January, 2003 over the ordinary share capital of the company were as undernoted for which nil has been paid.

	Options as at 26.01.02	Options granted during year	Options exercised during year	Options as at 25.01.03	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
	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 share price as at 25th January, 2003 was 411p and the highest and lowest prices during the year were 505p and 402.5p respectively.

A.G.Barr p.l.c.

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

	2003	*2002*
Executive directors		
W.R.G. Barr	**1,191,744**	*1,190,752*
R.A. White	**3,000**	–
A.A. Bibby	**57,363**	*60,063*
J.E. Dawson	**17,380**	*33,211*
I.F. Greenock	**12,370**	*9,277*
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 1,266,030 shares *(2002 – 1,141,626 shares)* under trusteeships of various employee share schemes. W.R.G. Barr has non-beneficial interests in 1,685,968 shares *(2002 – 1,687,118 shares)* as trustee of a charitable trust and several family trusts.

There have been the following changes notified in the directors' shareholdings between 25th January, 2003 and 26th March, 2003: I.F. Greenock an increase in beneficial holding of 71 shares and a reduction in non-beneficial holding of 1,666 shares, J.E. Dawson an increase in beneficial holding of 71 shares and A.A. Bibby an increase in beneficial holding of 71 shares.

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. Both directors received fees of £21,750 *(2002 – £18,000)*.

Service contracts

Non-executive directors are employed on renewable fixed term contracts not exceeding 3 years.

Information subject to audit

Under part 3 of Schedule 7A of the Companies Act 1985 the following sections of this report are subject to audit: Executive directors' remuneration sections (ii) and (iv), the directors' remuneration and the directors' interests.

On behalf of the board,

Iain F. Greenock

I.F. Greenock, C.A.,
Secretary.

A.G.Barr p.l.c.
Independent Auditors' Report

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

We have audited the financial statements on pages 33 to 47 of A.G.Barr p.l.c. for the year ended 25th January, 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described on page 31 as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the directors' report on page 23.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been 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 financial statements, 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 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 of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the chairman's statement, the managing director's overview, the review of activities, the directors' report, the statement on corporate governance and the unaudited part of the directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. 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 financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

Opinion

In our opinion:
- the financial statements give a true and fair view of the state of affairs of the company and the group as at 25th January, 2003 and of the group profit for the year then ended and;
- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly,
Registered Auditors,
Chartered Accountants.
274 Sauchiehall Street
Glasgow.
9th April, 2003.

A.G.Barr p.l.c. and its Subsidiary Companies
Consolidated Profit and Loss Account
for the year ended 25th January, 2003

	Notes	2003 £000	2002 £000
Turnover	2	120,005	*116,261*
Cost of sales		63,404	*63,032*
Gross profit		56,601	*53,229*
Net operating expenses	3	44,728	*42,742*
Operating profit	4	11,873	*10,487*
Interest received	7	340	*253*
Profit on ordinary activities before tax		12,213	*10,740*
Tax on profit on ordinary activities	8	3,693	*3,254*
Profit on ordinary activities after tax		8,520	*7,486*
Dividends	9	4,496	*4,202*
Retained profit for the year	22	4,024	*3,284*
Earnings per share on issued share capital	10	43.78p	*38.47p*
Basic earnings per share	10	45.36p	*39.90p*
Fully diluted earnings per share	10	43.20p	*37.97p*

Consolidated Statement of Total Recognised Gains and Losses

	Notes	2003 £000	2002 £000
Profit as above		8,520	*7,486*
Adjustment for prior periods	20	–	*(3,293)*
Total gains and losses recognised since last annual report		8,520	*4,193*

A.G.Barr p.l.c. and its Subsidiary Companies
Balance Sheets
as at 25th January, 2003

	Notes	GROUP 2003 £000	GROUP *2002 £000*	COMPANY 2003 £000	COMPANY *2002 £000*
Fixed assets					
Tangible assets	11	42,255	*42,580*	41,685	*41,971*
Investment in subsidiaries and associated undertakings	12	–	*–*	205	*205*
		42,255	*42,580*	41,890	*42,176*
Current assets					
Stocks	13	12,185	*11,536*	12,093	*11,437*
Debtors	14	20,269	*21,078*	19,972	*20,818*
Investment	15	3,092	*2,623*	3,092	*2,623*
Cash at bank		15,545	*8,265*	15,432	*8,265*
		51,091	*43,502*	50,589	*43,143*
Creditors: Due within one year	16	27,282	*24,113*	27,435	*24,259*
Net current assets		23,809	*19,389*	23,154	*18,884*
Total assets less current liabilities		66,064	*61,969*	65,044	*61,060*
Provisions for liabilities and charges	18				
Deferred credit	19	636	*645*	636	*645*
Deferred tax	20	5,011	*4,931*	5,011	*4,930*
		5,647	*5,576*	5,647	*5,575*
		60,417	*56,393*	59,397	*55,485*
Capital and reserves					
Called up share capital	21	4,865	*4,865*	4,865	*4,865*
Share premium account	22	905	*905*	905	*905*
Profit and loss account	22	54,647	*50,623*	53,627	*49,715*
		60,417	*56,393*	59,397	*55,485*

The accounts on pages 33 to 47 were approved by the board on 9th April, 2003.

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 25th January, 2003

	Note	2003 £000	2003 £000	2002 £000	2002 £000
Net cash inflow from operating activities	25		19,737		12,989
Returns on investment and servicing of finance					
Interest received		352		268	
Interest paid		(12)		(11)	
Interest element of hire purchase paid		–		(4)	
Net cash inflow from returns on investments and servicing of finance			340		253
Tax					
Corporation tax paid			(3,349)		(4,181)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(5,411)		(7,750)	
Sale of tangible fixed assets		328		258	
			(5,083)		(7,492)
Acquisitions and disposals					
Investment in subsidiary		–		(105)	
Net overdraft acquired with subsidiary		–		(90)	
			–		(195)
			11,645		1,374
Dividends paid			(4,204)		(4,200)
Cash inflow/(outflow) before financing			7,441		(2,826)
Financing					
Issue of share capital		–		50	
Capital element of hire purchase repaid		–		(304)	
Loans repaid		–		(30)	
			–		(284)
Increase/(Decrease) in cash			7,441		(3,110)

A.G.Barr p.l.c. and its Subsidiary Companies
Accounting Policies

The accounts set out on pages 33 to 47 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 25th January, 2003.

The company has not presented its own profit and loss account, as permitted by Section 230 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 £560,000 *(2002 – £345,000)* which are not considered sufficiently significant to warrant allocation to the geographical markets involved.

3. Net operating expenses	**2003**	*2002*
	£000	*£000*
Distribution costs	**28,590**	*27,834*
Administrative expenses	**16,138**	*14,908*
	44,728	*42,742*

4. Operating profit	**2003**	*2002*
	£000	*£000*
Operating profit is arrived at after charging:		
Depreciation of fixed assets (note 11)	**6,019**	*5,989*
Audit fees	**88**	*87*
Non-audit fees paid to auditors	**41**	*24*

5. Employees	**2003**	*2002*
The average number of persons employed including directors was:	**951**	*920*
	£000	*£000*
Wages and salaries	**20,009**	*19,083*
Social security costs	**1,519**	*1,514*
Pension contributions (note 6)	**1,919**	*1,442*
	23,447	*22,039*

At 25th January, 2003, 564 employees held options over 1,024,880 ordinary shares under the A.G.Barr p.l.c. 1995 Savings Related Share Option Scheme.

6. Pension schemes

During the year the company operated five pension schemes two of which, the works and the staff pension schemes, were closed to new employees with effect from 4th March, 2002. On 6th April, 2002 the company 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. The scheme for works employees is an insured money purchase arrangement while the schemes for executives and previously staff provide benefits based on final pensionable pay. The fifth scheme is a stakeholder pension scheme arrangement. 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 SSAP 24. The contributions to the final salary schemes are determined by a qualified actuary on the basis of triennial valuations. Full valuations of these schemes to 1st November, 2002 are currently underway but 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.

The valuation used for the two defined benefit pension schemes for FRS 17 disclosures has been 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 25th January, 2003 by a qualified independent actuary.

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

	2003	*2002*
Rate of increase in salaries	**3.85%**	*3.85%*
Rate of increase of pensions in payment	**2.35%**	*2.35%*
Discount rate	**5.40%**	*5.75%*
Inflation assumption	**2.35%**	*2.35%*

The expected rate of return and the assets in the scheme as at 25th January, 2003 were:

		£000		*£000*
Equities	**6.90%**	**17,289**	*7.50%*	*21,789*
Bonds	**3.90%**	**4,926**	*5.75%*	*4,533*
Cash	**3.50%**	**920**	*4.50%*	*1,459*
Property	**6.90%**	**99**	*7.50%*	*67*
Total market value of assets		**23,234**		*27,848*
Actuarial value of liability		**(43,098)**		*(35,571)*
Deficit in the schemes		**(19,864)**		*(7,723)*
Related deferred tax asset		**5,959**		*2,317*
Net pension liability		**(13,905)**		*(5,406)*

The pension charges in the accounts were £395,000 *(2002 – £355,000)* (money purchase scheme) plus £1,524,000 *(2002 – £1,087,000)* (final salary schemes).

6. Pension schemes (continued)

If the defined benefit pension schemes had been accounted for under FRS 17 the following amounts would have been recorded in the profit and loss account and the statement of total recognised gains and losses for the year ended 25th January, 2003.

	2003 £000
Analysis of the amount chargeable to operating profit	
Service cost	1,106
Past service cost	–
Total operating charge	1,106
Analysis of net return on pension scheme	
Expected return on pension scheme assets	1,980
Interest on pension liabilities	(2,059)
Net return	(79)
Analysis of amount recognisable in statement of total recognised gains and losses (STRGL)	
Actual return less expected return on assets	(6,992)
Experience gains and losses on liabilities	(309)
Changes in assumptions	(4,691)
Actuarial loss recognisable in STRGL	(11,992)
Movement in deficit during the year	
Deficit in scheme at beginning of year	(7,723)
Movement in year:	
Current service cost	(1,106)
Contributions	1,036
Net return	(79)
Actuarial loss	(11,992)
Deficit in scheme at end of year	(19,864)
History of experience gains and losses	
Difference between expected and actual return on scheme assets (£000)	(6,992)
Percentage of scheme assets	(30%)
Experience gains and losses on scheme liabilities (£000)	(309)
Percentage of scheme liabilities	(1%)
Total amount recognisable in statement of total recognised gains and losses (£000)	(11,992)
Percentage of scheme liabilities	(28%)

7. Interest

	2003 £000	2002 £000
Paid: On bank overdrafts	(12)	(11)
On hire purchase	–	(4)
	(12)	(15)
Received	352	268
	340	253

8. Tax on profit on ordinary activities

	2003 £000	2002 £000
Corporation tax on profits of the year	3,615	3,123
Deferred tax transfer	50	200
	3,665	3,323
Under/(Over) provision prior years	28	(69)
	3,693	3,254

Reconciliation of tax charge:

	2003 £000	2002 £000
Profit on ordinary activities before tax	12,205	10,740
Tax at 30% thereon	3,662	3,222
Effects of:		
Expenses not deductible for tax purposes	26	108
Deferred tax assets not recognised	(12)	–
Other	(11)	(7)
Current tax charge for period	3,665	3,323

9. Dividends

		2003 £000	2002 £000
Interim paid 25th October, 2002	(7.35p per share)	1,431	1,429
Proposed final payable 5th June, 2003	(15.75p per share)	3,065	2,773
		4,496	4,202

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.

	2003	2002
Net profit attributable to shareholders	**£000**	*£000*
Earnings – basic	**8,520**	*7,486*
Dividends received (note 15)	**(173)**	*(191)*
Earnings – diluted	**8,347**	*7,295*

Weighted average number of shares in issue	**Number**	*Number*
Issued share capital	**19,461,463**	*19,461,463*
Shares held (note 15)	**(754,610)**	*(681,000)*
Weighting adjustment	**73,900**	*(21,350)*
Basic	**18,780,753**	*18,759,113*
Calculation adjustments:		
Executive share options	**10,605**	*11,876*
Savings related share option scheme	**297,674**	*225,269*
Performance related share scheme:		
Deferred shares	**114,794**	*108,054*
Matching shares	**114,794**	*108,054*
Fully diluted	**19,318,620**	*19,212,366*

11. Fixed tangible assets

	Land & buildings Freehold £000	Long leasehold £000	Plant, equipment & vehicles £000	Total £000
GROUP				
Cost or valuation				
At 26th January, 2002	23,937	230	72,647	96,814
Additions	179	–	5,886	6,065
Disposals	–	–	(1,864)	(1,864)
At 25th January, 2003	24,116	230	76,669	101,015
Depreciation				
At 26th January, 2002	3,476	93	50,665	54,234
Amount charged	262	9	5,748	6,019
Disposals	–	–	(1,493)	(1,493)
At 25th January, 2003	3,738	102	54,920	58,760
Net book value				
At 25th January, 2003	**20,378**	**128**	**21,749**	**42,255**
At 26th January, 2002	*20,461*	*137*	*21,982*	*42,580*
COMPANY				
Cost or valuation				
At 26th January, 2002	23,937	79	71,597	95,613
Additions	179	–	5,704	5,883
Disposals	–	–	(1,800)	(1,800)
At 25th January, 2003	24,116	79	75,501	99,696
Depreciation				
At 26th January, 2002	3,476	40	50,126	53,642
Amount charged	262	8	5,560	5,830
Disposals	–	–	(1,461)	(1,461)
At 25th January, 2003	3,738	48	54,225	58,011
Net book value				
At 25th January, 2003	**20,378**	**31**	**21,276**	**41,685**
At 26th January, 2002	*20,461*	*39*	*21,471*	*41,971*

GROUP AND COMPANY

For the land and buildings at valuation made in 1970:

	Freehold £000	Long leasehold £000	Total £000
Net book value			
At 25th January, 2003	**71**	**38**	**109**
At 26th January, 2002	72	39	*111*

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 25th January, 2003	28	20	48
Accumulated depreciation at 25th January, 2003	15	12	27
Net historical cost value at 25th January, 2003	**13**	**8**	**21**
Net historical cost value at 26th January, 2002	*14*	*9*	*23*

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

	COMPANY	
	2003 £000	*2002 £000*
Subsidiaries		
Cost as at 26th January, 2002	**3,287**	*3,082*
Additions	**–**	*205*
Amounts written off	**(990)**	*(990)*
Amounts due to subsidiaries	**(2,092)**	*(2,092)*
At 25th January, 2003	**205**	*205*

Principal operating subsidiaries

Barr Leasing Limited	Incorporated in England	Central commercial services
Findlays Limited	Incorporated in Scotland	Natural mineral water bottler

All subsidiaries are wholly owned.

13. Stocks

Stocks of returnable bottles and boxes have been valued at the lower of cost or deposit prices. Other stocks 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	
	2003 £000	*2002 £000*	**2003 £000**	*2002 £000*
Returnable containers	**886**	*982*	**886**	*982*
Materials	**1,887**	*1,833*	**1,795**	*1,734*
Finished goods	**9,412**	*8,721*	**9,412**	*8,721*
	12,185	*11,536*	**12,093**	*11,437*

14. Debtors

	GROUP 2003 £000	GROUP 2002 £000	COMPANY 2003 £000	COMPANY 2002 £000
Trade debtors	**17,130**	*17,344*	**17,130**	*17,286*
Other debtors	**546**	*271*	**161**	*68*
Prepayments and accrued income	**2,112**	*1,945*	**2,112**	*1,931*
Plant deposits	**347**	*1,375*	**347**	*1,375*
Amounts due by subsidiary companies	–	–	**88**	*15*
Pension scheme prepayment	**134**	*143*	**134**	*143*
	20,269	*21,078*	**19,972**	*20,818*

15. Investment

	GROUP 2003 £000	GROUP 2002 £000	COMPANY 2003 £000	COMPANY 2002 £000
Shares in A.G.Barr p.l.c.				
At 26th January, 2002	**2,623**	*2,499*	**2,623**	*2,499*
Shares purchased	**1,123**	*168*	**1,123**	*168*
Options exercised	**(657)**	*(41)*	**(657)**	*(41)*
Adjustment in value of opening shares	**3**	*(3)*	**3**	*(3)*
At 25th January, 2003	**3,092**	*2,623*	**3,092**	*2,623*

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 25th January, 2003 the trust held 1,045 ordinary shares in A.G.Barr p.l.c. at the first exercise price of 330p, 478,114 ordinary shares at the second exercise price of 296p and 275,451 ordinary shares at the third exercise price of 336p. The shares held by the trust were purchased at an average price of 398p 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 25th January, 2003 the trust held 158,000 shares which have been valued at cost.

The trusts have waived their rights to £173,000 in respect of dividends paid during the period and to future dividends until such time as the shares are transferred to the employees.

16. Creditors: Due within one year

	GROUP 2003 £000	GROUP 2002 £000	COMPANY 2003 £000	COMPANY 2002 £000
Bank overdraft	**16**	*177*	–	–
Trade creditors	**7,538**	*7,562*	**7,538**	*7,550*
Current corporation tax	**1,980**	*1,716*	**1,961**	*1,659*
Other taxes and social security costs	**2,036**	*1,784*	**2,034**	*1,780*
Accruals	**12,647**	*10,101*	**12,602**	*10,084*
Proposed dividend	**3,065**	*2,773*	**3,065**	*2,773*
Amounts due to subsidiary companies	–	–	**235**	*413*
	27,282	*24,113*	**27,435**	*24,259*

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 requirements 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 net debt. 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	
	2003	*2002*	**2003**	*2002*
	£000	*£000*	**£000**	*£000*
Cash at bank and on hand	**15,545**	*8,265*	**15,432**	*8,265*

Financial liabilities

The financial liabilities of the group and company were:

	GROUP		COMPANY	
	2003	*2002*	**2003**	*2002*
Bank overdraft	**16**	*177*	**–**	–

18. Provisions for liabilities and charges

	GROUP		COMPANY	
	Deferred credit	Deferred tax	Deferred credit	Deferred tax
	£000	£000	£000	£000
At 26th January, 2002	645	4,931	645	4,930
Profit and loss account	(9)	80	(9)	81
At 25th January, 2003	**636**	**5,011**	**636**	**5,011**

19. Deferred credit

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

20. Deferred tax

Deferred tax is provided on all timing differences. It is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The provision made in the accounts is set out below.

	GROUP		COMPANY	
	2003	*2002*	**2003**	*2002*
	£000	*£000*	**£000**	*£000*
Attributable to timing differences between capital allowances granted for tax purposes and depreciation written off in the accounts	**4,996**	*4,914*	**4,996**	*4,913*
Other timing differences	**15**	*17*	**15**	*17*
	5,011	*4,931*	**5,011**	*4,930*

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.

21. Share capital

	2003	*2002*
	£	*£*
Ordinary shares of 25p each		
Authorised: 24,000,000 *(2002 – 24,000,000)*	**6,000,000**	*6,000,000*
Issued and fully paid: 19,461,463 *(2002 – 19,461,463)*		
At 26th January, 2002	**4,865,366**	*4,860,866*
Shares issued under the Executive Share Option Scheme	**–**	*4,500*
At 25th January, 2003	**4,865,366**	*4,865,366*

At 25th January, 2003 options were exercisable over 68,700 ordinary shares under the Executive Share Option Plan at an exercise price of 378p per share at exercise dates between 1998 and 2005. Options were exercisable over 1,024,880 ordinary shares under the Savings Related Share Option Scheme at dates up to 2007 at exercise prices of 330p, 296p and 336p per share with an average of 317p per share.

22. Reserves

	Share premium account	Profit and loss account
GROUP	£000	£000
At 26th January, 2002	905	50,623
Retained earnings	–	4,024
At 25th January, 2003	**905**	**54,647**
COMPANY		
At 26th January, 2002	905	49,715
Retained earnings	–	3,912
At 25th January, 2003	**905**	**53,627**

23. Reconciliation of movements in shareholders' funds

	GROUP		COMPANY	
	2003	*2002*	**2003**	*2002*
	£000	*£000*	**£000**	*£000*
Profit on ordinary activities after tax	**8,520**	*7,486*	**8,408**	*7,358*
Dividends	**(4,496)**	*(4,202)*	**(4,496)**	*(4,202)*
Issue of share capital	**-**	*50*	**-**	*50*
Net addition to shareholders' funds	**4,024**	*3,334*	**3,912**	*3,206*
Shareholders' funds brought forward	**56,393**	*53,059*	**55,485**	*52,279*
Shareholders' funds at 25th January, 2003	**60,417**	*56,393*	**59,397**	*55,485*

24. Capital commitments

	GROUP		COMPANY	
	2003	*2002*	**2003**	*2002*
	£000	*£000*	**£000**	*£000*
Contracted (includes plant deposits (note 14))	**1,203**	*2,278*	**1,203**	*2,278*

25. Net cash inflow from operating activities

	2003	*2002*
	£000	*£000*
Operating profit	**11,873**	*10,487*
Depreciation	**6,019**	*5,989*
Loss on sale of tangible fixed assets	**44**	*139*
Government grants written back	**(9)**	*(22)*
(Increase) in stocks	**(649)**	*(662)*
(Increase) in debtors	**(228)**	*(2,752)*
(Increase) in investment	**(469)**	*(124)*
Increase/(Decrease) in creditors	**3,147**	*(73)*
Pension provision release	**9**	*7*
	19,737	*12,989*

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

	2003 £000	2002 £000
Increase/(Decrease) in cash in the year	**7,441**	*(3,110)*
Cash outflow from decrease in debt and leasing finance	**–**	*334*
Changes in net funds resulting from cash flows	**7,441**	*(2,776)*
Loan acquired with subsidiary	**–**	*(30)*
Net funds at 26th January, 2002	**8,088**	*10,894*
Net funds at 25th January, 2003	**15,529**	*8,088*

27. Analysis of changes in net funds

	At 26.01.02 £000	Cash flows £000	At 25.01.03 £000
Cash in hand and at bank	*8,265*	7,280	**15,545**
Overdrafts	*(177)*	161	**(16)**
Total	*8,088*	7,441	**15,529**

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

	2003 £000	2002 £000	2001 £000	2000 £000	1999 £000
Turnover	**120,005**	116,261	111,878	109,995	106,892
Operating profit	**11,873**	10,487	13,697	12,210	12,303
Interest	**340**	253	225	(114)	(312)
Profit on ordinary activities before tax	**12,213**	10,740	13,922	12,096	11,991
Tax on profit on ordinary activities	**3,693**	3,254	4,159	3,451	3,415
Profit on ordinary activities after tax	**8,520**	7,486	9,763	8,645	8,576
Dividends	**4,496**	4,202	4,200	3,813	3,545
Retained profit for the year	**4,024**	3,284	5,563	4,832	5,031
Earnings per share on issued share capital	**43.78p**	38.47p	50.17p	44.42p	44.07p
Dividend per share	**23.10p**	21.60p	21.60p	19.60p	18.25p

The Earnings per share on issued share capital for each period have been calculated to reflect the shares in issue at 25th January, 2003.