it's all about
choice

SC 5653.

BARR
SOFT DRINKS

ANNUAL REPORT
AND ACCOUNTS
JANUARY 2005

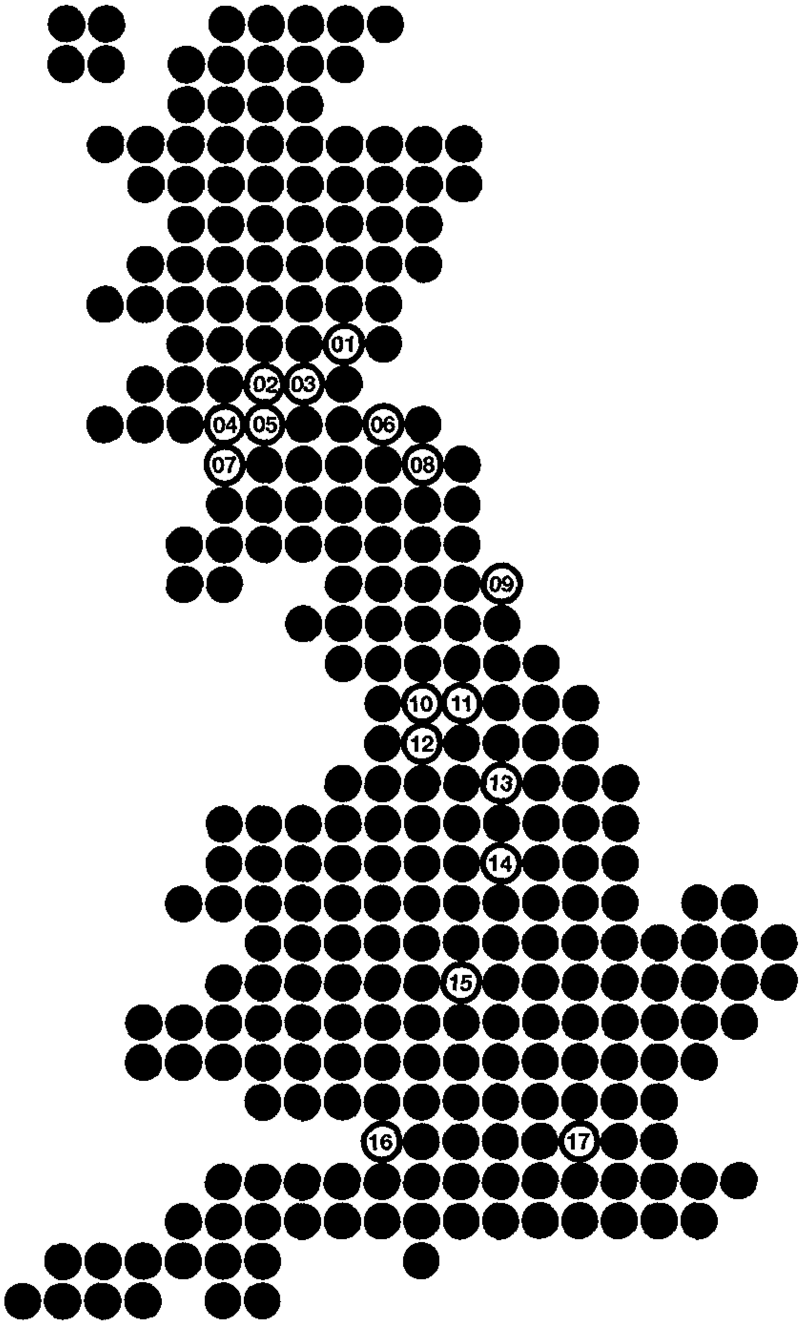
Experienced people, strong brands and the ability to understand changing needs

Robert Barr filled his first cork stoppered bottle in 1875. Today A.G.BARR p.l.c. is a successful, strong and independent company which produces a wide range of branded soft drinks. The continued success of the business is a result of the quality and experience of our people, the strength of our brands, our ability to understand the changing needs of both consumers and customers and to act decisively to meet those needs.

For the year ended 29th January, 2005.

01 UK Operations
02 Chairman's Statement
06 Chief Executive's Statement
18 Corporate Social Responsibility
22 Board of Directors
24 25 Years Service
25 Accounts Contents
26 Directors' Report
28 *Statement on Corporate Governance*
30 Directors' Remuneration Report
36 Independent Auditors' Report
37 Consolidated Profit and Loss Account
38 Balance Sheets
39 Cash Flow Statement
40 Accounting Policies
41 Notes to the Accounts
51 Review of the Trading Results
52 *Notice of Meeting*

01 Kirkcaldy	SALES BRANCH
02 Cumbernauld	GLASS/PET FACTORY
03 Falkirk	DISTRIBUTION DEPOT
04 Glasgow	HEAD OFFICE/DISTRIBUTION/SALES
05 Wishaw	SALES BRANCH
06 Edinburgh	SALES BRANCH
07 Irvine	SALES BRANCH
08 Pitcox	FINDLAYS WATER FACTORY
09 Newcastle	SALES BRANCH
10 Atherton	GLASS/CAN FACTORY
11 Bolton	REGIONAL HEAD OFFICE
12 Moston	SALES BRANCH
13 Sheffield	SALES BRANCH
14 Mansfield	PET FACTORY
15 Wednesbury	SALES BRANCH
16 Bristol	DISTRIBUTION DEPOT
17 Walthamstow	SALES BRANCH



900

Barr employs over 900 people

39m

We move 39 million cases per year via our own transport fleet

4.5m

Our delivery vehicles travel 4.5 million miles a year

Chairman's Statement

Review of results
I am pleased to report that profit on ordinary activities before tax was £15.6 million for the 52 weeks to January 2005 – an increase of 13% over the previous 53-week period. Turnover for the year to January 2005 was £127.2 million, an increase of 1.5% over the turnover achieved in the previous financial year, but the increase was 3% if adjustment is made for the extra week last year. On the back of an earnings per share rise from 49.90p to 56.56p, your directors have been able to recommend a final dividend of 19.5p per share to give a total for the year of 28.75p, an increase of nearly 13%.

These figures are all the more pleasing as they have been achieved despite the poor summer weather of 2004 which contributed to a particularly competitive market place later in the year.

Our people
Our strong performance, particularly during the second half of the year, would not have been possible without the continuing contributions from our employees and I would like to thank them all, on behalf of our external shareholders, for the excellent results.

I am pleased to record that we have completed the move in January this year of our regional headquarters staff from traditional office facilities within our long-standing Atherton factory to a purpose-built open plan environment within leasehold offices at a nearby Bolton development. Already we are seeing improved efficiencies resulting from these enhanced working conditions.

The A.G.Barr 1995 Savings Related Share Option Scheme reached the end of its ten year life in March this year. Under the scheme we have made four offers to employees. Almost half of our employees currently participate in one or more of the offers. The scheme has therefore proved to be a very successful vehicle through which to encourage employees to increase their shareholdings in the company and thereby align their ambitions more closely with external shareholders. Your directors are keen to continue this incentive and you will therefore see the proposal for a renewal of the scheme for a further ten years as part of the agenda for this year's Annual General Meeting.

Corporate governance
This Annual Report & Accounts contains the appropriate additional information required in terms of the 2003 revised Combined Code on Corporate Governance.

Subsequent to the end of the financial year we have standardised the contracts of all executive directors by introducing a basic one year's notice on termination by the company. Full details of the changes are contained in the directors' remuneration report.

Relative to the proposal at the forthcoming Annual General Meeting to re-elect James Espey for a third term of three years as a non-executive director, I am pleased to confirm that his contribution to board discussions and overall commitment to the company's affairs continue to be highly valued by both myself and other board members.

"... we have the brands, the facilities and the people to enable us to continue as a successful independent company."

ROBIN BARR
CHAIRMAN

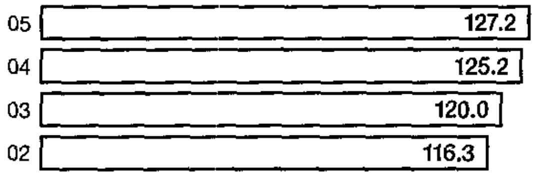
Prospects

Cash flow was particularly strong last year and our balance sheet shows £35 million cash at bank at January 2005. Next year will however see the start of a period of higher investment as we develop facilities which will both deliver increased efficiencies and provide structures within which to achieve future growth.

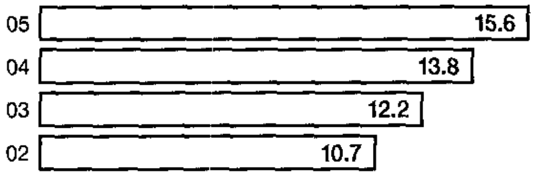
Despite the UK volume decline caused by last year's poor summer weather, it is still anticipated that the soft drinks industry will show long-term growth – albeit across a wider portfolio of products than hitherto. We will require to continue to adjust, as appropriate, our own range to remain competitive but I believe that we will have the brands, the facilities and the people to enable us to continue as a successful independent company.

ROBIN BARR
CHAIRMAN

Sales (millions)



Profit before tax (millions)



Dividends (millions)

£127.2

Full-year sales rise to £127.2m

£15.6

Profit before tax rises to £15.6m

it's all about
taste

Number one grocery brand in Scotland

Diet IRN-BRU receives a makeover

Phenomenal campaign drives sales

←

SALES GROWTH
With the relaunch of Tizer and the introduction of Tizer Colourz the sales of this brand grew across the impulse market. More consumers than ever before are drinking Tizer. The brand's growth will be *further strengthened* by the introduction of a new flavour – Tizer Blue.

↑

WHEN ROBBIE DRINKS TIZER
Robbie (16): "We started drinking Tizer because we liked the colour. The name is also quite cool. We really like the taste and it's great to drink when you're hanging out with your mates."

Chief Executive's Statement

Business performance figures for the year to January 2005, as highlighted by the chairman, reflect the continuing strong overall progress of the company. This success is the result of a simple and clear strategy, focusing on the basics, coupled to strong execution across the business as a whole. The sales growth and profit improvement were achieved in a difficult market. They reflect the implementation of the strategic agenda set in previous years for evolutionary change in the areas of core brand, market and portfolio development and innovation, route to market, partnerships and improvement of operational efficiency. These results provide the company with a solid platform for future growth and success.

Opportunities for growing our business remain plentiful. Incremental growth, including the development of a more diverse range of products, extensions of existing brands and investment in the efficiency of our operations, will improve our ability to increase sales and future profits. At the same time as delivering this organic growth strategy we remain alive to the opportunity for acquisition of the right brands and businesses, but only when they offer true long-term value and enhance the prospects of our company. The continued strong generation of cash and management's control of costs ensure that we have the financial ability to act decisively when the right openings occur to grow our business through either investment or acquisition.

Principal aim

We have successfully maintained our principal aim of building long-term value rather than going for short-term gain. The investment in our key brands has not only delivered a 3% increase in comparable sales revenue over the last year, but has also put us on a strong footing for future growth. Lacklustre consumer demand in the soft drinks category across the year created competitive trading conditions, leading many in the industry to focus increasingly on price promotion as their main source of sales growth. During this period we have improved our promotional efficiency while maintaining competitive pricing. We have also considerably increased our spending on marketing across our core brands, in particular the exciting IRN-BRU Phenomenal campaign. Our sales performance in the year saw uniform growth across all channels, further highlighting the strength in and the diversity of our various customer sectors and routes to market. I am pleased to report that our core brands have gained market share over the course of the year. This performance, particularly in Scotland, reflects our decision to invest disproportionately in the Scottish market. IRN-BRU has delivered strong growth in Scotland. Market share by value as recorded by Nielsen Scantrak shows IRN-BRU for the first time with a market share in excess of 20% of total carbonates in Scotland. This further strengthens our number one position.

Ongoing and fundamental changes in consumer attitudes and preferences relating to health and well-being have increased the demand for diet drinks, water and health-based products. Having recognised these changes at an early stage, we have been able to offer people what they want, namely choice. Our product portfolio and the strength of our brands has to date left us undamaged by the shifts in consumer requirements, but we are acutely aware of the need to broaden our portfolio further to ensure future growth. We realise this can only be achieved by meeting the changing demands of consumers.

Value over volume

This was a tough year in soft drinks. In the year to January 2005 the UK carbonates market, as measured by Nielsen, experienced in total a 7% volume decline and a 5% value decline with our most relevant sector, other flavoured carbonates, performing even more poorly at a 10% year on year decline in both volume and value. This performance was due largely to the poor summer weather and resulted in increased competition, mostly in the form of aggressive price promotion. However, we have adhered to our objective of continuing to drive value, even at the expense of volume. Our margins have continued to improve as a consequence of the combination of this strategy and our strong management of operating costs across the whole business.

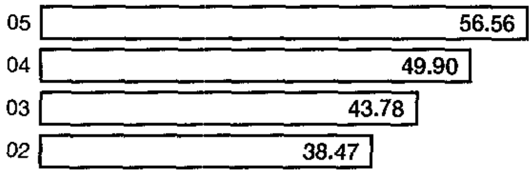
ROGER WHITE
CHIEF EXECUTIVE

"This success is the result of a simple and clear strategy, focusing on the basics, coupled to strong execution across the business as a whole."

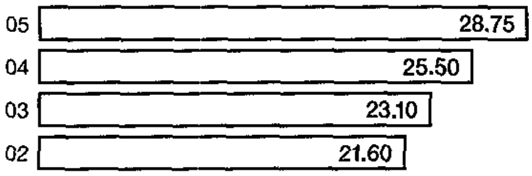
The relentless consolidation of the retail market has proved as challenging as we had expected. We have endeavoured to ensure that all changes, no matter how significant, had a minimal effect on our overall business. Once again our customer mix and diverse routes to market helped to safeguard our business against the potentially significant negative short-term effects of retailer consolidation or under-performance. Furthermore, our brands are proving strong enough to compete in this consolidated market and the quality of our service offering is acknowledged as second to none throughout our customer base.

Cost inflation has been severe in recent months, particularly in oil-based commodities and utilities. While last year we actively managed much of the risk associated with this issue, the prospects for the new financial year are more daunting. Sustained increases of many of our input costs will have a negative cost impact on our operations. Therefore, to ensure our margins are stabilised, we need to improve cost control measures and efficiencies, alongside achieving price inflation in the category as a whole. Plans to deliver this margin stabilisation are well progressed.

Earnings per share (pence)



Dividend per share (pence)



Diet IRN-BRU
In 2005 Diet IRN-BRU celebrates its 25th anniversary, with a new identity. Its distinct personality and classy design emphasise style and sophistication which make it stand out from the crowd. Already accounting for 35% of IRN-BRU sales, Diet IRN-BRU is set for further growth.

it's all about

innovation

Tizer revenues rise

One brilliant colour, four great flavours

New Tizer Colourz sparkle in a lacklustre market

←
PREMIUM POSITION
Findlays Natural Mineral Water is a quality product which occupies a premium position at the higher end of the market. It is equally well suited for people on the move and school-*time consumption. With the potential* of the Findlays source firmly established, the company is considering long-term investment in this sector.

↑
JULIA TAKES FINDLAYS OUT
Julia (28): "I enjoy Findlays when we're having a meal. When I'm going to the gym, I always take a bottle with me in my bag. At work I've found that I get less tired when I drink Findlays. *It really quenches my thirst."*

Chief Executive's Statement

Investment planning
While we have sought to maximise the use of all our assets, our capital expenditure has remained modest. However, as the chairman has commented in his statement, we are now in a position to launch a significant asset development programme.

Plans have been drawn up to invest in our sales, distribution and storage activities in Scotland. These plans include the centralisation of our warehousing from multiple off-site storage facilities to a single consolidated manufacturing and storage facility at our existing Cumbernauld factory site. Subsequently we will also improve our sales execution and efficiency with the centralisation of our direct-to-store sales, distribution and administration teams from the existing five locations across Scotland to the new facility at Cumbernauld. Our Head Office, currently based at Parkhead, will also be relocated to new offices on the Cumbernauld site. These proposals will, of course, be subject to full consultation with all affected employees and receipt of planning approvals.

The capital expenditure programme is expected to be of the order of £17 million over a period of 3 years. Receipts from property sales will off-set some of this capital spend. Once the investment is completed, efficiency improvements are expected to be of the order of £2.5 million annually.

This exciting investment programme in our core market is the outcome of rigorous planning and would herald a 2-3 year period of development which will provide the company with a modern, flexible and efficient selling, administration and supply chain operation, capable of sustained growth.

Core brands
Last year we set out to improve the already strong market position of IRN-BRU, focusing much of our efforts on our key market in Scotland. Having developed the new brand positioning and associated campaigns, we significantly increased our media spend on IRN-BRU. The Phenomenal campaign has delivered well in Scotland, improving all our key brand indicators of penetration, frequency and loyalty. With our planned activities in 2005/06 we look forward to making real progress in the significantly bigger but more challenging UK market outside Scotland.

Diet IRN-BRU has performed strongly over the last year showing value growth of 5%. This year the brand will receive a full makeover, including exciting new packaging and new consumer communication activity. Diet IRN-BRU has now for the first time been entirely separated from IRN-BRU in terms of marketing execution. New dedicated Diet IRN-BRU TV, radio and outdoor advertising campaigns are just some of the activities designed to improve the market potential and performance of this key brand.

Following the relaunch of Tizer and the subsequent introduction of the Tizer Colourz range we realised significant revenue improvements in the course of last year. Not only has the Colourz range introduced some sparkle into a somewhat uninspired market but it has also reinvigorated Tizer, a traditional brand, giving it a more contemporary personality and appeal across the whole UK market.

The Orangina brand changed owners in the UK during the course of 2004. Cadbury Schweppes' purchase of Orangina in October 2004 now provides this brand with a brighter future outlook. Orangina's volume and value performance during the course of 2004/05 suffered a significant decrease as the promotional and marketing plans were altered considerably prior to the change in ownership. We are now working with Cadbury Schweppes to determine the long-term positioning of the brand and we foresee the potential development of a long-term partnership with Cadbury Schweppes.

Findlays Natural Mineral Water has shown itself capable of occupying a premium position at the higher end of the water market while generating good growth regardless of poor weather and strong competitor activity. Meanwhile the home office delivery (HOD) business in water coolers continues to make steady progress despite aggressive competition from multinational competitors. The HOD market, whilst price sensitive, is largely a service-driven market and we have made real progress in acquiring new business based on our service offering. Following exploratory drilling we have established a further potential supply of significant quantities of natural mineral water for our Findlays business and are now considering our long-term investment options in this sector.

IRN-BRU
The Phenomenal campaign lifted IRN-BRU and added value to the soft drinks category. With new "phenomenal" advertising that remains true to the heart of the brand's character, the new campaign has been welcomed by both shoppers and retailers. The Phenomenal campaign will now be rolled out throughout the UK.

Lipton Ice Tea continued to perform well, however volumes were impacted as a consequence of the poor weather. Having worked closely with Unilever during the early years of introducing Lipton Ice Tea into the UK market, we are now moving forward to a new, simpler relationship with Unilever, more suited to the product life cycle as it moves from the successful introduction phase into early maturity.

Our regional brands, which include KA, Red Kola, D'n'B and the Barr flavours range, continue to be among the most popular in their specific home territories – sometimes even outperforming global brands. These quality products match the tastes and preferences of regional consumers and have a strong future role to play in our business.

The Barr returnable glass bottle range, which consists of typically impulse purchases and is therefore heavily dependent on the weather, started the year well but suffered as impulse consumption fell because of the poor summer weather. However, returnable glass is an environmentally sound and high quality packaging format which consumers continue to enjoy. This range remains an integral part of our business. We will persist in our aim to stabilise the market for returnable glass bottles by improving marketing and sales execution with our key retail customers.

Portfolio development

The incremental development of our core brands has been complemented by development of new products such as the Simply range. These single serve products have been created specifically for the educational market and are available in a wide variety of different flavours and formats, all developed to meet the health requirements of this sector and to provide school children with exciting and tasty drinks. The Simply range proved extremely successful in a relatively short space of time, sales revenue grew by over 50%, and we believe that it has the potential of becoming a much larger part of our portfolio. During the course of the coming year we plan to launch further products in this range, add to our portfolio with more products in the water market sector and establish a presence in the areas of sports and energy drinks.

Through product innovation A.G.Barr will also make further ground in the area of adult soft drinks or the "Good for You" sector. Over the course of 2005 we have planned several new product launches and we will invest in developing more brands for this growing market.

FINDLAYS NATURAL MINERAL WATER
At the foot of the beautiful Lammermuir Hills, a geological fault-line created a natural water source. There Findlays Natural Mineral Water wells up from between the rocks. To enhance supplies of this exceptional water a new borehole has been sunk allowing access to additional volumes.

it's all about
discovery

New products are developed

New consumers enjoy our brands

New long-term partnerships formed

RETURNABLE GLASS BOTTLE
The 750ml returnable glass bottle remains one of Scotland's favourite packaging formats. It is also an environmentally friendly pack. The range of Barr flavours is available in this bottle which is produced locally at the Cumbernauld plant.

HELEN'S CHOICE
Helen (42): "We're a thirsty lot. Personally I like Barr's lemonade. The other drinks are for my kids, Red Kola, Ginger Beer and Pineapple are firm favourites with my family."

Chief Executive's Statement

Route to market
As noted earlier, our route to market diversity helped to insulate us from the short-term impact of consolidation in the retail market. With our business spread across all of the major multiple retailers and with strong trading relationships in the independent and wholesale trade, coupled with our extensive direct sales coverage in the impulse channel, we are achieving our planned balanced growth profile in each of these different trade channels.

Having reviewed our execution support for the different routes to market and channels, we have reorganised much of our commercial operation over the last 12 months. Commercial resources have been upgraded and the focus on specific channels has been improved. For example, we have developed a specialist food service and catering sales team to speed up our penetration of this important and growing market.

We continue to serve some 32,000 customers every week with our direct delivery service. We are constantly evaluating the service and the overall efficiency of the direct delivery operation. Over the course of the last year we have made further investments in new technology, improved in-store execution and increased people performance. Our capability in providing in-full, on-time delivery to all customers has been improved over the course of the last year, aided primarily by better forecasting, which has allowed us to ensure that all our customers receive the best possible service and that our products are always in stock and thereby available to consumers.

Partnerships
First and foremost we work in partnership with all our customers. Throughout our business we also aim at steadily improving our working relationships with all our other key partners, whether they are material or services suppliers, franchise or execution partners, or marketing and sales partners. All these relationships have improved, but we firmly believe we can better our business by continuing to focus on this objective.

Our partnership with the Pepsi Bottling Group in Russia has made firm progress with the IRN-BRU brand receiving further investment over the course of the last 12 months. Performance in the Russian market sees IRN-BRU continuing to maintain a market share of around 1%.

On a more disappointing note, the progress of IRN-BRU in other new markets has been frustratingly slow. However, there have been some positive market test results in a number of Eastern European countries and we hope that the IRN-BRU presence will be extended during the course of the current year.

Operational and supply chain efficiency
We have again improved our operational efficiency. Every employee is engaged in well established processes of continuous improvement which we intend to reinforce with an increasing emphasis on asset and technology driven change.

Over the past year we have continued to invest in our supply chain. Further opportunities exist to upgrade and improve in this area to drive efficiency across our total business. The company is now beginning to reap the rewards of its investment in technology, in particular in terms of better operational planning, forecasting and increased flexibility. However, we are only scratching the surface of what technology can do for our company and it will play a major role in our future plans.

The recent rise in energy costs has given another impetus to making better use of energy – something we do as a matter of course from an environmental standpoint. We have made some important steps forward in this area over the past 12 months, increasing both our spending and our efforts to meet our environmental objectives and ensure we remain fully compliant with the constantly changing legislation in this area.

SIMPLY
We recently launched a new range of drinks under the Simply brand. The drinks are available in a variety of flavours and formats, offering children a choice of healthy, exciting and tasty flavours.

Our people

Last but not least, the people of A.G.Barr are what makes our company so successful. They are experienced, well-motivated and highly knowledgeable individuals. Many have been with the company for more than 15 years. As the chairman has stated, we are actively working to encourage increased share ownership among all employees with the development of our employee share schemes. Across the business we are also strengthening the link between employee performance and reward, as we roll out new performance management systems over the course of the current year.
In addition, we aim to assist our people in other aspects of their work and create the best possible work-life balance, for example through the introduction of a child care voucher scheme last year.

So that our people reach their full potential, we are improving their skills and knowledge through training. More than ever before, the company offers NVQ learning opportunities in almost all areas of our business, from production and administration to marketing and sales. Last year we saw an increase in uptake of practical and professional qualification courses across the business. Ultimately business success depends on people. With our blend of experience, skills and training, A.G.Barr is in a strong position to continue on the path of stable growth driven by our people.

ROGER WHITE
CHIEF EXECUTIVE

REGIONAL SUCCESS
The company is noted for producing soft drinks which have become strong regional brands. These include Barr flavours and Red Kola in Scotland, KA in the Midlands and South of England, and D'n'B in Yorkshire, the North East and North West of England. In local markets they often outperform international brands.

"... the people of A.G.Barr are experienced, well-motivated and highly knowledgeable individuals."

it's all about

variety

People's tastes and preferences

Further ranges of drinks

Diversity in the route to market

←

LOCAL FAVOURITES
Regional brands produced by A.G. Barr such as D'n'B have become local favourites. The reason for this success is that they match the specific consumer preference, taste and bias *of an individual home territory. As such* they will keep playing a strong role in the future of the company.

↑

DANIELLE'S OWN DRINK
Danielle (15): *"I love the taste of D'n'B.* I always used to ask Mum to buy me some. Mum says it's an acquired taste but the real taste of the North."

Corporate Social Responsibility

It is recognised within A.G.Barr 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 the 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.

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 Examination Board of Occupational Safety and Health) qualified safety co-ordinator to provide local health and safety expertise. Health and safety manuals incorporating safe working practices are maintained and held at each site for the information of all employees.

In the year to January 2005 a disappointing 28 accidents were reportable to the Health and Safety Executive (HSE). 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 and initiatives are being planned this year to provide an additional focus on accident prevention.

The group operates an annual health and safety action plan to facilitate continuous improvement. Local and group safety committees conduct monthly, quarterly and annual reviews of safety performance against this plan. A comprehensive health and safety and security audit system, developed internally specifically for A.G.Barr, was introduced last year. All our factories and main warehouses have now been audited and where necessary improvement plans prepared and implemented. The remaining sites will be audited during the course of this year. The board of directors requires 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.

Environment
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.

Strategy
- Managing key environmental issues; monitoring and evaluating impacts such as energy consumption, packaging design and effluent discharge.
- Setting and reviewing environmental targets locally and within our business goals.
- Setting plans to achieve targets.
- Considering the environmental impact when making investment decisions.
- Achieving and maintaining the British standard BS EN ISO 14001.

Sustainability
Within A.G.Barr, sustainability is promoted through our environmental programme; where possible, conserving natural resources, protecting natural ecosystems and minimising our environmental impacts. The operations director has responsibility for carrying through our environmental programme.

Programme
Our three main factories are now certificated to the internationally accepted environmental management standard ISO 14001.

Following the introduction of the climate change levy, the energy tax on businesses, energy saving initiatives were introduced at each of our factories. The savings made exceeded the government targets and this success has enabled us to qualify for the climate change levy rebate for the next two years.

As reported last year, the European Union's Integrated Pollution Prevention and Control Directive has been issued in the UK as the Pollution Prevention and Control (PPC) Regulations, making it compulsory for us to apply for PPC permits from the Environment Agencies. Our three main factories now fall within the regulations and our submissions have been made to the Agencies for assessment. It is anticipated that the permits will be issued before the end of 2005. The strategy of achieving ISO 14001 before the applications were required was a great benefit in ensuring that the data required was available. Additionally, the Environment Agency fees are significantly reduced as the permit charging mechanism allows for the additional degree of management control that ISO 14001 provides.

With the permits there will be an on-going requirement to comply with ever tighter emission control targets and European-derived "best available techniques" in our manufacturing sites.

"... social and environmental as well as financial issues are all critical and fundamental to ensuring a successful business ..."

ENERGY USE
Making better use of energy is something the company does as a matter of course. Not only because of environmental issues, but also because of rising energy costs. Over the past year energy efficiency has been increased, ensuring A.G.Barr remains fully compliant with constantly changing legislation.

Quality and food safety

Quality

We are certificated by UKAS approved auditors, Lloyds Assurance QA, to BS EN ISO 9001 – the quality management system – at all four factories. The basis of operation within the factories is that of continuous improvement, as required by ISO 9001 and all employees are actively encouraged to participate. This system is being extended to incorporate other areas of activity within the group.

Procurement

All our major suppliers maintain ISO 9001 quality systems within their manufacturing facilities. We operate an ethical purchasing policy based on that issued by the Institute of Purchase and Supply. All key material suppliers are scheduled to be audited annually by trained auditors who work with the suppliers to improve control processes. We continue to require our suppliers to maintain the GM-free status of our raw materials.

Food safety

The group operates a HACCP (Hazard Analysis Critical Control Point) approach, whereby each critical point in our manufacturing processes is reviewed and controls are put in place to ensure food safety. This approach is the main principle of BS EN ISO 22000 – the new food safety management system due for publication later this year. We will be applying for certification to this standard during 2005. Within our factories staff are trained to RIPH (Royal Institute of Public Health) foundation level in food hygiene and safety techniques. Where appropriate, staff are trained to intermediate and advanced levels with regular refresher training provided. The move of our regional head office to new premises at Bolton has enabled the upgrading of our analytical services within our central laboratory in addition to more space being available for product development.

Employees

We recognise that the talents and skills of our workforce are vital to the group's 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.

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

Community

Each of our sites is encouraged to be involved with its local community and to support, where possible, some of its local community charities and events.

"... savings made exceeded the government targets and this success has enabled us to qualify for the climate change levy rebate for the next two years."

PACKAGING
Returnable glass bottles provide an environmentally responsible way of packaging soft drinks. The bottles can be returned, cleaned and refilled. Many consumers opt for this format because they want to minimise waste and save natural resources. We are committed to support them in their choice.

it's all about

you

Understand consumer needs

Treasure the contribution of every employee

Know shareholder value and benefits

Board of Directors

Directors From left to right

RONALD G. HANNA, C.A.
Joined the company in 2003 as a non-executive director. Formerly chief executive of Bett p.l.c. Current chairman of Glasgow Investment Trust and a director of Edinburgh High Income Trust. Aged 62

JONATHAN D. KEMP, B.A. (Hons)
Joined the company in 2003 as commercial director. Aged 33

W. ROBIN G. BARR, C.A.
Joined the company in 1960. Appointed director in 1964 and chairman in 1978. Aged 67

ALAN A. BIBBY, B.Eng., F.Inst.B.E.
Joined the company in 1977.
Appointed operations director in 1985.
Aged 53

ROGER A. WHITE, M.A. (Hons)
Joined the company in 2002 *as managing director. Appointed* chief executive in 2004.
Aged 40

IAIN F. GREENOCK, C.A.
Joined the company in 1975.
Appointed secretary in 1995, financial director in 1998.
Aged 57

JAMES S. ESPEY, B. Com., M.B.A., Ph.D.
Joined the company in 1999 as a non-executive director.
Currently non-executive chairman of Swallowfield plc and a non-executive director of Fuller Smith & Turner P.L.C.
Aged 61

25 Years Service Awards

In memory of Barbara Elliott who sadly died in 2004 after completing 25 years service.

01	02		03
	04	05	06
07	08	09	
10	11	12	13
14		15	16

01 Brian Davis	SHIFT LEADER	09 Jim Gilfillan	DRIVER SALES REPRESENTATIVE
02 John Robertson	AREA DEPOT MANAGER	10 Bill Jones	WAREHOUSE OPERATIVE
03 Janice Spence	IT SERVICES ADMINISTRATOR	11 Walter Cannon	TRUNKER DRIVER
04 Drew Crawford	RELIEF CHECKER CLERK	12 Tom McKernan	DRIVER SALES REPRESENTATIVE
05 Anne Muir	ACCOUNTS ASSISTANT	13 Fred Williams	WAREHOUSE OPERATIVE
06 Robert Davidson	GARAGE SERVICES SUPERVISOR	14 Betty Plenderleith	CLEANER
07 David Reynolds	WAREHOUSE OPERATIVE	15 Kevin Mitchell	PRODUCTION OPERATIVE
08 Stewart Wilson	DRIVER SALES REPRESENTATIVE	16 Barbara Elliott	SYSTEMS ADMIN MANAGER

Results and dividends

The profit on ordinary activities after tax as shown in the consolidated profit and loss account amounted to £11.008m (2004 - £9.712m).

The directors recommend that this be distributed as follows:

Dividends	**£000**
Interim dividend paid 29th October, 2004, 9.25p per share (2004 – 8.50p)	1,800
Final dividend proposed 19.50p per share (2004 – 17.00p)	3,795
Total dividends 28.75p per share (2004 – 25.50p)	5,595
Retained profit for the year	5,413
	11,008

If approved the proposed final dividend will be posted on 8th June, 2005.

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 of the chairman and the chief executive on pages 1 to 15.

International Financial Reporting Standards (IFRS)

The company is required to prepare its financial statements for the six months to 30th July, 2005 and all following reporting periods in accordance with international financial reporting standards. A plan is in place to address the areas of divergence from UK GAAP which will impact on our future reports and accounts.

The areas of divergence which it is anticipated will have a significant impact on future reporting are:

- accounting for pension costs under IAS 19 where the company will reflect the actuarial gains and losses directly in shareholders' funds. The deferred tax provision will also be affected by this standard;
- accounting for dividends approved post the balance sheet date; and
- accounting for share based payments.

Fixed assets

The directors are of the opinion that the market value of properties at 29th January, 2005 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, the All-Employee Share Ownership Plan and the Long-term Incentive 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 29th January, 2005 trade creditors represented approximately 36 days purchases based on the average daily amount invoiced by suppliers during the year.

Directors' Report

Directors
The directors of the company, together with biographical notes are shown on pages 22 and 23. All the directors held office throughout the year. The directors retiring by rotation are W.R.G. Barr and R.A. White, who being eligible, offer themselves for re-election. Both directors have service contracts which are terminable on a basic one year's notice (see page 32).

Following the completion of his second three year contract as a non-executive director, the re-appointment of J.S. Espey on 1st April, 2005 falls to be confirmed. J.S. Espey has a three year contract from his date of re-appointment.

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

Interests in share capital
In addition to the directors' shareholdings detailed in the directors' remuneration report on page 35, the directors have been notified of the following shareholdings in excess of 3% of the issued share capital as at 29th January, 2005:

Caledonia Investments PLC	1,820,000 shares (9.35%)
Finsbury Growth Trust PLC	885,000 shares (4.55%)

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,

Iain F. Greenock Iain F. Greenock

I.F. GREENOCK, C.A.
SECRETARY.
1306 GALLOWGATE,
GLASGOW G31 4DS.
30TH MARCH, 2005.

Statement on Corporate Governance

Application of the principles of the revised Combined Code

The board
A.G.BARR p.l.c. 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.S. Espey is the senior non-executive director.

Under the company's Articles of Association, one third of the board is subject to retirement and re-election every year with each director being required to be re-elected within a three year period.

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 and all items relevant to the schedule of matters for consideration and discussion by the board are circulated in advance of each meeting. At only one of this year's scheduled board meetings was there less than full attendance with one director unable to attend. The appropriate directors, who formed a quorum, attended additional technical board meetings during the year.

Matters relating to trading, cash flows, product development and operations are discussed and considered by the management committee which is chaired by the chief executive and consists of the three functional directors and six senior managers. This committee has twelve scheduled meetings annually.

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 page 30. The committee met twice during the year, all members in attendance;
- the audit committee which is comprised of R.G. Hanna as chairman and J.S. Espey. The committee met three times during the year with the auditors following which reports were made to the board on the published financial statements, systems of internal financial control, risk management systems and processes. At the reviews with the external auditors, due consideration was given to the level of non-audit services provided, to ensure the level of non-audit fees is appropriate; 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.S. Espey and R.G. Hanna. The committee did not meet during the year.

Appropriate training is provided to new members of the board.

During the year the board carried out a formal internal review of its overall performance and subsequent to the end of the year evaluations have been conducted in respect of the performance of all the individual directors.

Details of directors' remuneration are given in the directors' remuneration report on pages 30 to 35. None of the executive directors currently serve as paid non-executive directors elsewhere.

Relations with shareholders
The company has regular discussions with and briefings for analysts and institutional shareholders. The chairman and chief executive normally meet with major shareholders twice annually and brief the next board meeting on their discussions. 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 management committee meetings. Each quarter reports are made by each functional director to the management committee 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 misstatement. 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 management committee and the full board 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 the revised Combined Code

With the exception set out below, the company complied during the year to 29th January, 2005 with the provisions set out in section 1 of the revised Combined Code appended to the Listing Rules of the Financial Services Authority:

- Notice periods in the executive directors' service contracts were for periods up to two years dependent on length of service. With effect from 17th February, 2005 executive directors' notice periods have been altered to one year except in certain circumstances detailed on page 32.

The remuneration committee
The remuneration committee comprised:
J.S. Espey (Chairman)
R.G. Hanna

J.S. Espey is the senior non-executive director of the company and has served from 16th April, 1999. R.G. Hanna, non-executive director, was appointed to the committee on 19th June, 2003.

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 and bonus schemes**

(a) Profit Linked Share Plan (PLSP)
The executive directors participated in the company's Inland Revenue approved Profit Linked Share Plan which was open to all employees. Under the terms of this scheme all participants received shares to the value of a common percentage of their earnings, related to the performance of the company. The shares allocated were to a maximum annual 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 this year 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 three 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 annual 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 company 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 company ceases.

(c) Savings Related Share Option Scheme (SAYE)
The 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 provided 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.

The company will present at the annual general meeting a resolution to renew the SAYE scheme the terms of which are stated in the enclosed letter from the chairman dated 30th March, 2005.

(d) Executive Share Option Plan (ESOP)
The Executive Share Option Plan was 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 and the final outstanding options were exercised during the year to 29th January, 2005.

(e) Performance Related Share Scheme (PRSS)
The purpose of this scheme was to reward executive directors and other senior employees for achieving above average performance in the profits of the group which would also benefit shareholders. The final award under this scheme was provided for the year to 25th January, 2003 and the scheme has been replaced by the Ltip (2003) at (g) below. Subject to the discretion of the remuneration committee, participants were awarded bonuses following an increase in earnings per share of at least 2½% above Retail Price Index providing the executive was 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 was on a sliding scale commencing at 8⅓% and could not exceed 50% of the executive's annual base salary.

The bonuses are released as follows:

- Normally one third of the value of the bonus was in cash and released immediately on award.
- The remainder of the value of the bonus was in the form of shares which would 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.

(f) Annual performance bonus
This scheme is available to reward senior executives including executive directors for achieving above average performance in the profits of the group if earnings per share in the current year exceeds the previous year's number as adjusted by the Retail Prices Index by a sliding scale from 3.75% to over 30%. The bonus reflects this earnings movement and is paid in cash as a percentage of each executive's base salary from 12.5% to a maximum of 50%.

(g) Long-term Incentive Plan (2003) (Ltip)
This scheme was approved by shareholders at the Annual General Meeting held on 19th May, 2003 and replaced the PRSS at (e) above. It is available to reward senior executives, including executive directors, if the average earnings per share of the three years running up to and including the year of calculation exceeds the average of the three years preceding that period, both being adjusted for Retail Price Index, by a sliding scale from 10% to over 50%. The award, payable in shares, is valued as a percentage of the basic salary of executives on a scale from 12.5% to 75% for the maximum award.

(h) Executive Share Option Scheme (ESOS)
This scheme was approved by shareholders at the Annual General Meeting held on 19th May, 2003 but no options have been awarded.

(iii) Elements of remuneration

- Basic salary and benefits.
- Performance related components. In the year to 29th January, 2005 these were the free share element of the AESOP at (b) above, the annual performance bonus at (f) above and the Ltip at (g) above.

The balance of these elements is intended to align executives' longer term interests with those of shareholders. In 2005 the performance related elements of the remuneration package amounted to 30.1% of the total. In 2004, this was 16.4% of the total.

(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 has been altered to include a defined contribution section. The defined benefit section was closed to new entrants with effect from 14th August, 2003.

(iv) Pension rights (continued)
The defined benefit section (four executive directors) 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.

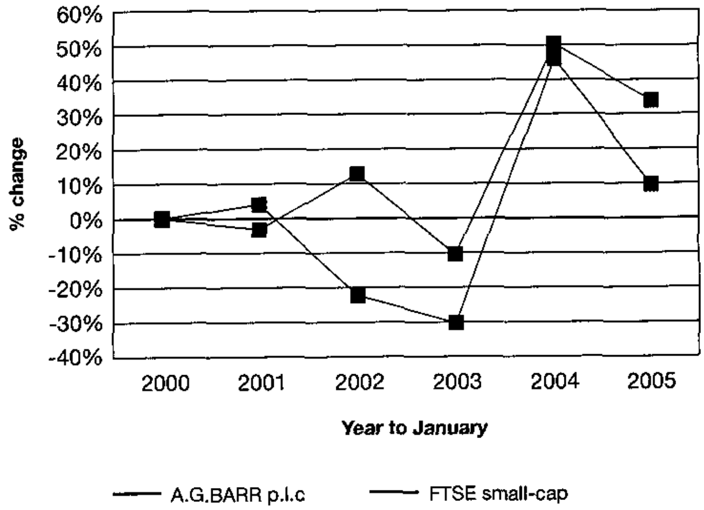
The defined contribution section (one executive director) provides a fund from which a pension may be bought. The level of contribution payable by both member and company varies upwards dependent on either age or length of pensionable service with the company. Where required, benefits based on salary in excess of the earnings cap are provided on an unapproved basis.

(v) Service contracts
The service contracts of three of the executive directors and the chairman provided for a period of notice of one year increasing to two years after four years service as a director. The last issued director's service contract provided for a one year period of notice. Directors are required to give six month's notice of termination.

Subsequent to the end of the financial year the service contracts of each of the four executive directors and that of the chairman have been altered to reflect changes in the period of notice. All contracts now provide for a period of notice of one year except during the six months following either a takeover of or by the company or a company reconstruction when the notice period reverts in certain circumstances to two years for each of the executive directors. This change has resulted in payments of £20,000 to each of A.A. Bibby and I.F. Greenock.

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

	2005 £000	2004 £000
Salaries and benefits	**744**	793
AESOP free shares	**12**	9
Annual Performance Bonus	**180**	164
Long-term Incentive Plan	**158**	48
Pension contributions – defined contribution scheme	**18**	4
Fees to non-executive directors	**52**	60
Payment in lieu of notice and termination payment	**–**	244
Ex-gratia payment	**–**	28
	1,164	1,350

The All Employee Share Ownership Plan free shares are shown when appropriated whereas the Long-term Incentive Plan (2003) deferred shares are accruals for the relevant reporting period.

The remuneration of the executive directors was as follows:

	W.R.G. Barr £000	R.A. White £000	A.A. Bibby £000	I.F. Greenock £000	J.D. Kemp £000
Salary	104	247	133	130	130
AESOP free share allocation	3	3	3	3	–
Annual Performance Bonus	–	69	37	37	37
Long-term Incentive Plan	–	59	33	33	33
Contributions under defined contribution scheme	–	–	–	–	18
12 months to 29th January, 2005	**107**	**378**	**206**	**203**	**218**
12 months to 31st January, 2004	204	296	180	178	76
Long-term Incentive Plan (2003): – estimated value of bonus shares					
At 29th January, 2005	**–**	**162**	**91**	**91**	**91**
At 31st January, 2004	–	52	31	31	31

The estimated value above is calculated by reference to the anticipated bonus shares to be awarded valued at the relevant year end share price.

Directors' pensions

Accrued annual pension at 29th January, 2005	**151**	**13**	**75**	**85**	
Increase in accrued annual pension after indexation	**8**	**6**	**10**	**17**	
Transfer value of increase in accrued pension at 29th January, 2005	**153**	**33**	**133**	**257**	
Transfer value of increase in accrued pension at 31st January, 2004	159	22	71	38	

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

J.D. Kemp is a member of the defined contribution section of the Executive Pension Scheme. During the year the company paid contributions in respect of J.D. Kemp of £18,188.

During the year R.A. White transferred the value of a previous pension arrangement into the Executive Pension Scheme which value secured an additional pension of £64,241 payable from age 60 not included above. The value of this additional pension at 29th January, 2005 was £235,200.

Directors' interests

Estimated potential performance share awards

	Plan	As at 31.01.04	Awards vesting during the year	Awards lapsing during the year	Awards made during the year	As at 29.01.05	Date of award	Share price on date of award (pence)	Performance period end January
W.R.G. Barr	a)	6,362	–	–	–	6,362	16.04.03	488.3	2008/10
		6,197	–	–	–	6,197	19.04.01	462.1	2006/08
		5,220	–	–	–	5,220	23.04.99	447.0	2004/06
	b)	6,362	–	–	–	6,362	16.04.03	488.3	2008/10
		6,197	–	–	–	6,197	19.04.01	462.1	2006/08
		5,220	–	–	–	5,220	23.04.99	447.0	2004/06
Total		35,558	–	–	–	35,558			
R.A. White	a)	6,997	–	–	–	6,997	16.04.03	488.3	2008/10
	b)	6,997	–	–	–	6,997	16.04.03	488.3	2008/10
	c)	7,779	–	–	–	7,779	Note	543.5	2006
		–	–	–	11,432	11,432	Note	708.5	2007
Total		21,773	–	–	11,432	33,205			
A.A. Bibby	a)	4,171	–	–	–	4,171	16.04.03	488.3	2008/10
		4,065	–	–	–	4,065	19.04.01	462.1	2006/08
		3,527	–	–	–	3,527	23.04.99	447.0	2004/06
	b)	4,171	–	–	–	4,171	16.04.03	488.3	2008/10
		4,065	–	–	–	4,065	19.04.01	462.1	2006/08
		3,527	–	–	–	3,527	23.04.99	447.0	2004/06
	c)	4,637	–	–	–	4,637	Note	543.5	2006
		–	–	–	6,112	6,112	Note	708.5	2007
Total		28,163	–	–	6,112	34,275			
I.F. Greenock	a)	4,171	–	–	–	4,171	16.04.03	488.3	2008/10
		3,638	–	–	–	3,638	19.04.01	462.1	2006/08
		2,983	–	–	–	2,983	23.04.99	447.0	2004/06
	b)	4,171	–	–	–	4,171	16.04.03	488.3	2008/10
		3,638	–	–	–	3,638	19.04.01	462.1	2006/08
		2,983	–	–	–	2,983	23.04.99	447.0	2004/06
	c)	4,637	–	–	–	4,637	Note	543.5	2006
		–	–	–	6,112	6,112	Note	708.5	2007
Total		26,221	–	–	6,112	32,333			
J.D. Kemp	c)	4,637	–	–	–	4,637	Note	543.0	2006
		–	–	–	6,112	6,112	Note	708.5	2007
Total		4,637	–	–	6,112	10,749			

Plan

a) Performance Related Share Scheme deferred shares
b) Performance Related Share Scheme potential matching shares
c) Long-term Incentive Plan (2003) estimated bonus shares

Note

Refer to Directors' Remuneration Report on page 31.
The final award under the Performance Related Share Scheme was for the year ended 25th January, 2003.

Directors' share options

The options of the executive directors at 29th January, 2005 over the ordinary share capital of the company were as undernoted for which nil has been paid.

	Options as at 31.01.04	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options as at 29.01.05	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	784.0	24.01.98	24.01.05
A.A. Bibby	5,701	–	–	–	5,701	296	–	01.06.05	01.12.05
I.F. Greenock	1,200	–	1,200	–	–	378	687.5	16.02.98	16.02.05
	3,420	–	–	–	3,420	296	–	01.06.05	01.12.05
	1,955	–	–	–	1,955	336	–	01.12.07	01.06.08

The share price as at 29th January, 2005 was 844.0p and the highest and lowest prices during the year were 849.5p and 626.5p respectively.

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

	2005	2004
Executive directors		
W.R.G. Barr	**1,231,386**	1,203,469
R.A. White	**7,846**	3,159
A.A. Bibby	**76,360**	77,983
I.F. Greenock	**18,757**	16,492
J.D. Kemp	**4,155**	3,000
Non-executive directors		
J.S. Espey	**11,000**	4,000
R.G. Hanna	**25,000**	25,000

I.F. Greenock has non-beneficial interests in 971,101 shares (2004 – 1,092,822 shares) under trusteeships of various employee share schemes. W.R.G. Barr has non-beneficial interests in 1,683,818 shares (2004 – 1,684,768 shares) as trustee of a charitable trust and several family trusts.

There have been the following changes notified in the directors' shareholdings between 29th January, 2005 and 30th March, 2005: I.F. Greenock an increase in beneficial holding of 36 shares and a reduction in non-beneficial holding of 369 shares, R.A. White an increase in beneficial holding of 37 shares, A.A. Bibby an increase in beneficial holding of 36 shares and J.D. Kemp an increase in beneficial holding of 37 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. During the year the fees to directors were as noted below:

	2005 £000	2004 £000
J.S. Espey	**26**	24
R.G. Hanna (appointed 19th June, 2003)	**26**	16
J.M. Goodwin (retired 17th November, 2003)		20
	52	60

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: Directors' remuneration, *directors' pensions, directors' share options and non-executive directors' fees.*

On behalf of the board,

Iain F. Greenock

I.F. GREENOCK C.A.
SECRETARY.

Independent Auditors' Report

To the Shareholders of A.G.BARR p.l.c.
We have audited the accounts on pages 37 to 50 of A.G.BARR p.l.c. for the year ended 29th January, 2005. 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 35 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 27.

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 nine provisions of the 2003 FRC 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 chief executive's statement, the corporate social responsibility, 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 29th January, 2005 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 Baker Tilly

BAKER TILLY
REGISTERED AUDITORS,
CHARTERED ACCOUNTANTS.
GLASGOW.
30TH MARCH, 2005

Consolidated Profit and Loss Account

	Notes	2005 £000	2004 £000
Turnover	1	**127,222**	125,235
Cost of sales		**63,729**	65,777
Gross profit		**63,493**	59,458
Net operating expenses	2	**49,170**	46,260
Operating profit	3	**14,323**	13,198
Interest received	6	**1,285**	599
Profit on ordinary activities before tax		**15,608**	13,797
Tax on profit on ordinary activities	7	**4,600**	4,085
Profit on ordinary activities after tax		**11,008**	9,712
Dividends	8	**5,595**	4,963
Retained profit for the year	20	**5,413**	4,749
Earnings per share on issued share capital	9	**56.56p**	49.90p
Basic earnings per share	9	**58.89p**	51.98p
Fully diluted earnings per share	9	**55.65p**	49.33p

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Turnover and operating profit are derived from the continuing operations of the group.

Balance Sheets

	Notes	Group 2005 £000	Group Restated 2004 £000	Company 2005 £000	Company Restated 2004 £000
Fixed assets					
Tangible assets	10	**37,264**	39,545	**36,743**	39,018
Investment in subsidiaries	11	**-**	-	**205**	205
		37,264	39,545	**36,948**	39,223
Current assets					
Stocks	12	**9,172**	10,418	**9,069**	10,285
Debtors	13	**20,991**	20,126	**20,405**	19,720
Cash at bank		**34,958**	24,937	**34,796**	24,824
		65,121	55,481	**64,270**	54,829
Creditors: Due within one year	14	**29,177**	27,225	**29,361**	27,522
Net current assets		**35,944**	28,256	**34,909**	27,307
Total assets less current liabilities		**73,208**	67,801	**71,857**	66,530
Provisions for liabilities and charges					
Deferred credit	16	**619**	628	**619**	628
Deferred tax	17	**4,819**	4,757	**4,804**	4,745
		5,438	5,385	**5,423**	5,373
		67,770	62,416	**66,434**	61,157
Capital and reserves					
Called up share capital	18	**4,865**	4,865	**4,865**	4,865
Share premium account	20	**905**	905	**905**	905
Own shares held	19	**(2,809)**	(2,750)	**(2,809)**	(2,750)
Profit and loss account	20	**64,809**	59,396	**63,473**	58,137
		67,770	62,416	**66,434**	61,157

The accounts on pages 37 to 50 were approved by the board on 30th March, 2005.

W.R.G. BARR
DIRECTOR.

I.F. GREENOCK
DIRECTOR.

Cash Flow Statement

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Net cash inflow from operating activities	24		**21,038**		20,417
Returns on investment and servicing of finance					
Interest received		**1,288**		603	
Interest paid		**(3)**		(4)	
Net cash inflow from returns on investments and servicing of finance			**1,285**		599
Tax					
Corporation tax paid			**(4,433)**		(3,873)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(2,959)**		(3,306)	
Sale of tangible fixed assets		**215**		274	
			(2,744)		(3,032)
			15,146		14,111
Dividends paid			**(5,108)**		(4,720)
Increase in cash	26		**10,038**		9,391

Accounting Policies

Basis of accounting
The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's accounts.

The accounts 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.

UITF 38 (Accounting for ESOP trusts) has been adopted for the current financial year. As a result of the adoption of UITF 38 own shares held, previously shown as investments, are now disclosed as a deduction from shareholders' funds. A prior year adjustment has been made to restate the comparative figures. The adoption of UITF 38 has not affected profits.

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 for the year, 52 weeks, ended 29th January, 2005 (2004 – 53 weeks).

No profit and loss account is presented for the company as permitted by Section 230 (4) of the Companies Act, 1985.

Tangible fixed assets
Tangible fixed assets are included at historical cost with the exception of certain freehold and leasehold properties acquired at valuation in 1972.

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

Buildings	1%
Leasehold land and buildings	Term of lease
Plant, equipment and vehicles	10% to 33%

Leasing
Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Deferred credit
Government grants in respect of capital expenditure 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.

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.

Deferred taxation
Deferred taxation is provided on all timing differences. It is measured at the average rates of taxation 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 taxation is measured on a non-discounted basis.

Retirement benefits
Contributions to group final salary pension schemes are determined by a qualified actuary on the basis of triennial valuations. Contributions are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the service lives of members. Additional details are given in note 5.

For the group defined contribution pension schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover
Turnover is the net sales value exclusive of value added tax of goods and services supplied to external customers during the year.

Employee share schemes
The company operates a number of employee share based incentive and savings schemes as detailed on pages 30 and 31 of the directors' remuneration report. The costs of these schemes are charged to profit and loss account over either the performance or savings period as appropriate. Administrative expenses are charged as they accrue.

Financial instruments
The 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.

1. *Turnover*

The figure for turnover includes exports of £576,000 (2004 – £591,000) which are not considered sufficiently significant to warrant allocation to the geographical markets involved.

In the opinion of the directors the company only operates in one reportable business segment.

2. Net operating expenses

	2005 £000	2004 £000
Distribution costs	**32,593**	28,494
Administrative expenses	**16,577**	17,766
	49,170	46,260

3. Operating profit

	2005 £000	2004 £000
Operating profit is arrived at after charging:		
Depreciation of fixed assets (note 10)	**5,554**	5,960
Audit fees	**93**	91
Non-audit fees paid to auditors	**102**	65

4. Employees

	2005	2004
The average number of persons employed including directors was:	**923**	946
	£000	£000
Wages and salaries	**21,452**	21,742
Social security costs	**1,685**	1,871
Pension contributions (note 5)	**2,860**	2,655
	25,997	26,268

At 29th January, 2005, 457 employees held options over 884,766 ordinary shares under the A.G.BARR p.l.c. 1995 Savings Related Share Option Scheme.

5. Pension schemes

During the year the company operated five pension schemes, three of which were closed to new employees, the works and the staff pension schemes and the executive pension scheme defined benefit section. The company created a defined contribution section within the executive pension scheme which is now the vehicle for pension provision for new executive entrants. The A.G.BARR p.l.c. (2002) Pension and Life Assurance Scheme is a money purchase pension scheme which was introduced by the company in 2002 to replace the staff and works pension schemes. The scheme for works employees is an insured money purchase arrangement while the previous schemes for executives and 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. Full valuations of these schemes were conducted as at 1st November, 2002 using the attained age method. The total assets of the schemes at valuation were £25,028,000.

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 2.75% per annum higher than the growth in pensionable pay and 1.5% per annum higher than the increase in pensions accruing up to November 2000 and 4.25% per annum higher for pensions accruing thereafter in both the executive and staff schemes. The deficit as at 1st November, 2002 determined using the above assumptions, was £10,949,000.

The valuation used for the two defined benefit 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, 2002 was updated to 29th January, 2005 by a qualified independent actuary.

5. *Pension schemes (continued)*

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

	2005	2004	2003
Rate of increase in salaries	**4.00%**	4.00%	3.85%
Rate of increase of pensions in payment	**2.75%**	2.75%	2.35%
Discount rate	**5.40%**	5.50%	5.40%
Inflation assumption	**2.75%**	2.75%	2.35%

The expected rate of return and the assets in the schemes were:

		£000		£000		£000
Equities	**7.60%**	**20,699**	7.40%	24,413	6.90%	17,289
Bonds	**4.50%**	**12,680**	4.50%	4,470	3.90%	4,926
Cash	**4.25%**	**3,312**	3.25%	2,087	3.50%	920
Property	**7.60%**	**–**	7.40%	97	6.90%	99
Total market value of assets		**36,691**		31,067		23,234
Actuarial value of liability		**(53,735)**		(49,152)		(43,098)
Deficit in the schemes		**(17,044)**		(18,085)		(19,864)
Related deferred tax asset		**5,113**		5,426		5,959
Net pension liability		**(11,931)**		(12,659)		(13,905)

The pension charges in the accounts were £437,000 (2004 – £418,000) (money purchase schemes) plus £2,423,000 (2004 – £2,237,000) (final salary schemes).

If the final salary 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 29th January, 2005.

	2005 £000	2004 £000
Analysis of the amount chargeable to operating profit		
Service cost	**1,231**	1,190
Past service cost	**–**	–
Total operating charge	**1,231**	1,190
Analysis of net return on pension scheme		
Expected return on pension scheme assets	**2,100**	1,471
Interest on pension liabilities	**(2,727)**	(2,381)
Net return	**(627)**	(910)
Analysis of amount recognisable in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on assets	**1,461**	4,967
Experience gain/(loss) on liabilities	**231**	(1,186)
Changes in assumptions	**(1,216)**	(1,943)
Actuarial gain recognisable in STRGL	**476**	1,838
Movement in deficit during the year		
Deficit in scheme at beginning of year	**(18,085)**	(19,864)
Movement in year:		
Current service cost	**(1,231)**	(1,190)
Contributions	**2,423**	2,041
Net interest cost	**(627)**	(910)
Actuarial gain	**476**	1,838
Deficit in scheme at end of year	**(17,044)**	(18,085)

5. Pension schemes (continued)

	2005	2004	2003
History of experience gains and losses			
Difference between expected and actual return on scheme assets (£000)	**1,461**	4,967	(6,992)
Percentage of scheme assets	**4%**	16%	(30%)
Experience gains and (losses) on scheme liabilities (£000)	**231**	(1,186)	(309)
Percentage of scheme liabilities	**1%**	(2%)	(1%)
Total amount recognisable in statement of total recognised gains and losses (£000)	**476**	1,838	(11,992)
Percentage of scheme assets/(liabilities)	**3%**	4%	(28%)

6. Interest

	2005 £000	2004 £000
Payable: On bank overdrafts	**(3)**	(4)
Receivable	**1,288**	603
	1,285	599

7. Tax on profit on ordinary activities

	2005 £000	*2004* £000
Corporation tax on profits of the year	**4,726**	4,339
Adjustments in respect of prior years	**(188)**	–
Total current corporation tax	**4,538**	4,339
Deferred tax transfer	**(51)**	(239)
Under/(over) provision prior years	**113**	(15)
	4,600	4,085
Reconciliation of tax charge:		
Profit on ordinary activities before tax	**15,608**	13,797
Tax at 30% thereon	**4,683**	4,139
Effects of:		
Expenses not deductible for tax purposes	**2**	–
Difference between capital allowances for the period and depreciation charged	**47**	240
Marginal relief	**(11)**	–
Losses of subsidiary now utilised	**–**	(9)
Difference in tax rates	**5**	(31)
Adjustments to tax charge in respect of previous periods	**(188)**	–
Current tax charge for period	**4,538**	4,339

8. Dividends

		2005 £000	2004 £000
Interim paid 29th October, 2004	(9.25p per share)	**1,800**	1,654
Proposed final payable 9th June, 2005	(19.50p per share)	**3,795**	3,309
		5,595	4,963

9. 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.

	2005 £000	2004 £000
Net profit attributable to shareholders		
Earnings – basic	**11,008**	9,712
Dividends received	**(236)**	(213)
Earnings – diluted	**10,772**	9,499

	Number	Number
Weighted average number of shares in issue		
Issued share capital	**19,461,463**	19,461,463
Shares held (note 19)	**(768,698)**	(772,955)
Weighting adjustment	**(1,332)**	(4,825)
Basic	**18,691,433**	18,683,683
Calculation adjustments:		
Executive share options	**–**	8,721
Savings related share option scheme	**491,076**	387,712
Performance related share scheme:		
Deferred shares	***86,990***	*86,990*
Matching shares	**86,990**	86,990
Fully diluted	**19,356,489**	19,254,096

10. Fixed tangible assets

	Land & buildings		Plant	
		Long	equipment	
	Freehold	*leasehold*	*& vehicles*	*Total*
	£000	£000	£000	£000
Group				
Cost or valuation				
At 31st January, 2004	24,146	230	78,004	102,380
Additions	14	–	3,457	3,471
Disposals	–	–	(2,131)	(2,131)
At 29th January, 2005	24,160	230	79,330	103,720
Depreciation				
At 31st January, 2004	4,012	111	58,712	62,835
Amount charged	272	9	5,273	5,554
Disposals	–	–	(1,933)	(1,933)
At 29th January, 2005	4,284	120	62,052	66,456
Net book value				
At 29th January, 2005	***19,876***	***110***	***17,278***	***37,264***
At 31st January, 2004	20,134	119	19,292	39,545

10. Fixed tangible assets (continued)

	Land & buildings Freehold £000	Long leasehold £000	Plant equipment & vehicles £000	Total £000
Company				
Cost or valuation				
At 31st January, 2004	24,146	79	76,796	101,021
Additions	14	–	3,251	3,265
Disposals	–	–	(2,009)	(2,009)
At 29th January, 2005	24,160	79	78,038	102,277
Depreciation				
At 31st January, 2004	4,012	57	57,934	62,003
Amount charged	272	9	5,104	5,385
Disposals	–	–	(1,854)	(1,854)
At 29th January, 2005	4,284	66	61,184	65,534
Net book value				
At 29th January, 2005	**19,876**	**13**	**16,854**	**36,743**
At 31st January, 2004	20,134	22	18,862	39,018

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, 2005	**70**	**37**	**107**
At 31st January, 2004	71	38	109
Historical cost value for the land and buildings at valuation:			
Historical cost at 29th January, 2005	28	20	48
Accumulated depreciation at 29th January, 2005	16	13	29
Net historical cost value at 29th January, 2005	**12**	**7**	**19**
Net historical cost value at 31st January, 2004	13	8	21

11. Investment in subsidiaries

	Company 2005 £000	Company 2004 £000
Subsidiaries		
Cost as at 31st January, 2004	**3,287**	3,287
Additions	**–**	–
Amounts written off	**(990)**	(990)
Amounts due to subsidiaries	**(2,092)**	(2,092)
At 29th January, 2005	**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.

12. Stocks

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Returnable containers	**849**	830	**849**	830
Materials	**1,777**	1,636	**1,674**	1,503
Finished goods	**6,546**	7,952	**6,546**	7,952
	9,172	10,418	**9,069**	10,285

13. Debtors

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Trade debtors	**18,164**	17,423	**18,164**	17,423
Other debtors	**726**	513	**110**	133
Prepayments and accrued income	**1,780**	1,978	**1,767**	1,935
Plant deposits	**321**	212	**321**	212
Amounts due by subsidiary companies	**–**	–	**43**	17
	20,991	20,126	**20,405**	19,720

14. Creditors: Due within one year

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Bank overdraft	**–**	17	**–**	–
Trade creditors	**6,441**	5,706	**6,441**	5,706
Current corporation tax	**2,550**	2,445	**2,530**	2,407
Other taxes and social security costs	**1,820**	1,909	**1,816**	1,906
Accruals	**14,571**	13,840	**14,519**	13,794
Proposed dividend	**3,795**	3,308	**3,795**	3,308
Amounts due to subsidiary companies	**–**	–	**260**	401
	29,177	27,225	**29,361**	27,522

15. 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 impact of the risks required to be discussed in accordance with FRS 13 is 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 (2004 – £15,000,000).

Interest rate risk

Surplus funds are placed daily on deposit at floating rates. It is the policy of the company to deposit funds with reputable banks offering the best deposit deal at the time of review.

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	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Cash at bank and on hand	***34,958***	*24,937*	***34,796***	*24,824*
Financial liabilities				
The financial liabilities of the group and company were:				
Bank overdraft	–	17	–	–

16. Provisions for liabilities and charges

	Group		Company	
	Deferred	*Deferred*	*Deferred*	*Deferred*
	credit	tax	credit	tax
	£000	£000	£000	£000
At 31st January, 2004	628	4,757	628	4,745
Profit and loss account	(9)	62	(9)	59
At 29th January, 2005	**619**	**4,819**	**619**	**4,804**

17. Deferred tax

	Group		Company	
	2005	*2004*	***2005***	*2004*
	£000	£000	**£000**	£000
Attributable to timing differences between capital allowances granted for tax purposes and depreciation written off in the accounts	**4,935**	4,956	**4,920**	4,944
Other timing differences	**(116)**	(199)	**(116)**	(199)
	4,819	4,757	**4,804**	4,745

18. Share capital

	2005 £	2004 £
Ordinary shares of 25p each		
Authorised: 24,000,000 (2004 – 24,000,000)	**6,000,000**	6,000,000
Issued and fully paid: 19,461,463 (2004 – 19,461,463)	**4,865,366**	4,865,366

At 29th January, 2005 options were exercisable over 884,766 ordinary shares under the Savings Related Share Option Scheme at dates up to 2007 at exercise prices of 296p and 336p per share with an average of 317p per share.

19. Own shares held

	Group		Company	
	2005 £000	*2004 £000*	**2005 £000**	*2004 £000*
At 31st January, 2004	**2,750**	3,092	**2,750**	3,092
Shares purchased	**101**	163	**101**	163
Options exercised	**(38)**	(489)	**(38)**	(489)
Adjustment in value of opening shares	**(4)**	(16)	**(4)**	(16)
At 29th January, 2005	**2,809**	2,750	**2,809**	2,750

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, 2005 the trust held 421,395 ordinary shares in A.G.BARR p.l.c. at the first exercise price of 296p and 347,303 ordinary shares at the second exercise price of 336p. The shares held by the trust were purchased at an average price of 411p 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, 2005 the trust held 91,000 shares which have been valued at cost.

20. Reserves

	Share premium account £000	Profit and loss account £000
Group		
At 31st January, 2004	905	59,396
Retained earnings	–	5,413
At 29th January, 2005	**905**	**64,809**
Company		
At 31st January, 2004	905	58,137
Retained earnings	–	5,336
At 29th January, 2005	**905**	**63,473**

21. Reconciliation of movements in shareholders' funds

	Group		Company	
		Restated		Restated
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Profit on ordinary activities after tax	**11,008**	9,712	**10,931**	9,473
Movement in own shares held	**(59)**	342	**(59)**	342
Dividends	**(5,595)**	(4,963)	**(5,595)**	(4,963)
Net addition to shareholders' funds	**5,354**	5,091	**5,277**	4,852
Shareholders' funds brought forward	**62,416**	57,325	**61,157**	56,305
Shareholders' funds at 29th January, 2005	**67,770**	62,416	**66,434**	61,157

22. Lease commitments

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Land and buildings				
The annual charge for commitments made under a non-cancellable operating lease expiring after five years	**190**	–	**190**	–

The operating lease for the land and buildings is subject to rent review every five years.

23. Capital commitments

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	**£000**	£000
Contracted (includes plant deposits (note 13))	**1,948**	1,999	**1,948**	1,999

24. *Net cash inflow from operating activities*

	2005	2004
	£000	£000
Operating profit	**14,323**	13,198
Depreciation	**5,554**	5,960
(Gain) on sale of tangible fixed assets	**(17)**	(89)
Government grants written back	**(9)**	(8)
Decrease in stocks	**1,246**	1,766
(Increase) in debtors	**(756)**	(126)
(Increase)/decrease in investment	**(59)**	342
Increase/(decrease) in creditors	**756**	(760)
Pension provision release	**–**	134
	21,038	20,417

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

	2005	2004
	£000	£000
Increase in cash in the year	**10,038**	9,391
Net funds at 31st January, 2004	**24,920**	15,529
Net funds at 29th January, 2005	**34,958**	24,920

26. Analysis of changes in net funds

	At 31.01.04	Cash flows	**At 29.01.05**
	£000	£000	**£000**
Cash in hand and at bank	24,937	10,021	**34,958**
Overdrafts	(17)	17	**–**
Total	24,920	10,038	**34,958**

Review of the Trading Results

	2005 £000	2004 £000	2003 £000	2002 £000	2001 £000
Turnover	**127,222**	125,235	120,005	116,261	111,878
Operating profit	**14,323**	13,198	11,873	10,487	13,697
Interest	**1,285**	599	340	253	225
Profit on ordinary activities before tax	**15,608**	13,797	12,213	10,740	13,922
Tax on profit on ordinary activities	**4,600**	4,085	3,693	3,254	4,159
Profit on ordinary activities after tax	**11,008**	9,712	8,520	7,486	9,763
Dividends	**5,595**	4,963	4,496	4,202	4,200
Retained profit for the year	**5,413**	4,749	4,024	3,284	5,563
Earnings per share on issued share capital	**56.56p**	49.90p	43.78p	38.47p	50.17p
Dividend per share	**28.75p**	25.50p	23.10p	21.60p	21.60p

The Earnings per share on issued share capital for each period has been calculated to reflect the shares in issue at 29th January, 2005.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the one hundred and first Annual General Meeting of the company will be held at the offices of Baker Tilly, Breckenridge House, 274 Sauchiehall Street, Glasgow on Tuesday, 24th May, 2005 at 11.00 a.m.

Agenda

Ordinary business

1. To receive and adopt the audited accounts of the group for the year ended 29th January, 2005 together with the reports of the directors and auditors thereon.
2. To receive and approve the directors' remuneration report for 2005.
3. To declare a final dividend for 2005.
4. To re-elect the retiring directors W.R.G. Barr and R.A. White.
5. To confirm the re-appointment of J.S. Espey as a director of the company.
6. To re-appoint the auditors and to authorise the directors to fix their remuneration.

Special business

7. To consider and, if thought fit, pass the following ordinary resolution:
   7.1 The directors of the company be authorised to establish the A.G.BARR p.l.c. 2005 Share Savings Scheme ("the SAYE Scheme"), a summary of the rules being set out in Appendix 1 to the letter dated 30th March, 2005, be and is hereby approved for a period of ten years from the date of this resolution and that the board be and is hereby authorised to do all such things which it may consider necessary or expedient to give effect to the SAYE Scheme and to obtain formal Inland Revenue approval.

8. To transact any other competent business.

By order of the board,

I.F. GREENOCK, C.A.
SECRETARY.
22ND APRIL, 2005.

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 one year for executive directors except within a period of six months following either a takeover of or by or a reconstruction of the company during which time the notice period reverts in certain circumstances to two years. The chairman's contract allows for a notice period of one year. For non-executive directors, contracts expire or are determinable within three years.
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.

Registered Office
1306 Gallowgate,
Glasgow G31 4DS

Secretary
Iain 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

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