A.G. BARR P.L.C.
ANNUAL REPORT & ACCOUNTS

2021

WELCOME

I am pleased to present A.G. BARR p.l.c.'s Annual Report for the year ended 24 January 2021.

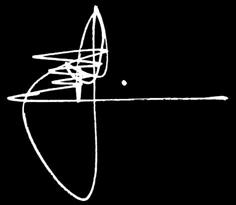
We aim to provide a fair, balanced and understandable assessment of the Company, including our business model, strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues.

Our report includes a comprehensive assessment of the principal risks facing the business, and also seeks to identify and evaluate matters that are of common material interest to our stakeholders and to our business, understanding how they may affect our ability to create value over time. These matters are integral to our planning processes and help support the delivery of our strategy.

The COVID-19 pandemic has created a volatile environment over the past 12 months, however despite this challenging backdrop we have ensured our sites remained safe and operational and delivered a strong performance in the circumstances, further demonstrating the resilience of our people, business and brands.

Our overarching business purpose remains steadfast – to create value, with values – for our shareholders, consumers, customers and for society as a whole.

I remain confident in both A.G. Barr's ability to navigate these very uncertain times and in our longer-term continued success, delivering on our strategic priorities – connecting with consumers, building brands, driving efficiency and building trust.



Roger White
Chief Executive

A.G. Barr is a UK-based branded consumer goods business focused on growth, building great tasting brands that people love.

Our overarching purpose is to create value, with values – for our shareholders, consumers, customers and for society as a whole.

Revenue

£227.0m

(11.2)%

Profit before tax* (before exceptional items)

£32.8m

(12.3)%

Net cash from operating activities

£50.7m

26.4%

Basic earnings per share*
(before exceptional items)

22.31p

(15.8)%

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 165 to 167.

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Corporate Governance
Our section 172(1) statement describing how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duties under section 172 of the Companies Act 2006 is set out in the Corporate Governance Report on pages 54 to 66 and is incorporated by reference into this Strategic Report.

OUR BUSINESS

A.G. Barr is a UK-based branded consumer goods business focused on growth, building great tasting brands that people love.

Our overarching purpose is to create value, with values – for our shareholders, consumers, customers and for society as a whole.

Established over 140 years ago in Scotland and now operating across the UK and internationally, we strive to grow our business both organically and through partnerships and acquisition.

Employing 860 people across 9 UK locations, we are proud to be a responsible business that listens to our consumers, builds lasting customer relationships, takes care of our employees, gives something back to our communities and works to minimise our environmental impact.

Number of employees	Number of brands	UK sites
860	16	9

At our heart is the Barr Soft Drinks business unit, home to some of the UK's most loved soft drinks brands.

We make it our business to understand what consumers want.

Whether it's the iconic **IRN-BRU**, launched in 1901 and still going strong today, our vibrant **RUBICON** fruit and juice drinks, or our unique range of **BARR** flavours, our brands offer people a choice of great tasting products and bring exciting innovation to the market.

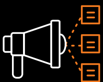
Enhancing our portfolio, we also operate long-term partnerships, complementing our own range of products with global brands **SNAPPLE**, **SAN BENEDETTO** and **BUNDABERG** Brewed Drinks in the UK and beyond.

But we're not just about soft drinks – our **FUNKIN** business unit operates in the exciting and growing cocktail market. The **FUNKIN** brand provides innovative and unique purées, syrups, mixers and now ready to drink cocktails, for behind the bar and at home.

OUR PURPOSE:

To create value, with values – for our shareholders, consumers, customers and for society as a whole.

OUR STRATEGIC PRIORITIES:



Connecting with consumers

Building brands

Driving efficiency

Building trust

STRATEGY AND KPIS

For information on our Strategy and Financial KPIs see **pages 10 and 11**.

OUR BUSINESS MODEL:

Make 〉 Move 〉 Market 〉 Sell 〉 Behave responsibly 〉 Create value

BUSINESS MODEL

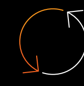
For information on our Business Model see **pages 8 and 9**.

OUR RESPONSIBILITY COMMITMENTS:

Act with integrity

Respect the environment

Support healthy living



Give back

RESPONSIBILITY REPORT

For information on our Responsibility Report see **pages 22 to 35**.

OUR BRANDS

We are brand owners and builders, offering a diverse and differentiated portfolio of products that people love.

OUR CORE BRANDS

IRN-BRU is an iconic brand with a unique taste. IRN-BRU offers consumers choice – Regular, Sugar Free, XTRA and Energy – all containing the same IRN-BRU essence, bru'd to a secret recipe of 32 flavours since 1901.

Discover different with Rubicon's big bold flavours that you don't find in your everyday fruit bowl. Rubicon has a range of still, sparkling and flavoured water drinks making Rubicon the unboring choice of soft drink.

PORTFOLIO AND PARTNERSHIP BRANDS

Enhancing our core brand proposition, we offer a portfolio of Company-owned and complementary partnership brands.

MORE ONLINE

Information on our full portfolio of brands can be found at **https://www.agbarr.co.uk/our-brands/**

Barr is a fun, young, energetic brand which has been bringing families a unique range of great tasting and great value flavours since 1875.

ESTD . 1999
FUNKIN COCKTAILS

Funkin cocktails are best served everywhere. The Funkin brand provides innovative and unique purées, syrups, mixers and now ready to drink cocktails, for behind the bar and at home – making ordinary occasions extraordinary.

CHAIRMAN'S INTRODUCTION

"In the Chairman's Statement last year I described how we were responding to the early stages of a global pandemic. I did so without fully appreciating the severity and duration of what we were facing. As I write this report a year later, we are still in the grip of a crisis which has touched the lives of us all, whether directly or indirectly. 2020 will be a year that will be remembered with sadness by all those who lost family members and loved ones, and praise for those who endeavoured to keep wider society moving throughout the past long 12 months."

John R. Nicolson
Chairman

The A.G. Barr Board has continued to support the executive team and the wider business to navigate through this extraordinary period and I would like to register our thanks to everyone across the employee, supplier and partner base, all of whom have worked hard to deliver continuity of supply and service to all our customers and consumers.

The variable and fast-moving impacts of the COVID-19 pandemic have led to a volatile and unpredictable 12 months. Against this backdrop I am pleased to report that A.G. Barr delivered a resilient financial performance, with revenue of £227.0m (2019/20: £255.7m).

The executive team responded with decisiveness in the face of events that no-one could have predicted and we ended the year with profit before tax and exceptional items* of £32.8m. Swift actions were taken to control costs, conserve cash and underpin our financial stability.

The safety and wellbeing of our employees is always our top priority and never was this more the case than in the past 12 months. Decisions taken in this area in turn supported our secondary objective of maintaining operational resilience. Thanks to the commitment and adaptability of our teams, particularly across our supply chain, we remained safe and operational throughout the full year and continued to deliver a high level of service and quality.

As lockdowns and social restrictions were implemented, eased and then reinstated across the year, both our Barr Soft Drinks and Funkin businesses felt the effects. The severity of the impact on our business lessened as the year progressed and we became more adept at dealing with the challenges we faced, taking timely action to mitigate the financial, operational and consumer changes we experienced.

Our flexibility, alongside the resilience of our business model and the strength of our brands, were key to delivering a robust performance in these testing times.

I am pleased to report that following the considerable management actions to protect our financial stability the business ended the year with an even stronger balance sheet than this time last year.

Dividend

In April 2020, given the unprecedented circumstances arising from COVID-19, we communicated our decision to temporarily suspend dividend payments, one of a number of important actions we took to conserve cash and maintain balance sheet flexibility. We kept this position under review and, on the basis of our underlying assumptions related to the UK's COVID-19 recovery, confirmed at our Interim Results in September 2020 that we expected to resume dividend payments in the 2021/22 financial year.

Subsequent to this announcement the pandemic has accelerated, along with the associated lockdowns and societal interventions. However, we are positive that the rapid UK vaccination response will provide a route through, and out of, the current crisis and we remain committed to our plan to recommence dividend payments during the course of this financial year ending January 2022.

Board

Our desire to further develop and strengthen our Board's skills, refresh capabilities and increase diversity continues. We will seek to add to our Board this year as part of our normal Independent Non Executive Director succession planning.

In addition, as I move towards the conclusion of my tenure as Chairman, a formal search process has been initiated to find a suitable candidate to succeed me in due course, with an update expected later this year.

Responsibility

The Board and executive team have put considerable incremental efforts during the year into defining our roadmap and plans across the Environmental, Social and Governance (ESG) agenda. This will become an increasing focus for the Board and business in the coming years. The Chief Executive Statement, and our Responsibility and Governance Reports, will set out our progress and further plans in these areas.

People and culture

The COVID-19 pandemic has put a considerable strain on us all, both personally and professionally, and our business has not been immune from the effects. During the course of the year, facilitated via the Independent Director responsible for employee engagement, the Board has reviewed and discussed a range of people and culture matters, such as wellbeing, mental health and employee engagement.

Despite the trying times, teams have pulled together and the positive, results-driven and supportive A.G. Barr culture has shone through. I would like to take this opportunity to extend my thanks on behalf of the Board to the full team at A.G. Barr, for their contribution and commitment which have once again been invaluable.

Prospects

Looking ahead, it is clear that 2021 will not be an entirely "normal" year, however there are many reasons to be positive as we look to the future. The Board remains confident in our value driven strategy and I believe we have navigated the crisis well. The resilience of our teams, business model and brands have been highlighted in this most unusual and difficult year. We have gained considerable insight and experience in 2020 which will remain important for at least the early months of 2021, however as we now plan for recovery the Board is confident that our strategy will drive growth and value for all our shareholders and key stakeholders.

John R. Nicolson
Chairman
30 March 2021

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 165 to 167.

OUR BUSINESS MODEL

We are a UK-based branded consumer goods business focused on growth, building great tasting brands that people love. Our overarching purpose is to create value, with values – for our shareholders, consumers, customers and for society as a whole. Our business model is simple, effective and profitable.

We make...

We pride ourselves on our effective and safe manufacturing capabilities, producing high quality products across our well-invested and efficient production sites in **Cumbernauld**, **Forfar** and **Milton Keynes**. From sourcing our raw materials to designing our packaging, we aim to reduce our environmental impact while delivering continuous improvement across our supply chain.

UK manufacturing facilities

3

We move...

With a fleet of more than 70 vehicles, and long-standing relationships with our key distribution partners, we strive to deliver great service to all our customers, from the biggest food service customer to the smallest local shop. Operating across multiple routes to market, we have a well established and efficient distribution network, with our Barr Direct channel in particular setting us apart, by offering a tailored and personal direct to store service to thousands of independent retailers across the UK.

Number of vehicles

70

We market...

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

Brands within our portfolio

16

We sell...

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

Revenue generated in the UK

96.5%

We behave responsibly...

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

Years of responsible actions

140+

We create value, with values...

Our business model has proven successful for more than 140 years and continues to create and deliver value, with values, to a wide range of stakeholders.

Shareholders

Our dividend payments were temporarily suspended in 2020 as part of our short-term COVID-19 cash conservation actions, however with £50m net cash in the bank at the year end, we expect to resume dividend payments in 2021.

We re-invested in long-term business growth through both annual capital expenditure of £7.1m and a further £1m investment in Elegantly Spirited Limited and the STRYKK brand.

Employees

As an employer of 860 **employees** across the UK at the year end, £38.9m was paid in salaries and wages.

Suppliers and customers

We are directly contracted with more than 70 **suppliers** with an annual spend of over £100m while working closely with thousands of **customers** to co-create joint business plans.

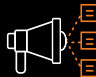
UK economy and communities

With 96.5% of our revenue generated in the UK, and through our £10.3m corporation tax and £4.5m national insurance payments to the **government**, we continue to play our part in growing the UK economy while also donating the equivalent of over £140k to 150 good causes across our **communities**.

OUR STRATEGY AND FINANCIAL KPIs

Our overarching purpose is to create value, with values – for our shareholders, consumers, customers and for society as a whole.

OUR STRATEGIC PRIORITIES



Connecting with consumers

Consumer insight drives our business. Consumers' needs and preferences are changing and we ensure that we take the time to listen, to understand them and to offer everyone a choice of great tasting, high quality products.

Read more on page 18.

Building brands

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

Read more on page 19.

Driving efficiency

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

Read more on page 20.

Building trust

Building and maintaining long-lasting trust and successful relationships is central to our business and always has been. Our responsible behaviour over the last 140 years has created a firm foundation, but one we want to build upon further. Being a trusted business that acts with integrity is fundamental to our stakeholder relationships – from our consumers and customers to our suppliers and communities. Equally, as the world around us changes, with climate change in particular becoming increasingly more pressing, our strategic choices are more than ever informed and supported by our desire to do the right thing and to play our part in addressing the key issues facing society.

Read more on page 21.

KEY PERFORMANCE INDICATORS

Net cash from operating activities

£50.7m

26.4%

Year	Value
2021	£50.7m
2020	£40.1m

Net cash from operating activities is defined as the cash generated/(used) in the ongoing regular business activities in the year.

Basic earnings per share

17.18p

(35.2)%

Year	Value
2021	17.18p
2020	26.50p

Revenue

£227.0m

(11.2)%

Year	Value
2021	£227.0m
2020	£255.7m

The decrease in value of revenue recorded relative to the prior year.

Gross margin*

41.2%

17 bps

Year	Value
2021	41.2%
2020	41.1%

Reported gross profit divided by revenue.

Profit before tax & exceptional items*

£32.8m

(12.3)%

Year	Value
2021	£32.8m
2020	£37.4m

Operating margin before exceptional items*

14.8%

(10) bps

Year	Value
2021	14.8%
2020	14.9%

Operating profit before exceptional items and before the deduction of interest and taxation, divided by revenue.

EBITDA margin*

20.5%

50bps

Year	Value
2021	20.5%
2020	20.0%

EBITDA (defined as operating profit before exceptional items, depreciation and amortisation) divided be revenue.

Return on capital employed*

16.0%

(13) bps

Year	Value
2021	16.0%
2020	16.1%

Profit before tax and exceptional items as a percentage of invested capital. Invested capital is defined as year end non-current plus current assets less current liabilities excluding all balances relating to any provisions, financial instruments, interest-bearing liabilities and cash or cash equivalents.

RESPONSIBILITY REPORT

Non-financial KPIs are detailed in our Responsibility Report on **page 24**.

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 165 to 167.

CHIEF EXECUTIVE'S REVIEW

"Notwithstanding the challenges we faced, 2020/21 was a year of action and progress for A.G. Barr. Across the Group we executed our strategy with the agility and pragmatism necessary in these volatile times."

Roger White
Chief Executive

RESET AND READY

RESPONSIBILITY REPORT

Details on all our responsibility commitments, goals and activities on **pages 22 to 35**.

STRATEGY IN ACTION

Examples of our strategy in action can be found on **pages 18 to 21**.

Our key financial metrics for the year were as follows:

- Group revenue £227.0m (2020: £255.7m)
- Profit before tax and exceptional items* £32.8m (2020: £37.4m)
- Profit before tax and after exceptional items £26.0m (2020: £37.4m)
- Operating margin before exceptional items* 14.8% (2020: 14.9%)
- Strong balance sheet with net cash at bank* of £50.0m

Statutory profit before tax of £26.0m reflects a net exceptional charge of £6.8m. Total exceptional costs of £14.4m related to the completion of our business re-engineering programme, the previously communicated £10.0m impairment of our Strathmore brand and assets and a £1.3m Funkin goodwill adjustment. These costs were partially offset by an exceptional credit of £7.6m, related to a one-off contractual payment following the early termination of the Rockstar franchise.

I had anticipated the 2020/21 financial year to be a period of strong recovery for the Group. In the later part of 2019/20 we initiated a number of actions to support our return to growth, building blocks that saw us exit 2019/20 with strong momentum.

This momentum carried into the first 6 weeks of the new financial year, however the balance of the year that followed these early weeks was dominated by COVID-19 and the significant impact it has had on our collective health, wellbeing, economy and a raft of associated wider societal issues.

Notwithstanding the challenges we faced, 2020/21 was a year of action and progress for A.G. Barr. Across the Group we executed our strategy with the agility and pragmatism necessary in these volatile times.

COVID-19

Since the onset of the COVID-19 pandemic we have followed a simple approach in dealing with the crisis focusing on 3 key areas:

1. **Putting our people and safety first**
   We have always worked hard to create a culture in which safety and wellbeing are our top priorities. Building on these strong foundations we successfully introduced an enhanced range of safety and hygiene measures across all our operations in response to the challenges of the pandemic. This ensured we had the safest working conditions possible across our sites whilst seamlessly and effectively transitioning to technology-enabled homeworking for as many colleagues as possible.

   Wellbeing has been at the top of our agenda throughout the year and our 2020 Responsibility Report details some of the specific initiatives we have introduced to support our people, such as increasing the number of employees trained as Mental Health first aiders who are equipped to provide support in these difficult times.

2. **Supporting Group operating resilience**
   Along with our fellow food and drink manufacturers we have worked hard to successfully maintain continuity of the food and drink supply chain across the past 12 months. I am extremely proud of everyone in our business for the grit, determination and resilience they have demonstrated. I am especially proud of our wider supply chain teams who have kept our factories, warehouses and logistics operational and delivered a high level of quality and service to our customers and consumers throughout the year, supported by our key suppliers and partners.

3. **Ensuring our financial security and stability**
   Entering the 2020/21 financial year with £10.9m net cash at bank*, the Group had the benefit of a very strong financial base and balance sheet. However, given the uncertainty associated with the pandemic, we took early and decisive action to protect liquidity, conserve cash and reduce costs. This included the suspension of dividends, a short period when we made use of the government's Coronavirus Job Retention Scheme, voluntary executive salary reductions and ultimately a restructuring plan which commenced in the summer months and completed in January 2021, ensuring we right-sized the business.

Many of the actions we took across 2020 were not easy decisions to make, impacting shareholders and employees. However we believe we did what was required to safeguard our business, to mitigate as far as possible the risks arising from COVID-19 and to ensure our business is well positioned to benefit from the recovery phase when it arrives.

Soft drinks market

Once again the soft drinks market has demonstrated its resilience.

The 2020 soft drinks market was characterised by the migration of out of home consumer demand into the home environment. In addition to the well understood challenges faced by the hospitality sector, the high street and travel also suffered as a consequence of significantly less footfall. Conversely the grocery multiple channel benefited from the shift in shopping dynamics and there was also some positive spill-over for soft drinks purchasing into online and neighbourhood convenience stores.

CHIEF EXECUTIVE'S REVIEW CONTINUED

As we have commented previously, the data across the market reflects the changes in purchase behaviour of consumers but does not capture the impact as accurately on out of home, general hospitality and the on-trade markets. The switch of consumer purchase habits and the data read in take home will reflect reality but will not reflect the impact of reduced consumption in the less measured but materially impacted channels.

IRI Marketplace data for the 52 weeks to 24 January 2021 recorded the total UK soft drinks retail market as increasing in value by 1.8% and in volume by 2.4%. Volume grew ahead of value driven by a move to bigger pack formats with unit sales down 6% while average pack size grew by 9%.

Carbonates grew in value by 7.8%, buoyed by those sub categories with historic strength in out of home channels, while the value decline in stills (down 5.1%) reflected the drop in "on-the-go" consumption of bottled water, sports drinks and to a lesser extent fruit drinks.

Cocktail market

Pre-lockdown cocktails in the GB on trade grew in value by 6.4%, outlets stocking cocktails increased by 3.7% and the number of consumers enjoying cocktails rose by 13% year on year to 10.3m. (Source: CGA Mixed Drinks Report Q1 2020)

However from the end of March 2020 out of home cocktail consumption was significantly impacted as a result of the UK-wide lockdown. The Q3 2020 CGA Mixed Drinks Report reported GB cocktails value down 34%, albeit with cocktails' share of total spirits down only 1 percentage point at 6.5%.

In the off trade, there was clear evidence however that cocktail consumption at home has risen dramatically. Prior to COVID-19, only a third (37%) of people who consumed mixed drinks in pubs and bars did so at home, but the first national lockdown saw that figure rise to half (50%), with young adults especially engaged. The Funkin brand capitalised on this increase in demand with its range of premium ready to drink (RTD) cocktails and is now the UK's No.1 RTD cocktail brand and a Top 5 RTD grocery brand, leading the growth of the RTD category. (Sources: CGA Mixed Drinks At Home Report 2020 ; Nielsen GB Total Grocery Value 12 weeks to 16 January 2021)

Performance impact summary

We started the year with strong momentum however the COVID-19 pandemic began to have an impact at the end of March, most significantly on our hospitality and convenience channels with a material reduction in the "out of home" consumption of soft drinks combined with a consumer shift towards larger, less frequent take-home purchasing. As such Q1 revenue declined 9.1%.

While these shopping and consumption patterns continued throughout the "full lockdown" period across April, May and June, we believe sales benefited from the favourable weather during this time. As lockdown measures eased somewhat from July, we saw sales in the hospitality and 'on the go' consumption segments beginning to recover, albeit slowly. Q2 revenue declined 6.4% resulting in H1 revenue down 7.6%.

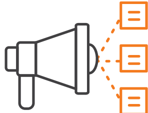
In the first 4 months of the second half trading was at the upper end of our scenario plans with Q3 trading down 0.5%. However, COVID-19 developments since early December 2020, in particular increased social restrictions across the UK and the entry into full lockdown in January 2021, had a significant effect, most notably in the hospitality and "drink now" categories. This, alongside the end of the Rockstar partnership at the end of October 2020, resulted in H2 revenues down 14.6%.

Performance across major retail has been robust with a broadly flat performance relative to the prior year and our online and direct to consumer trading has been very strong, albeit from a small but growing base. "Out of home" channels continue to be impacted by trading restrictions with social distancing measures reducing in-store capacity, and people continuing to work from home. We will continue to support affected customers through the current challenges, to ensure both we and they are well-placed for the recovery as it unfolds.

Strategy execution

We remain committed to our strategic priorities – connecting with consumers, building brands, driving efficiency and building trust. Within this framework the evolution of our strategy execution continued across 2020 despite the difficulties of the pandemic. We continued to invest for growth and made progress in some key strategic focus areas such as environmental sustainability, digital development and our increasing drive towards a multi-beverage operating model.

"I am extremely proud of everyone in our business for the grit, determination and resilience they have demonstrated."



Connecting with consumers
Despite the obvious challenges of almost a full year dominated by the impact of the global pandemic we have continued to support and develop innovative ways to connect with consumers. Keeping our brands front of mind in challenging times and providing a little light relief to consumers has been our objective, especially during the key summer trading months.

IRN-BRU has continued to provide consumers small moments of pleasure during uncertain times, both through the enjoyment of the product itself and through strengthening consumers' long-standing emotional connections with the brand.

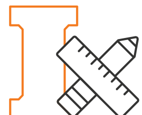
Excluding the benefit of the limited edition IRN-BRU 1901, IRN-BRU sales declined 6.5%, a robust performance in the circumstances, with IRN-BRU Energy and IRN-BRU XTRA both in growth.

During the course of the year we increased the brand's presence, particularly across social media and digital, supporting brand affinity and awareness, giving us confidence in IRN-BRU's brand equity strength as we now deliver our 2021 plans.

The Rubicon brand's positioning and communication strategy was given a full refresh with the launch of the "Make the unboring choice" campaign across TV, outdoor, social and digital channels. This multi-year campaign is designed to support the growth of the brand as an aspirational mainstream range of exciting fruity drinks aimed at a broad range of consumers.

Rubicon gained market value share within both the fruit drinks and flavoured water sub categories however total sales fell 9.8% against a COVID-19 backdrop which impacted both the brand's performance in impulse and during the key Ramadan trading period.

We are confident in the refreshed brand positioning, innovation pipeline and consumer marketing strategy in the long term.

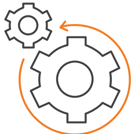


Building brands
Our drive to build a multi-beverage portfolio has made positive progress across the last year with Funkin's ready to drink (RTD) cocktails gaining traction within the grocery channel, where the Funkin brand has grown by over 100%. While Funkin was materially affected by the difficulties experienced across the hospitality sector, this was partially offset by take home opportunities. Funkin grasped these opportunities, through both traditional retail and direct to consumer channels, as consumers tried to vary their drinks consumption at home. We are expecting to retain and grow RTD cocktail distribution in these channels whilst we also anticipate a strong return to growth in the on trade in due course. We have supported our hospitality customers where possible, appreciating the challenges they face, and will continue to work in partnership, particularly as we look ahead to the reopening of this vital trade channel.

In addition we have developed a range of hard seltzers to sit within the Funkin masterbrand, which although only available towards the end of 2020/21, will factor in our growth plans in the year ahead.

We have underpinned our relationship with Elegantly Spirited Limited (ESL) further investing in the business and supporting the STRYKK brand via our distribution agreement. The low and no alcohol market has continued to grow at pace over 2020 culminating in an increased uptake of "dry January". This is a positive partnership and we look forward to playing our part in the STRYKK brand's future growth.

CHIEF EXECUTIVE'S REVIEW CONTINUED



Driving efficiency
We continue to drive for greater efficiency and stronger financial returns.

We initiated our business re-engineering programme in the second half of 2019 and this 2-year programme completed in 2020/21. We reviewed and re-scoped the programme in light of the COVID-19 impact and the confirmation of the termination of our Rockstar partnership. The programme delivered a significant number of simplification actions alongside a reorganisation and refocusing of our ways of working. We now have the right capabilities and organisational structures in place to support our growth through the recovery phase.

We have also made a number of digital improvements across our technology and systems driving efficiency and flexibility for our customers, suppliers and our own operations. This has proven even more important given the challenges we are all now dealing with, as remote working and reliable technology continue to be more important than ever.

We have now turned our attention to value optimisation which is creating and delivering a continuous pipeline of product optimisation actions which we expect to add considerable value for some time to come.

"I am confident that we have the agility, ambition and strategy to deliver against our potential in the short, medium and long term."

Building trust
Trust needs to be earned over time. We have worked hard to build trust over many decades however we are acutely aware that this cannot be taken for granted, and is something we must continually seek to enhance and build upon through our responsible actions.

Across the past year we have sought to play a small part in supporting those who have done so much for us all during the pandemic, distributing over 500,000 drinks to hospitals, care staff and our communities throughout the UK as a gesture of our thanks.

A key focus across the last 12 months has been on our environmental sustainability agenda. Working with independent experts we are accurately assessing our current carbon footprint such that we can build a deliverable and realistic decarbonisation roadmap – with an ambition to be net zero by 2040, if not sooner. We plan to share our net zero roadmap during the course of 2021.

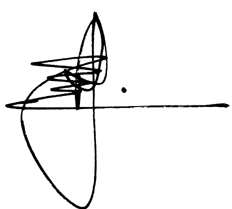
While this important assessment is underway, and building on our move to 100% renewable electricity at all our sites in 2020, we are now accelerating many of the actions we had already identified to help us on our net zero journey. We have increased both the quantum and the pace of our recycled plastic (rPET) ambition – our IRN-BRU and Rubicon plastic bottles will be made from 100% recycled material by early 2022 and all our plastic bottles will be 100% rPET by the end of 2023. We're also one of the first businesses in the UK to start using 100% recyclable packaging film made from 100% recycled content, which will be on all our consumer multipacks by the end of 2021.

We are actively involved in finding solutions to address packaging waste and believe that a deposit return scheme (DRS) for drink containers in the UK will lead the way for food and drinks packaging to become part of a truly circular economy. Over the past year we have worked closely with fellow drinks producers in Scotland, along with other key stakeholders, taking the lead in the establishment of a Scottish DRS scheme administrator. The legislation permits producers to appoint a not-for-profit Scheme Administrator to collectively discharge their DRS obligations and designed correctly, we believe the DRS scheme can be a sustainable solution to packaging waste that is positive for the environment and practical for consumers and business.

These are just some of the actions we are taking to ensure we play our part in reducing the effects of climate change on our planet. We are a business that prides itself on acting with integrity and building trust so we will only confirm our net zero commitment as and when we have a robust and deliverable plan in place to deliver it.

Outlook

We closed the year in strong financial health and with our brands and business poised for growth, albeit without the Rockstar brand which accounted for over 8% of Group revenue in 2020/21. The past 12 months have taught us a great deal about how to manage uncertainty. The uncertainty related to COVID-19 continues, however we have taken steps to ensure that our planning for the year ahead gives us as much flexibility as possible to minimise the likely impact on our short-term financial performance. Our focus beyond this uncertainty is to capitalise on the growth potential of our brands in the recovery phase that will come in due course. I am confident that we have the agility, ambition and strategy to deliver against our potential in the short, medium and long term.



Roger White
Chief Executive
30 March 2021

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 165 to 167.

Our Investment Case

Ambitious with clear and consistent value driven strategy

Brand owner and builder with differentiated portfolio

Strong customer and consumer focus

Asset-backed, simple and effective business model

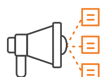
Disciplined capital allocation

Growth potential within key markets

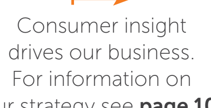
A responsible business

Long-term strong financial performance

OUR STRATEGY IN ACTION



Connecting with consumers



Consumer insight drives our business. For information on our strategy see **page 10**.

Rubicon – The Unboring Choice

Consumers are increasingly seeking out the interesting and different – they want to live varied and fun lives.

Rubicon offers an experience a little bit different to the norm, made with fruit you don't find in your everyday fruit bowl. With a totally new positioning and fresh new design, Rubicon encourages consumers to make the "unboring choice", supported in 2020 by a broad consumer engagement programme across TV, digital and social media, out of home advertising and shopper communications.

IRN-BRU – Gets You Through

As part of its "Gets You Through" campaign across the summer of 2020, IRN-BRU invited fans to create and star in their own TV adverts, providing a lockdown lift. Superfans of all ages submitted some incredibly inventive and entertaining entries. The five winning videos featured in a special IRN-BRU TV ad-break takeover on STV in July, showcasing the creativity and humour of our amazing IRN-BRU fans.

FUNKIN – Best served everywhere

Not only did our Funkin brand confirm its position as the UK's No. 1 ready to drink cocktail brand in 2020 but it also made its first ever TV appearance, with an exciting advertising campaign supporting the launch of our great tasting ready to drink cocktails.

Funkin's ready to drink cocktails include the UK's first range of nitrogen-infused cocktails in cans. Providing the vibrant flavours and velvety-smooth texture of bar-quality cocktails in a convenient, great quality ready to drink format, cocktails can now be enjoyed everywhere.

(Source: Nielsen GB Total Grocery Value 12 weeks to 16 January 2021)

Building brands

We are brand owners and builders. For information on our strategy see **page 10**.

IRN-BRU Energy for the real stuff

IRN-BRU Energy combines the iconic flavour of IRN-BRU's top secret essence with taurine, caffeine and B vitamins, and comes in sugar and no sugar variants.

With more than 8 million cans sold since its launch IRN-BRU Energy was re-energised in 2020 with a brand new marketing campaign, powering up the energy market with its own unique positioning and personality that stays true to the down to earth nature of the IRN-BRU brand. From walking the dog to mowing the lawn IRN-BRU Energy gives you energy for the real stuff in life.

OUR STRATEGY IN ACTION CONTINUED

Driving efficiency

We continually strive for greater efficiency across our business. For information on our strategy see **page 10**.

Finding better ways

With representation from all parts of our business, our value optimisation programme is creating and delivering a continuous pipeline of product optimisation actions.

Following a number of years of successful reformulation we are now focused on optimising our key recipes and looking across the product life cycle, from ingredients and recipes to primary and secondary packaging. We expect this programme to add considerable value for some time to come.

We have also made a number of improvements across our technology and systems including the completion of an online ordering platform for wholesale and direct customers, and a new online collaboration process with key ingredient and packaging suppliers, driving efficiency for our customers, suppliers and ourselves.

Capitalising on our investment

Our £14m capital investment in a new liquid processing facility at our Cumbernauld site has delivered a wide range of efficiency improvements including greater automation, faster processing, waste reduction and increased product yields. It's also keeping our employees safe, through reduced manual handling and an improved working environment for our process team.

Playing our part

The UK's frontline workers have been heroic during the COVID-19 pandemic and we're not alone in being incredibly grateful to them all. We have tried to play a small part in supporting them, and our wider communities, by donating over 500,000 drinks and lifting spirits in a time of crisis. We also donated 40,000 empty bottles and caps to local distilleries for production of hand sanitiser at the start of the pandemic.

Building trust

Being a trusted business that acts with integrity is fundamental to our stakeholder relationships. For information on our strategy see **page 10**.

No Time to Waste

Here at A.G. Barr we hate waste, in fact, we've no time for it. So much so it's becoming our mantra – No Time to Waste.

No time to waste on our journey towards a circular economy and net zero. No time to waste increasing our sustainable packaging. And no time to waste reducing our environmental impact.

And we're making a difference – we now have 100% renewable electricity at all our sites, 100% of our soft drinks packaging is recyclable and 100% of our non hazardous waste is now diverted from landfill.

We won't stop there though; we want to continue improving – so we're accelerating our journey towards zero carbon. Our IRN-BRU and Rubicon plastic bottles will be made from 100% recycled material (rPET) by early 2022 and all our plastic bottles will be in 100% rPET by the end of 2023. We're also one of the first businesses to introduce 100% recyclable packaging film made from 100% recycled content, which will be on all consumer multipacks by the end of 2021.

It's a long-term vision and an ongoing commitment, but we have the bottle, and there's no time to waste.

RESPONSIBILITY REPORT AND NON-FINANCIAL KPIs

Behaving responsibly for over 140 years

We are proud of our brands and business. We are also proud of the positive contribution we believe we make to society. It is our belief that how we act reflects who and what we are.

For over 140 years we've been creating and building great tasting brands that people love and our business has grown as a result. The continued financial strength of our business is important not only to our 860 employees and our shareholders, but also on a broader basis, where our performance positively impacts a wide range of stakeholders, from customers and suppliers to the communities we operate in and the UK economy as a whole.

Our overarching business purpose is to create value, with values – for our shareholders, consumers, customers and for society as a whole. Our values include our commitment to responsible actions. Our responsibility agenda has always been woven into the fabric of our business and, as we grow and develop, it's more important than ever that we play our part in addressing the key issues facing society, such as tackling the impact of climate change.

We are also mindful that our actions can contribute towards global improvements. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

STAKEHOLDER ENGAGEMENT

For information on how we engage with a wide range of stakeholders see **pages 56 to 61**.

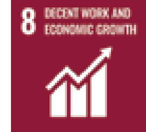
While there will be actions we take which contribute both directly and indirectly to many of the SDGs, we have focused our SDG connections where we believe we can most directly play our part. These are:

Good health and wellbeing

Ensure healthy lives and promote wellbeing for all at all ages.

Gender equality

Achieve gender equality and empower all women and girls.



Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Responsible consumption and production

Ensure sustainable consumption and production patterns.

Climate action

Take urgent action to combat climate change and its impacts.

We focus our specific responsibility goals and commitments on those areas where we believe we can make the greatest positive economic, environmental and social impact, supporting our contribution to a sustainable future for all. We also engage with a wide range of stakeholders as set out on pages 56 to 61 to ensure that our priorities are aligned.

As such behaving responsibly at A.G. Barr is underpinned by four key commitments which we believe to be material matters to both our business and our stakeholders:

OUR KEY SUSTAINABILITY COMMITMENTS

We act with integrity

Key focus areas
- Safety and wellbeing
- Employee engagement
- Responsible policies & practices

Main supporting policies
- Anti-bribery & Corruption Policy
- Anti-facilitation of Tax Evasion Policy
- Competition Compliance Policy
- Data Protection Policy
- Disclosure Policy
- Diversity, Equality and Inclusion Policy
- Environmental Policy
- Ethical Trading Policy
- Flexible Working Policy
- Health & Safety Policy
- Information Security Policy
- Learning & Development Policy
- Modern Slavery Statement
- Prompt Supplier Payment Guidelines
- Quality Policy
- Responsible Marketing Code
- Speaking Up Policy

Long-term goals

Accident incident rate
Zero
work related accidents

Employee engagement 2022 Goal
80%

Women in Leadership 2025 Goal
45%

We respect the environment

Key focus areas
- Carbon reduction
- Packaging
- Water and waste
- Sustainable sourcing

Main supporting policies
- Environmental Policy
- Ethical Trading Policy
- Modern Slavery Statement
- Procurement Quality Manual

Long-term goals

Reduction in greenhouse gas emissions 2025 Goal (Baseline 2015)
40%
reduction

Improvement in water usage efficiency 2025 Goal (Baseline 2015)
15%
improvement

Recycled PET content 2022 Goal
100%
IRN-BRU and Rubicon

2023 Goal
100%
full portfolio

Never again send non hazardous waste to landfill

We support healthy living

Key focus areas
- Calorie reduction
- Responsible advertising & marketing
- Labelling

Main supporting policies
- Responsible Marketing Code
- British Soft Drinks Association Code of Practice on Energy Drinks

Long-term goals
To continue to advertise responsibly, offer a wide range of pack sizes to assist with portion control and, by providing clear nutritional information on all of our products, enable our consumers to make informed choices.

We give back

Key focus areas
- Community engagement
- Charity partnership
- Employee volunteering

Main supporting policies
- Employee Volunteering Policy

Long-term goals
To support our corporate charity partnership with Mental Health UK improving the lives of those with mental health challenges by donating £150,000 over 3 years and raising awareness across our own teams.

RESPONSIBILITY REPORT CONTINUED

In support of our responsibility commitments we measure a range of non-financial KPIs as set out below:

Accident incident rate

9.0

2021 9.0

2020 7.1*

Number of accidents (RIDDOR) relative to both our employees and agency workers. Further information is provided in our "Safety and wellbeing" section on pages 25 to 26.

* Data revised to include omitted Funkin business unit. (previously 7.4)

Employee engagement

–

2021 N/A

2020 77%

As measured by our annual "Your Voice Matters" employee survey. Due to the impact of COVID-19 no survey was conducted in 2020/21. The normal survey process will resume in 2021/22.

Women in leadership

39%

New KPI – Number of females defined as leaders/ senior managers across Barr Soft Drinks and Funkin business units combined.

Reduction in greenhouse gas emissions

41.0%

2021 41.0%

2020 36.2%

Percentage reduction in total Scope 1 and Scope 2 greenhouse gas emissions. Baseline 2015.

Improvement in water usage efficiency

(17.0)%

2021 -17%

2020 -16%

Baseline 2015. Ratio of total water used relative to total litres of product produced. Further information is provided in our "Waste and water" section on page 31 to 32.

Non hazardous waste diverted from landfill

100%

2021 100%

2020 97.2%

Quantity of waste from Company owned sites diverted from landfill relative to total waste.

Non-financial information statement

The information presented here, and throughout the report as cross-referenced below, complies with the requirement under sections 414CA and 414CB of the Companies Act 2006 to provide information on certain non-financial matters. Our Responsibility Report provides the required information in relation to content on environmental matters, our employees, community issues and social matters, as well as setting out our non-financial metrics. Our business risks are included within our risk management section on pages 43 to 51. The Responsibility Report also complies with the Streamlined Energy and Carbon Reporting (SECR) requirements as required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. It is the Group's policy to conduct all of its business in an honest and ethical manner. It is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates.

The Group is a UK Living Wage accredited employer.

Our statement in relation to Modern Slavery can be found on the Group website at **www.agbarr.co.uk**.

The Group's Anti-bribery and Corruption Policy (ABC Policy) emphasises the Group's zero tolerance approach to bribery and corruption. It sets out the Group's responsibilities, and of those working for it and parties acting on its behalf, in observing and upholding its position on bribery and corruption in compliance with applicable laws, and provides information and guidance to those working for the Group and parties acting on its behalf on how to recognise and deal with bribery and corruption issues. The ABC Policy is clearly communicated to all employees. Anti-bribery and corruption training is provided to all employees on induction and on a regular basis thereafter. The Group maintains an anti-bribery and corruption register, which records details of corporate hospitality and gifts given and received by employees over a specified value. The Group's international department undertakes appropriate due diligence on all third parties acting on its behalf and maintains a third party anti-bribery and corruption register. As confirmed on page 68, the Audit and Risk Committee reviews the effectiveness of the Group's anti-bribery systems and controls and reviews and approves the Group's ABC policy on an annual basis. No bribery and corruption issues arose during the year. There is currently no specific human rights policy in place. As a UK business, we comply with the full spectrum of employee protection legislation. We believe our existing policies as set out on page 23 ensure the rights of our own employees are respected fully and our robust supplier controls, as set out on page 32, provide assurance when considering human rights impacts beyond our direct control.

A description of our business model can be found on pages 8 to 9.

We act with integrity

Safety and wellbeing culture, performance and actions

We work hard to create a culture in which safety and wellbeing are our top priorities. Our ultimate goals in this area are zero work related accidents and the provision of safe and healthy working environments for all. We continuously improve our management systems to underpin our objectives and to ensure compliance with all health and safety related legislation as a minimum. Our thorough and varied safety management activity programme is designed to keep safety at the top of everyone's agenda with actions ranging from safety awareness initiatives and behavioural safety training, to site audits and reporting.

In a year predominated by COVID-19 we took steps to protect those colleagues who are considered most vulnerable across the organisation. Those employees whose roles permit them to do so are working from home as per current government guidance, and for our colleagues who work in key production, warehousing and delivery roles we introduced strict safety, hygiene and 2 metre social distancing measures.

Despite our ongoing focus on safety, our accident incident rate increased during the year, primarily as a result of an increase in accidents across our Cumbernauld operations. Unfortunately the site experienced an increase in accidents, in the main related to machinery access issues in the factory and manual handling operations in our direct store delivery operations. In response we have introduced a range of measures specifically aimed at further improving our safety practices in these areas including:

- dynamic risk assessment training
- enhanced working at height safety measures, including new temporary edge protection installations and revised vehicle load planning
- a new manual handling programme including training, observation and coaching process
- review of our risk assessments and safe operating and working procedures

Our accident incident rate KPI, as detailed in our non-financial KPIs on page 24, includes those accidents involving our own and agency employees, however as part of our regular accident monitoring and reporting processes, any accidents that occur on our premises by contractors or other third parties are recorded, fully investigated and the learnings taken into account.

We recently partnered with the Keil Centre, chartered psychologists and ergonomists with significant safety related experience. Having initially conducted a full health and safety cultural assessment across our supply chain function this was extended during 2020, and

In focus

Safety & Wellbeing awards

We launched our Safety and Wellbeing awards in 2020 recognising those employees who make Barr Soft Drinks a safer place to work. The worthy winners to date include colleagues who have:

- championed innovative safety initiatives across our delivery operations
- shared their experiences dealing with mental health issues or encouraged others not to struggle on alone
- proactively identified safety hazards or near misses, and found solutions to prevent or control them

We act with integrity continued

In focus

Two years with zero accidents

We were pleased to congratulate our Milton Keynes, Wednesbury and Forfar sites during 2020 who all achieved 2 full years with zero lost time accidents. This is a significant milestone for each of the 3 sites and demonstrates the commitment to improving safety practices. In recognition of their achievements the Company made donations to community based charities chosen by the local teams.

In focus

Covid communications

With many of our employees working from home on a full-time basis since March 2020, it was important that we kept connected and supported them as they adapted to a very different working dynamic. We introduced a range of new communication initiatives during the year, including a new online series called Talking Heads. We shared authentic videos of leaders from across the business talking about the challenges they, and their teams, were facing both professionally and personally as well as what they were doing to stay motivated.

commenced with the Directors and members of the executive team, to help embed sound safety leadership before it was subsequently cascaded throughout the remaining teams. We now have a comprehensive safety improvement programme in place with a range of interventions identified across our teams to drive improved safety related behaviours, awareness and decision making. As part of this improvement programme we are actively working towards ISO 45001 certification and expect to have achieved this by January 2022.

We will work hard towards delivering an improved safety performance in the year ahead.

Employee engagement

A.G. Barr has a positive, results-driven and supportive culture, developed over many years. We believe that our culture is unique and makes A.G. Barr a great place to work. We want to ensure that the essence of what it means to work at A.G. Barr is valued and nurtured. Underpinning everything that we do is our belief in performance through people – a positive and engaged team drives better business performance.

Over the past 12 months, in response to the impact of COVID-19, many employees transitioned to homeworking while our essential workers in our factories, warehouses and logistics operations had to adapt to significant changes to their working practices. Engagement initiatives and internal communications were critical to maintaining employee morale during these testing times.

We focused on 3 key areas. We responded to government changes quickly, and shared updates with our employees clearly and honestly. We made sure our teams felt supported, particularly from a mental health perspective. And we maintained a drumbeat of positivity, using technology to engage, empathise and entertain.

From online "Meet and Greet" sessions with our Board member responsible for workforce engagement, to an online competition where children of our employees designed posters for our factories, we used a range of techniques and channels to keep connected. Results from a pulse survey with an employee focus group were overwhelmingly positive with 96% of respondents stating we had managed the COVID-19 crisis well. Employees fed back that they knew what was happening on an almost daily basis, understood the decisions being made and felt safe.

In focus

Barr Behaviours brought to life

We carried out a listening and engagement exercise with all our employees during the year to capture and share collective positive experiences and learnings. Via informal online get togethers, small groups discussed what behaviours were having the most positive impact on wellbeing, inclusion and performance. The output from these sessions is now helping us refine and refresh our Barr Behaviours framework to ensure it is fit for purpose in the world we're now living and working in. Our Barr Behaviours define the most important aspects of our shared culture and we believe that embedding these behaviours further across our business will create the conditions for every single colleague to work together brilliantly.

In focus

Manager Essentials

Our Manager Essentials development programme continued across 2020, with an adapted online learning format. Focused on creating consistency and competence in how all our people processes and policies are applied, the programme aims to enhance the people skills of our managers and to increase confidence through a blend of self directed learning and webinars. Manager Essentials focuses on key skills vital to being a successful leader and invites all our people managers to think differently about how they manage performance and motivate their teams.

Barr Behaviours

We have developed a simple behavioural framework central to who we are and how we operate, known as our Barr Behaviours. These behaviours are at the heart and soul of Barr Soft Drinks and support how we work together to enhance performance. Whether recruiting new employees or developing our existing teams, our Barr Behaviours are core to our thinking and ensure we are all focused on our performance potential. Our behaviours centre on four main areas – Being Brilliant, Always Learning, Results Driven and Relationships Matter.

Learning and development

Learning and development in our business is about creating a Company-wide culture in which everyone is supported and challenged to take ownership of their results, the impact they have on others and their careers. That's why "Always Learning" is one of our Barr Behaviours. Our teams are encouraged to take the lead in their own personal development, drawing from a wide range of learning opportunities. Our award-winning iLearn platform is our hub for development activity, with hundreds of hours of learning immediately accessible to all. But we also recognise that different people learn in different ways, and that knowledge, skills and experience can be enhanced in different ways. From classroom training and job shadowing to our successful mentoring programme and externally provided training courses, we try to ensure there's something to suit every individual in every area of the business.

We act with integrity continued

In focus

Gender progress

In 2020, our fourth year of gender pay gap reporting for Barr Soft Drinks, we were pleased to report an improvement in our mean pay gap which has reduced from 12.7% in 2017 when reporting began to now sit at 0.7%.

We have also set a new KPI related to women in leadership. Across A.G. Barr as a whole women make up 39% of the leadership population and we are now targeting 45% by 2025.

Diversity and inclusion

We want to be a diverse and inclusive business that respects and values difference and allows all of our people to perform at their best. By treating people fairly and equally, and by embracing diversity in all its forms, we believe this will improve our market competitiveness, foster innovation, enhance our reputation and create an inclusive and positive working environment for all employees to thrive. Our aim is to ensure that all employees and job applicants are given equal opportunities. Embracing diversity means that we value and respect everyone's differences.

Our diversity and inclusion (D&I) plan was developed by listening to our employees and developing a plan tailored to our business and our people. Our plan reflects both our employees' views as well as the long-term Company ambitions in this important area.

Across 2020, despite the challenges of the COVID-19 pandemic, we made progress across the 3 key focus areas of this plan:

- **Leadership –** developing our people leaders to become diversity and inclusion role models who lead by example. Actions taken included the continued roll out of the Manager Essentials programme which encompasses a D&I recruitment module (see Learning & Development section on page 27)
- **Recruitment –** developing recruitment processes and tools that attract more diverse candidates. A key action during the year was the roll out of new recruitment software, providing better ways to target where we advertise our roles
- **Gender –** finding new ways to encourage women to join our business, and to actively support their progression. 2020 saw us introduce new continuous performance development software with specific check-ins for career development as well as delivering year 2 of our Company-wide mentoring programme

We will continue to work on creating an environment that is inclusive, where people feel they can be themselves at work and where their opinions count.

Gender split

	Board & Company Secretary		Senior Managers		All employees	
	As at 25 Jan 2020	**As at 24 Jan 2021**	As at 25 Jan 2020*	**As at 24 Jan 2021**	As at 25 Jan 2020*	**As at 24 Jan 2021**
Male	8	**7**	59	**54**	696	**610**
Female	3	**3**	37	**34**	292	**251**
Total	11	**10**	96	**88**	988	**861**

* Data revised to include omitted Funkin business unit.

GENDER PAY REPORT

Our Barr Soft Drinks Gender Pay Report is available on our website at **www.agbarr.co.uk**

RISK MANAGEMENT

Further details on our risk management actions can be found on **pages 43 to 51**.

Reward

Our approach to reward aims to link remuneration with the delivery of our key strategic priorities and our overarching purpose, to create value, with values – for our shareholders, consumers, customers and for society as a whole.

We strive to offer a fair and transparent total reward package that drives a performance-led culture and is linked to both the long-term sustainable success of the business and our values.

We target our pay at the market median or above, ensuring we can attract and retain high calibre employees. We operate a number of incentive and bonus schemes, as well as performance related pay arrangements, designed to reward and motivate strong individual and collective performance.

We offer employees a modern and flexible range of benefits designed to offer choice to our increasingly diverse workforce.

We comply fully with all the regulations associated with rewarding our employees fairly and are a UK Living Wage accredited employer.

More information on how we ensure that our approach to remuneration supports our strategy is available in the Directors' Remuneration Report on pages 71 to 98.

Responsible policies and practices

We have high expectations of our partners, our suppliers and ourselves. Across 140 years of operation we have developed robust and responsible policies and practices that guide what we do and how we work with others. The key policies, statements and guidelines we rely upon are set out on page 23.

Risk & regulation awareness

We have a robust risk management framework in place that is embedded across the business. In addition to the Corporate Risk Register, governed by the Board, functional risk registers have been developed across our teams, allowing a wide range of employees at different levels to contribute to our risk assessment and assurance processes.

Our reputation is extremely important to us and it is the responsibility of every employee to act professionally, fairly and with integrity. This requires an understanding of the regulatory risks we face and how we can all play a part in mitigating these risks.

In support of this, we require all employees to complete the following 5 mandatory training modules:

- Introduction to Risk
- Data Protection
- Competition, Pricing and Confidentiality
- Bribery and Corruption
- Tax Evasion

In focus

Speaking up

Our Speaking Up Policy supports our open culture and provides guidance to employees on how to raise any concerns to an Independent Non-Executive Director in confidence. A communication campaign during 2020 was designed to raise awareness of the policy and encouraged employees to come forward if they wanted to raise any matters of concern without fear of repercussions.

We respect the environment

The environment and natural resources are precious. We take our environmental responsibilities very seriously, constantly striving for opportunities to improve our sustainability, whether through carbon and energy reduction, our water and waste control actions or general reduction of our environmental impacts.

We have been accredited to the Environmental Standard ISO 14001 since 2003. This certification provides a framework against which we have developed comprehensive environmental procedures and monitoring systems. These processes have allowed us to measure our environmental performance and focus our activities on delivering long-term improvements.

Carbon reduction

We have an important role to play in the transition to a low carbon and climate-resilient economy and we took a significant step forward in 2020 as we moved to 100% renewable electricity at all our sites.

We have also made a number of energy efficiency improvements during the year, including a new energy monitoring system at our Cumbernauld site, the installation of more efficient LED lighting at our Cumbernauld warehouse, a significant saving in gas oil following the removal of a boiler at our Milton Keynes site, as well as fuel and energy savings across our distribution fleet.

In focus

Improved CDP score

CDP is a not-for-profit charity that runs a global environmental disclosure system. CDP is widely used and considered to be one of the most comprehensive independent environmental data sets available. We are pleased to report that we improved our CDP rating during 2020 and now hold a B classification. The CDP Score Report allows us to benchmark and compare our environmental stewardship with peers, and provides additional information that can help inform our forward looking improvement programmes.

We are pleased to report a year on year improvement across our greenhouse gas emissions (GHG) which have reduced by 41% against the 2015 baseline.

Further details on both our energy emissions and our energy efficiency actions and savings are provided in our Streamlined Energy & Carbon Reporting (SECR) section on page 33.

Working with independent experts, we are now accurately assessing our current carbon footprint across the full product life cycle and value chain. This will cover the goods we purchase, the resources, fuel and energy we use in our day to day activities, right through to the point we deliver to customers. This important data will allow us to accurately measure and verify our full carbon footprint for the first time and will allow us to set science-based carbon reduction targets that will support the decarbonisation of our business.

In 2015, 196 governments signed the Paris Agreement, which aims to keep average temperature increase to well below 2°C above pre-industrial levels. More explicitly, the agreement sets out to pursue efforts to limit the temperature increase even further to 1.5°C.

The Science Based Target Initiative (SBTi) enables companies to demonstrate their leadership on climate action by publicly committing to science-based greenhouse gas reduction targets. Science-based targets provide clearly defined pathways for companies to reduce GHG emissions. Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

SBTi requires companies to focus initially on emissions from their direct GHG emissions (Scope 1), their indirect emissions, including the consumption of purchased electricity (Scope 2) and then on their wider indirect (Scope 3) emissions.

Our ultimate goal is to be net zero by 2040, if not sooner. We believe we have no time to waste.

This mindset is being brought to life by our No Time To Waste environmental sustainability programme. We are already taking action, as detailed throughout this report, to ensure we play our part in reducing the effects of climate change on our planet. However, our carbon footprint assessment work will allow us to expand our No Time To Waste programme and actions, building an aggressive yet realistic decarbonisation roadmap towards our net zero goal.

In focus

Introducing greater recycled content into our packaging

Rubicon Spring, our tasty, healthy and hydrating spring water based drink, now has 50% recycled plastic in all its bottles. Better for you and better for the planet.

We are a business that prides itself on acting with integrity and building trust so we will only confirm our net zero commitment as and when we have a robust and deliverable plan in place.

Packaging

We believe that packaging should be treated by all as a valuable resource and recycled, not discarded as litter. 100% of our soft drinks packaging is recyclable and recycling messages are displayed on all our drinks. In addition, we continually seek to reduce the amount of packaging we use and have made significant achievements in this area. We use 20% less material in our plastic bottle designs than we did 10 years ago and we recently removed difficult to recycle polypropylene sleeves from millions of our bottles.

As part of our No Time To Waste environmental sustainability programme we have accelerated our actions and raised our ambition across a range of packaging initiatives.

- We have increased our commitment, both in quantum and pace, associated with the amount of recycled material (rPET) within our plastic bottles. Our Strathmore and Rubicon Spring brands have already transitioned to 50% rPET bottles however our full range of IRN-BRU and Rubicon plastic bottles will be made from 100% recycled material by early 2022. All our plastic bottles will be 100% rPET by the end of 2023
- We're also one of the first businesses in the UK to introduce 100% recyclable packaging film made from 100% recycled content, which will be on all our consumer multipacks by the end of 2021. This move alone will reduce 400 tonnes of virgin plastic each year and complements other plastic reduction initiatives delivered during the year, including the lightweighting of shrink wrap used in our factories, which removes a further 75 tonnes of plastic on an annual basis

We are also actively involved in finding solutions to address packaging waste, reduce litter and increase packaging recovery rates. A correctly designed and effectively operated DRS scheme in Scotland can deliver the improvements to recycling and littering that we all seek. Over the past year we have worked closely with fellow drinks producers in Scotland, along with other key stakeholders, taking the lead in the establishment of a Scottish deposit return scheme (DRS) administrator. The legislation permits producers to appoint a not-for-profit scheme administrator to collectively discharge their DRS obligations.

By incentivising consumers to return their drinks containers, a DRS will set drinks packaging apart, as drinks containers will become part of a truly circular economy. In countries where DRS is already operational, such as Norway and Germany, return rates of plastic bottles for example reach as high as 98%. In addition, the quality of recycled material available from a DRS system is expected to be much higher than the quality produced by current household recycling. We believe this will vastly improve the availability of recycled material to go back into our drinks containers.

Water and waste

As a soft drinks manufacturer, water is one of our most important ingredients as well as being a precious resource. Managing our impact on water, and being good water stewards, is high on our list of environmental priorities.

We are committed to the prevention of pollution and continually seek to understand and minimise the direct and indirect environmental impacts of our operations. Through constant monitoring, using formal auditing procedures where appropriate, we seek to avoid, reduce or control the creation and emission of any type of pollutant or waste.

We respect the environment continued

Our water usage efficiency suffered for the second consecutive year as a consequence of the decline in Barr Soft Drinks production volumes. This has a negative impact on our water usage ratio calculation, as set out in our non-financial KPIs, due to shorter production runs and increased line changeovers. We remain committed to improvement in this area and have identified a number of water efficiency improvement projects to be delivered in 2021.

We were, however, delighted to achieve our long-term target related to waste. 100% of our non-hazardous waste is now diverted from landfill, and our objective is now to maintain this performance on a permanent basis.

Sustainable sourcing

As climate change and a rising population put pressure on our limited natural resources, it is important for all our raw materials to be sourced sustainably and used effectively. We work in partnership with our critical suppliers to ensure that our materials and ingredients are sustainably sourced. Our Ethical Trading Policy sets out our expectations in this regard and our suppliers must acknowledge their compliance on an annual basis through our stringent supplier approval process, which uses questionnaires and audits to confirm adherence to our standards across a broad range of requirements. We also use the Supplier Ethical Data Exchange (Sedex) platform, as a secondary verification step. Sedex is a not-for-profit global membership organisation dedicated to driving improvements in ethical and responsible business practices.

Materiality and stakeholder engagement

We regularly engage with internal and external stakeholders to ensure that our responsibility agenda is addressing the material issues.

Over and above our standard engagement processes, we undertook a specific exercise during the year to gauge the views of consumers, customers, suppliers, employees and shareholders on environmental sustainability. These findings, taken together with the output from our carbon footprint assessment work, will be used to shape the expansion of our No Time To Waste programme and actions.

Governance

Our responsibility agenda is integrated into our strategic, financial and business planning as well as our risk management processes, with ultimate accountability sitting with the Board.

The Executive Committee is responsible for the delivery and execution of our responsible actions and programmes, supported where appropriate by sub-committees and functional or project teams.

Independent assurance

We appointed third-party auditors, the Carbon Trust, to undertake a carbon audit of our Group operations for the year ending January 2021. Having developed the world's first certification for organisational CO_2e Reduction Standard and product carbon footprints, the Carbon Trust is the leading carbon footprint certification body.

The scope of the audit included Scope 1 and Scope 2 emissions.

In focus

Lightening the load

Packaging keeps our products safe, secure and of optimum quality, but we're continually striving to find ways to reduce it. By re-engineering pallet configurations we're removing over 120,000 cardboard layers at our Milton Keynes and Cumbernauld sites.

CORPORATE GOVERNANCE

Further information on our corporate governance framework can be found on **pages 54 to 66**.

Streamlined Energy & Carbon Reporting (SECR)

For 2020/21, the total global Scope 1 and 2 carbon emissions associated with our reported energy use and fugitive emissions from refrigerant leaks are 10,320 tonnes CO_2e, with the following breakdown by scope:

Carbon Emissions	2020-21	2019-20
Scope 1 emissions (tonnes CO_2e)	**5,434**	5,467
Scope 2 emissions – purchased electricity (tonnes CO_2e)	**4,886**	5,719
Scope 1 & 2 emissions (tonnes CO_2e)	**10,320**	11,186

All global energy and emissions reported relate to UK operations with no non-UK energy or emissions.

Methodology

The methodology used is the WBCSD/WRI Greenhouse Gas Protocol, a corporate accounting standard revised edition in conjunction with UK government environmental reporting guidelines including SECR guidance. An operational control approach has been taken. We have used the UK government greenhouse gas conversion factors for Company reporting 2020. Scope 2 emissions from purchased electricity have been measured using a location-based approach.

Our total energy consumption for 2020/21 is 46,493,654 kWh. This includes our electricity, natural gas usage and other thermal fuels used for our production, distribution and office buildings as well as transport fuels for logistics vehicles and Company cars.

A comparison against the figures reported in our 2019/20 Annual Report is also provided.

Intensity ratio

For 2020/21, our emissions intensity, measured as the total Scope 1 and 2 emissions relative to the thousand litres of product produced is 24.95 kg CO_2e per thousand litres of product produced. This represents an improvement of almost 5% compared to 26.17 kg CO_2e per thousand litres of product produced, as detailed in our 2019/20 Annual Report.

Energy efficiency actions

- Our energy monitoring system at our Cumbernauld production site was upgraded. Existing sensors were replaced providing better data on the energy consumption of key assets. We are targeting a 2% reduction in full year energy consumption for the site as a result
- We installed LED lighting at our Cumbernauld warehouse, replacing old inefficient floodlighting, resulting in an estimated annual energy savings of 26,000kWh
- By improving production planning at our Milton Keynes site we were able to remove an old gas oil boiler from the production facility. This resulted in a saving 39,650 litres of gas oil equating to 425,000kWh per annum. Further smaller works completed at the site to improve hot water pipework insulation are expected to provide 1,700kWh of electrical energy savings
- We carried out a route optimisation exercise for our logistics fleet in England and Scotland during the financial period. As a result, 3% of the delivery volume was moved to existing third-party provider routes. Furthermore, with reduced delivery volumes during the reporting period, a significant annual diesel fuel reduction of 245,000 litres was achieved across our own vehicles compared to the previous year. This equates to 2,600,000 kWh of energy savings

Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD), established by the G20's Financial Stability Board, provides a framework for companies to report the potential financial impacts from climate change on their business, rather than reporting the impact of their organisation on the environment.

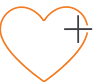
This framework is designed to help investors and wider stakeholders understand how businesses are managing climate-related financial risks, across four key areas:

Governance – setting out the respective roles of the Board and management team in managing risks and opportunities.
Strategy – identifying risks and opportunities over different time horizons and explaining how these impact strategic and financial planning.
Risk Management – having processes in place for managing identified risks and including these within the overall risk management framework.
Metrics and Targets – explaining how both climate change impact and exposure to risks are measured, setting targets and tracking ongoing progress.

We recognise the importance of these disclosures and are committed to be fully aligned by 2022.

Having reviewed our business model and the principal risks associated with climate change, we do not currently believe there are any immediate material impacts of physical and transition climate risks on the business.

RESPONSIBILITY REPORT CONTINUED



We support healthy living

Calorie reduction

98% of our soft drinks portfolio by volume is considered no or low sugar, containing less than 5g total sugars per 100ml.

Our job has always been, and continues to be, about understanding consumers and their changing tastes and preferences, and providing them with great tasting soft drinks. Evidence shows that most consumers want to reduce their sugar intake while still enjoying great tasting drinks. We have been reducing the sugar content across our portfolio and introducing new and innovative reduced sugar products in response to our consumers' changing tastes and preferences for several years.

Our in-house research, development and innovation team delivers a wide range of reformulation and innovation projects, using the experience they have gained over many years to optimise recipes and carry out robust consumer research to ensure our reformulated recipes meet consumer needs.

Responsible advertising and marketing

We take our responsibility in how we market, promote and advertise our products very seriously. We advertise responsibly, offer a wide range of pack sizes to assist with portion control and, by providing clear nutritional information on all of our products, enable our consumers to make informed choices. We fully comply with all of the appropriate regulations and in some cases go beyond the standards set, such as in the area of Energy Drinks where our industry code exceeds regulatory requirements.

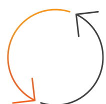
Labelling

We have always been committed to providing clear calorie and nutritional information on our packs to help consumers choose products that are right for them. We were one of the earliest adopters of the government's voluntary front of pack nutritional labelling on all our Company owned brands which is a simple traffic light style scheme, making it even easier for consumers to find the information they need.

In focus

Sporting partnership

We are proud to be the Official Hydration Partner for the Strathclyde Sirens for the 2021 Vitality Netball Superleague. The Sirens, Scotland's biggest female semi-pro sports team, are an inspirational team of young sportswomen who are competing at the very top of their game, representing Scotland in one of the UK's biggest women's sports leagues. We're proud to be a part of their journey.



We give back

Community engagement

Since 1875, we have always supported and worked closely with the communities in which we operate.

We provide financial, in-kind, practical and employee volunteering support to a wide range of charities, good causes and community groups each year across the UK.

Charity partnership

Our employee-chosen charity partner, Mental Health UK brings together 4 national mental health charities working across the country and provides advice, information and support. Our corporate donation of £150K over the 3-year partnership is supplemented by employee fundraising from teams across the business who undertake a range of impressive activities in support of this important charity.

Employee volunteering

We encourage employees from across the business to take part in volunteering activities, giving something back to the communities we serve. Our employee volunteering policy allows every employee the opportunity to take paid time off to volunteer with our employee nominated charity.

In focus

Sending Strathmore to the front line

We were proud to donate 250,000 bottles of Strathmore water to the NHS Louisa Jordan temporary critical care hospital built at the Scottish Events Campus (SEC) in Glasgow.

In focus

Fundraising fun

COVID-19 hasn't stood in the way of our amazing employees who have once again shown their incredible capacity for giving back. From a virtual West Highland Way, which saw one team collectively walk/run 734 miles and climb over 31,735 feet on stairs, to a virtual walk from Lands' End to John O'Groats – a total of 874 miles – all our fundraisers continue to go the extra mile for our worthy charity partner, Mental Health UK.

FINANCIAL REVIEW

"We are intending to emerge from the pandemic as a simpler, more resilient and agile business with a clear path to value-creating growth."

Stuart Lorimer
Finance Director

STRATEGY
IN ACTION

Find out how we have put our strategy into action on **pages 18 to 21**.

CORPORATE
GOVERNANCE

For information on our Corporate Governance and Director's Report see **pages 54 to 66**.

The following is based on results for the 52 weeks ended 24 January 2021. Comparatives, unless otherwise stated, are for the 52 weeks ended 25 January 2020.

Overview

Having entered the financial year with strong trading momentum, the impact of COVID-19 in March was as unexpected as it was unwelcome and significantly impacted performance thereafter. The financial imperatives for the business were to secure liquidity, ensure continuity of operations, conserve cash and reset the cost base. While we delivered against these priorities, trading was nonetheless disrupted, particularly in the hospitality and 'out of home' channels. This resulted in an 11.2% reduction in reported net sales, down £28.7m to £227.0m, and a 12.3% reduction in profit before tax and exceptional items, down £4.6m at £32.8m.

Statutory profit before tax at £26.0m was down £11.4m, driven by the adverse trading performance and a net P&L charge of £6.8m arising from a number of exceptional items detailed below.

The impact of COVID-19 and the termination of the Rockstar franchise required prompt and decisive action to reduce costs and to right-size our operations, while ensuring we maintained appropriate capacity for growth. All aspects of expenditure were reviewed including marketing investment, discretionary pay and organisational structural costs. We re-focused our marketing on the channels where spend remained effective and pivoted our resources to those routes to market that remained open. The combined impact of these actions enabled gross and operating margins, pre exceptional items, to be maintained at levels broadly in line with the prior year despite the impact of lower sales.

We entered the pandemic with strong financial fundamentals, a well maintained asset base and significant net cash. At £50.7m (2019/20 : £40.1m) net cash generated from operating activities continued to be strong throughout 2020/21, reflecting the prompt action taken. Disciplined cash management, combined with capital programme deferrals and dividend suspension, resulted in the Group closing the financial year with net cash at bank* of £50.0m.

Despite the current pandemic challenges, our strategy remains steadfast. We are a well invested asset-backed business with strong brands and varied, but balanced, routes to market. We are intending to emerge from the pandemic as a simpler, more resilient and agile business with a clear path to value-creating growth.

COVID-19 response

During the year, the business responded quickly to the evolving COVID-19 circumstances. Our first priority was to ensure the safety of our employees.

A COVID-19 crisis management team was established immediately and oversaw a range of safety and wellbeing, operational, employee engagement and technology decisions and activities to support the Group. The crisis management team continues to operate today with a senior leadership team, dynamic risk assessment protocols and regular Group-wide communications ensuring best practices are identified and cascaded in what continues to be a fluid environment.

From a financial perspective, while cost conservation measures were taken in all business units we sustained investment in capital assets and marketing, where it made sense to do so. We implemented multi-scenario financial planning to ensure we were equipped to react swiftly and course correct if required, as events unfolded.

As part of our pandemic response, we participated in the government Coronavirus Job Retention Scheme (CJRS) from April to July 2020 when restrictions and consumer demand prevented a number of our employees from undertaking their roles. Our participation in the scheme ended in July 2020 at the conclusion of a Group-wide organisational review. In total the Company received £1.3m of CJRS funding.

Following the announcement of the termination of the Rockstar contract during the first lockdown, we spent time determining the right sustainable organisational structure that would facilitate a stronger business to emerge post pandemic. Unfortunately this review resulted in the removal of a number of roles from across the Group. The one-off costs associated with this programme are detailed below. While the programme benefits accrued largely within the financial year there will be some continued savings in the first half of the financial year 2021/22.

FINANCIAL REVIEW CONTINUED

The Group remained net cash positive throughout the year and all our financial forecasts predicted we would remain solvent under a range of severe but plausible scenarios. We nevertheless took the precautionary step to draw down our total committed credit facility (£60m) in March 2020. This action had the full support of our lending banks and all facilities were subsequently repaid in September 2020. We remained profitable and cash generative across the financial year. The scenario plans and viability work undertaken as part of the annual reporting process confirm that we continue to be a robust business with strong financial fundamentals.

Looking forward, we expect the pandemic will continue to impact the business in 2021/22. While we now have a better understanding of the impact of lockdowns and social restrictions on our trading patterns, there remains considerable uncertainty over the duration. We will continue to employ a scenario based approach to financial planning, with a range of possible projections built around a base plan. Our viability modelling highlights that we have the financial resilience to withstand all severe but plausible scenarios and we have well developed plans to mitigate the adverse impact of longer-term consumer restrictions on revenue, profit and cash, should these be required.

Segmental performance

There are 3 reportable segments in our Group:

1. Carbonated soft drinks
2. Still soft drinks and water
3. Funkin

Carbonated soft drinks

Our carbonates segment represents over 81% of our revenue and over 87% of gross profit. A reported revenue decline of 6.2% in this segment is a creditable performance in a year clearly impacted by COVID-19 as well as the loss of the Rockstar franchise from 1 November 2020.

The IRN-BRU brand reported net revenue down 9.7%, with a decline in out of home sales partially offset by growth in the take home category. Recognising the importance of focusing on core trading activities, we chose not to launch any new brand innovation in the year, however recent innovations – IRN-BRU Energy and IRN-BRU XTRA – continued to deliver revenue growth.

Barr Flavours continued to grow, up 3.3%, on the back of sustained distribution gains, largely in England, despite the headwinds of the pandemic. The brand has built a strong position as a great tasting value brand in symbols and independent stores, a sector that has held up relatively well during lockdown restrictions.

Our carbonated Rubicon drinks (Rubicon Spring and Rubicon Sparkling) represent over 2/3rds of the Rubicon range. These brands, particularly Rubicon Spring, are predominately ‘out of home’ focused and while they performed strongly outside of lockdown (pre COVID-19 and late summer) they were disproportionately impacted when restrictions were in place. Rubicon Spring net revenue was down 8.1% while Rubicon Sparkling revenues were flat year on year.

Overall, our carbonates pricing has been sustained and strong cost management activity has mitigated the impact of lower volumes on our largely fixed cost base. However, the combination of stronger than average growth by Barr Flavours and the switch from ‘out of home’ formats to multi-packs and larger ‘at home’ formats, has resulted in a modest margin dilution on gross margin.

Stills and water

Segmental net revenue declined 36% driven by a 43.3% fall in volume, a direct reflection of the impact of pandemic restrictions on the brands in this segment.

The impact of a challenged fruit drinks sector combined with lockdown restrictions preventing the execution of key promotional activities during Ramadan (April/May 2020), resulted in Rubicon Stills revenue being down 18.2% versus the prior year.

The other still brands in this segment, KA, Simply Fruity and Snapple, were also exposed to the ‘out of home’ trading challenges leading to year on year declines.

The closure of the crucially important hospitality sector for much of the financial year has had a severe impact on the Strathmore brand with sales down 80-90% during the lockdown periods. While we took immediate and significant remedial action to reduce costs, the extent of the sales reduction during lockdowns and the largely fixed cost nature of the single plant Strathmore operation had a material impact on gross profit. With an uncertain medium-term outlook, we implemented a full review of the Strathmore business during Summer 2020. The results of this review necessitated the impairment of the brand value and a reduction to a more efficient single shift manufacturing operation. These actions, and the beneficial impact of brand mix, resulted in a gross margin improvement for the stills and water segment as a whole.

Funkin

Funkin entered the financial year as an on-trade focused brand with a track record of sustained, often double digit, growth. Following the effective closure of the hospitality sector in March 2020, historically representing c.85% of revenue, we pivoted Funkin's focus towards branded ready to drink cocktails in the take home channels. While total sales across the year were down 11.5%, and gross profits fell 31.5%, the underlying performance of the take home channel, currently representing c.50% of the business, was very strong.

Exceptional items

In the year to 24 January 2021 we incurred, and have separately disclosed, four items considered to be non-recurring and exceptional in nature. The net P&L charge (pre-tax) of these items was £6.8m.

The Board is of the opinion that the nature and materiality of these items makes it appropriate to classify them as 'exceptional' providing a more useful representation of the underlying performance of the Group. In determining whether an event or transaction is exceptional, management considers quantitative as well as qualitative factors, such as the frequency or predictability of occurrence, as well as the size and nature of an item both individually and when aggregated with similar items, for example restructuring costs, product development or asset write offs. This presentation is consistent with the way that financial performance is measured and reported to the Executive Committee and to the Board, and assists in providing a meaningful analysis of our trading results.

- **Strathmore brand and asset impairment (£10.0m P&L charge)**. Strathmore is a highly regarded premium brand in a structurally low margin bottled water category. The brand is predominantly targeted on the hospitality sector which continues to be significantly challenged by lockdown measures. A review of the outlook for both the brand and the sector highlighted an impairment requirement which has resulted in a write-down of the Strathmore brand (£7.0m), goodwill (£1.9m) and tangible fixed assets (£1.1m)
- **Funkin goodwill (£1.3m non cash P&L charge)**. A charge to the income statement relating to acquisition goodwill
- **Business re-engineering programme (£3.1m P&L charge)**. In September 2019 the Group embarked on a 2 year change programme. Phase 1, which delivered a number of portfolio simplification actions alongside an initial reorganisation and refocusing of our Commercial teams, completed on time and to budget during the first half of 2020/21. Following the announcement of the termination of the Rockstar agreement, we reviewed and updated our Phase 2 plans, also taking into account pandemic related changes in operations. Phase 2 regrettably led to further right-sizing decisions which resulted in a number of redundancies across the business, including both our Strathmore production and Funkin teams where COVID-19 has had the greatest impact. The programme is now complete
- **Rockstar compensation (£7.6m P&L credit)**. The early termination of the Rockstar franchise entitled the Group to a one-off contractual termination payment

The net cash impact of these exceptional items is £4.5m cash in-flow with the Strathmore impairment (£10.0m) and the Funkin goodwill adjustment (£1.3m) being non cash.

In the prior year, a net zero exceptional expense was recognised. This represented the combination of year 1 of the simplification and standardisation programme costs offset by a £1.8m receipt for compensation in relation to the removal of our on-site wind turbine.

Interest

Net finance charges, totalling £0.7m, comprise the interest relating to the drawdown of the revolving credit facilities between March and September 2020, lease interest costs under IFRS 16 and notional finance costs associated with the defined benefit pension deficit under IAS 19.

The constituent elements of the interest charge are:

	2020/21 £m	2019/20 £m
Interest related to Group borrowings	**(0.4)**	(0.2)
Lease Interest	**(0.1)**	(0.1)
Finance costs related to pension	**(0.2)**	(0.3)
Net finance costs	**(0.7)**	(0.6)

Taxation

Our reported tax expense of £6.9m (2019/20: £7.6m) represents an effective tax rate of 26.8% (2019/20: 20.3%). This is higher than the UK statutory rate of 19.0% and higher than the prior year primarily due a one-off revaluation of deferred tax balances following the government decision to reverse the planned reduction in UK corporation tax rate from 19% to 17% and a non deductible element within exceptionals. These have been partially offset by an over-provision of prior year tax charges.

FINANCIAL REVIEW CONTINUED

Earnings per share (EPS)

Basic EPS, before exceptionals, was 22.31p (2019/20: 26.50p), a decrease of 15.8%, based on a basic weighted average of 111,171,047 shares (2019/20: 112,452,517), reflecting the impact of the challenging trading environment and the increased tax charge following the revaluation of deferred tax. Basic EPS post exceptionals was 17.18p (2019/20:26.50p), a decrease of 35.2%. Based on a diluted weighted average of 111,312,006 shares, diluted EPS was 17.16p (2019/20: 26.49p).

Dividends

The decision was taken in March 2020 to suspend dividend payments, with the aim of protecting liquidity at the onset of the COVID-19 pandemic. We remain committed to our plan to recommence dividend payments during the course of our financial year ending January 2022.

The Group took the opportunity to review the dividend distribution strategy with the aim of creating a progressive and sustainable dividend policy that has regard to current performance trends including sales, profit after tax and cash, and satisfies certain guiding principles:

- Dividend cover: targeting 2 times cover
- Payout ratio: targeting 50% of free cash flow
- Consistent with medium-term profit outlook

This framework will be reviewed on an ongoing basis to ensure it remains appropriate in the context of the Group's wider capital allocation objectives.

Balance sheet and cash flow

The Group balance sheet remains robust and in a cash positive position with £50m net cash at bank* as of 24 January 2021. This is testament to the prompt and decisive action taken early in the pandemic to conserve cash and provides the Group with financial resilience and the flexibility to pursue our strategic objectives as we exit the crisis. We entered the pandemic with a strong balance sheet and significant liquidity and we exit the year in a stronger financial position.

Net assets remain in line with the prior year with strong operating cash generation, supported by the suspension of dividends offsetting the impairment of assets relating to the Strathmore business. This impairment, combined with lower capital spend and strong working capital management, enabled Return on Capital Employed (ROCE)* to be broadly maintained at 16.0% (2020: 16.1%) despite the lower COVID-19 impacted profit before tax.

We continued to apply a disciplined approach to cash management across the Group while supporting those customers experiencing temporary difficulties relating to lockdown restrictions. Working capital cash flow was a net £11.5m inflow, with lower receivables more than offsetting lower payables, coupled with a small increase in inventories related to Brexit contingency stock-builds. While much of the receivables benefit relates to sales phasing and the deferment of a quarterly VAT payment, the Group did avoid any significant trade debt write-off during the year and overdue debts were minimal at the year end.

We remain committed to a well-invested asset base. After several years of significant capital spend our cash capital expenditure in the year was always intended to reduce in 2020/21. At £7.1m (2019/20: £14.8m), our spend reflects both our decision to conserve cash and the effect of operational restrictions put in place to protect our employees. We also took the decision to re-phase our multi-year process facility replacement programme at Cumbernauld, which had been originally planned to complete in 2020. The project will now complete, within budgeted spend, in spring 2021. During the year we also took the decision to acquire the canning line in Milton Keynes which had come to the end of its primary lease.

Investment in associate – Elegantly Spirited Limited (STRYKK brand)

In June 2019, the Group made a 20% minority equity investment in Elegantly Spirited Limited (ESL), a business start-up in the emerging zero proof spirits market, and the owner of the STRYKK brand, a range of zero proof spirits products. The STRYKK brand has established itself as an important player in this small but growing market and is performing in line with expectations, having pivoted its strategy from an on-premise to a grocery channel focus. During the financial year the Group exercised its right to participate in further ESL funding through a £1m convertible loan note. ESL is recognised as an associate, with the equity investment accounted for under the equity method of accounting. The investment was originally recognised at the transaction investment price (£1.0m) and subsequently adjusted to reflect the Group's share of the loss since our investment (£0.2m). The Loan note (£1.0m) has been recognised on the balance sheet under loans and receivables. The Group has the right, but not the obligation, to participate in future equity funding initiated by ESL.

Financial risk management

The Group's risk management process is owned by the Board and operates at every level within the business to support the successful delivery of our strategic objectives. The process is based on a balance of risk and reward, determined through assessment of the likelihood and impact of the risk and within the context of the Group's risk appetite as established by the Board. Risks are monitored throughout the year with consideration to internal and external factors and the Group's risk appetite, and updates to risks and mitigation plans are made as required. During the year the business undertook several dynamic risk assessments to ensure rapid and appropriate responses to the evolving COVID-19 pandemic and the impact of this on our operations. The principal risks that could potentially have a significant impact on our business have not changed since the end of the financial year.

European Union withdrawal

The Company has had a Brexit Working Group in place since shortly after the 2016 UK Referendum with the objective of ensuring minimal disruption for the Group during the UK exit and transition period. Alongside this it has put in place appropriate processes and procedures to enable effective and compliant trading under the new UK/EU arrangements. The working group is chaired by the Head of Group Risk, with appropriate input from external advisors and representation from relevant business areas. As a result of actions undertaken by the working group, the business did not experience any significant disruption during or in the immediate aftermath after the end to the transition period on 31 December 2020. As the majority of the Group's production and trading is domestically focused, we anticipate only a modest financial impact under the new EU/UK trade arrangements resulting from tariffs on a small group of raw materials and finished goods. We continue to believe that the Group's overall risk remains largely around these tariffs, the potential for short-term foreign exchange volatility and possible temporary logistic disruption. These risks are considered manageable and the withdrawal from the EU is not considered to be a principal risk. Medium-term supply disruption risk is being managed through a targeted increase in inventories, close coordination with our logistics partners and continued monitoring of the cross border environment. Foreign exchange requirements are not significant and exposure to exchange rate volatility is mitigated by our currency hedging programme.

Treasury and commodity risk management

The treasury and commodity risks faced by the Group continue to be identified and managed by a Group Treasury Committee whose activities are carried out in accordance with Board approved policies and subject to regular Audit and Risk Committee reviews. No transaction is entered into for speculative purposes. Key financial risks managed by this committee include exposures to foreign exchange rates, and the management of the Group's debt and liquidity positions. The Group uses financial instruments to hedge against foreign currency exposures.

As at 24 January 2021, in addition to the Group's cash position, the Group had £60m of committed and unutilised debt facilities, consisting of 3 revolving credit facilities with 3 individual banks, providing the business with a secure funding platform. These facilities are continually reviewed to ensure they remain appropriate in terms of quantum, duration and cost effectiveness. 2 of these facilities (both £20m) expire in February 2022 with the other (£20m) expiring in February 2025.

We expect to shortly conclude the extension of one of the February 2022 facilities. Our new arrangements will result in the Group maintaining three revolving credit facilities – a £20m facility expiring February 2025, a £10m facility with 2 years remaining and a £20m facility ending in February 2022. These arrangements provide security in these volatile times and optionality should debt capacity be required to facilitate corporate opportunities.

The Group seeks to mitigate risks in relation to the continuity of supply of key raw materials and ingredients by developing strong commercial relationships with its key suppliers. The Group manages commodity pricing risk actively and where commercially appropriate, will enter into fixed price supply contracts with suppliers to improve certainty. We have not directly entered into commodity hedge contracts.

In addition, the Group enters into insurance arrangements to cover certain insurable risks where external insurance is considered by management to be an economic means of mitigating these risks.

Accounting policies

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Listing Rules of the Financial Conduct Authority.

There have been no changes to the accounting policies applied this year other than the adoption of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. All new or amended standards that are applicable have been adopted with no material impact on the results for the current and prior reporting periods.

FINANCIAL REVIEW CONTINUED

Pensions

The Group continues to operate two pension plans – the A.G. BARR p.l.c. (2005) Defined Contribution Pension Scheme and the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The latter is a defined benefit scheme based on final salary, which also includes a defined contribution section for pension provision to senior managers.

The defined benefit scheme has been closed to new entrants since 5 April 2002 (and to new executive entrants since 14 August 2003) and closed to future accrual for members in May 2016. Existing and new employees have been invited to join the Company-wide defined contribution scheme. The defined benefit pension scheme triennial valuation was undertaken as at April 2020 and is with the Pension Scheme Trustee for approval. The valuation identified a £7.3m deficit on a technical provisions basis as at that date reflecting the substantial reduction in the value of the Scheme's investments which occurred at the start of the COVID-19 crisis. Subsequent to the valuation, the Company and the Pension Scheme Trustee have been in discussions to agree a deficit recovery plan intended to eliminate the deficit over the medium term. This plan, once finalised, will be submitted to the Pension Regulator for approval. The next triennial actuarial valuation will be as at April 2023.

On an IAS 19 valuation basis, which is before the benefit of the asset back funding arrangement, the deficit reduced from £10.5m as at 25 January 2020 to £7.9m as at the balance sheet date. The fall in the deficit reflects changes in mortality assumptions to align with the 2021 triennial valuation and the benefit of additional contributions paid by the Company partially offset by small changes in underlying assumptions on inflation and discount rates. The Group continues to work proactively with the Pension Trustee to de-risk the pension liabilities and secure the commitments to employee benefits as part of the Group's ongoing strategic risk management. The Group remains of the view that the overall pension deficit is manageable.

Stuart Lorimer
Finance Director
30 March 2021

Note: The Group utilises a range of financial and non-financial performance indicators to manage and report on the business. These are set out on page 11 and page 24. Financial metrics marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 165 to 167.

RISK MANAGEMENT

Risk management approach

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

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

Julie Barr
Company Secretary

IDENTIFYING, EVALUATING AND MANAGING RISK

RISK MANAGEMENT CONTINUED

Robust risk assessment

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

The Board and the ARC carry out a robust assessment of the Group's emerging risks at least once each year using a horizon scanning approach together with internal and external insights. The purpose of these assessments is to identify key emerging risks for further evaluation, monitoring and action planning. Emerging risks are captured on the Group's emerging risk register and are subject to ongoing review. Emerging risks are also assessed at a functional level and captured on the relevant function's risk register, and are also subject to ongoing review. The Risk Committee assesses emerging risks at a Group level and reviews the Group's emerging risk register on a bi-monthly basis. The Risk Committee has annual oversight of emerging risks at a functional level. Emerging risks remain on the relevant emerging risk register until they are captured on an appropriate risk register or are no longer deemed to be an emerging risk. The Board has completed a robust assessment of the Group's emerging risks, including those related to climate change and technology, during the period.

Risk control assurance

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

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

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

The report of the ARC can be found on page 67 to 70.

Principal risks and uncertainties

The Board has carried out a robust, systematic assessment of the principal risks facing the Group during the period, including those which would threaten its business model, future performance, solvency or liquidity. The table below sets out the Group's principal risks as determined by the Board, the gross risk movement from the prior year and examples of corresponding controls and mitigating actions. This represents the Group's current risk profile and is not intended to be an exhaustive list of all risks and uncertainties that may arise.

COVID-19

As the COVID-19 crisis continued during the past year, our primary concern has remained the welfare of our employees, their families and the communities in which we operate. Since the start of the COVID-19 pandemic, we have followed the advice from the Government and the NHS at all times as a minimum and will continue to do so. We have taken action as appropriate to protect our employees and our operations. We continue to monitor the situation closely and take appropriate actions to minimise the impact on our business, with the health and safety of our employees being paramount. The ongoing impact on our business will depend on the severity and duration of the COVID-19 pandemic. There is the ongoing potential for an adverse impact on our operations and on the demand for our products and we continue to take action to mitigate possible consequences. We will continue to follow developments closely and will take further action to protect our employees and business as appropriate.

For more details on the Board's consideration of the impact of COVID-19, please refer to the Chief Executive's statement on page 13, and the viability disclosures on page 50.

Brexit

The volatile and uncertain economic environment created by the UK's decision to leave the European Union ("EU") continued over much of the past financial year. Overseen by the Risk Committee, the Company's Brexit Steering Group continued to monitor the potential impact of Brexit on the Group and took appropriate actions to ensure that the business was as well prepared as possible for Brexit on 31 December 2020. The Brexit Steering Group prepared for a range of Brexit outcomes, including "no deal". With the Trade and Cooperation Agreement having been agreed between the EU and the UK, and the fact that the Group is a UK-based Group whose sales are predominantly made in the UK, our assessment is that Brexit has not had and will not have a significant impact on the Group. Therefore, as before, we do not consider Brexit-related risks to represent a principal risk for the business. Key Brexit-related impacts on the business and mitigating actions taken are as follows:

- Brexit's impact on foreign exchange rates to which the Group is exposed through the purchase of certain commodities – this risk is closely monitored and managed by the Treasury and Commodity Committee, which has a hedging strategy in place to manage the Group's exposure to foreign currency fluctuations.
- Border disruption, which could impact the supply of certain raw materials and finished products – we worked closely with relevant suppliers to ensure that we had appropriate stock levels of key raw materials and finished products in place in preparation for Brexit and will continue to monitor the situation closely to ensure that any supply impact from border disruption is minimised.
- The introduction of trade tariffs for certain imports to the UK from the EU and vice versa could have potentially impacted the Group – we have assessed the Group's exposure to trade tariffs post-Brexit and consider this impact to be manageable.
- Brexit's impact on the free movement of people – we worked closely with our key third party logistics supplier and, having undertaken a detailed risk assessment of EU nationals at our key sites, do not consider this impact to be significant.
- Brexit's impact on regulation – the extent to which the UK may diverge from EU regulations post-Brexit remains unclear. We will monitor the situation ongoing and determine the likely impact on the Group in the event of specific regulatory divergence.

We will continue to monitor developments post-Brexit and adapt our strategy accordingly.

The gross risk movement from the prior year for each principal risk is presented on pages 46 to 50.

RISK MANAGEMENT CONTINUED

Principal risks and uncertainties

Risks relating to the Group

Risk	Impact	Controls and mitigating actions	Movement
Changes in consumer preferences, perception or purchasing behaviour	Consumers may decide to purchase and consume alternative brands or spend less on soft drinks.	The Group offers a broad range of branded products across a range of flavours, subcategories and markets which offer choice to the end consumer. Changing consumer attitudes and behaviours are monitored on an ongoing basis and inform our brand plans and new product development. Through investment in innovation across the year we have adapted our portfolio to align with these changing consumer needs.	
Consumer rejection of reformulated products	Consumers may decide to purchase and consume alternative brands or spend less on soft drinks.	Over a number of years we have implemented our extensive innovation and reformulation programme, which was completed prior to the introduction of the Soft Drinks Industry Levy in April 2018. 98% of our current Barr Soft Drinks portfolio produced by volume contains less than 5g of total sugars per 100ml. We recognise that the risk of consumer rejection of the enhanced sweeteners used in our reformulated products remains. We continue to closely monitor consumer acceptance levels and brand performance across our total portfolio and take appropriate mitigating actions.	
Loss of product integrity	A loss of product integrity in the manufacturing supply chain could lead to a product withdrawal or recall.	Appropriate risk assessments are carried out on a regular basis and robust quality controls and processes are in place to maintain the high quality of our products. A number of additional controls were implemented during the year to further mitigate product integrity and micro-related risks. Product recall procedures are tested regularly.	
Loss of continuity of supply of major raw materials	The loss of continuity of supply of major raw material ingredients and/or packaging materials could impact our ability to manufacture, with an adverse impact on the Group's sales and operating profits.	There is a robust supplier selection process in place. Supplier performance is monitored on an ongoing basis and audits are undertaken for major suppliers. Multiple sources of supply are sourced wherever possible. Commodity risks are managed by the procurement team and reviewed by the Treasury and Commodity Committee. Contingency measures are in place and are tested regularly. The continued potential impact of Brexit on the supply of certain raw materials is referred to above. During the year we worked closely with key raw material suppliers in relation to the likely impact of COVID-19 on their businesses.	

Movement

No change Increased Decreased Removed

Risk	Impact	Controls and mitigating actions	Movement
Adverse publicity in relation to the soft drinks industry, the Group or its brands	Adverse publicity in relation to the soft drinks industry, the Group or its brands could have an adverse impact on the Group's reputation, consumer consumption patterns, sales and operating profits.	Our risk management process is designed to identify and monitor events that may impact the Group as a result of adverse publicity and to ensure that controls are in place to manage these risks. Processes are in place to ensure compliance with health and safety legislation and ethical working standards and these are regularly reviewed by the Board and Executive Committee. Quality standards are well defined, implemented and monitored. Corporate Social Responsibility champions are in place and we have clearly defined environmental sustainability commitments. During the year a Sustainability Taskforce was established to progress various environmental sustainability related workstreams. The Group maintains and develops ISO 9001 and 14001 systems and BRC standards which are subject to annual external audits, with any non-conformances addressed in a timely manner. Nutritional information is shown on all of our products and we are long-standing users of the UK Government's voluntary front-of-pack nutritional labelling scheme. As noted above, the Group has followed the COVID-related advice from the Government and the NHS at all times throughout the crisis as a minimum and will continue to do so.	
Government intervention on climate change and environmental issues, e.g. packaging waste	Government intervention on climate change and environmental issues, e.g. the introduction of a Deposit Return Scheme and a plastics tax, could have an adverse impact on consumer consumption patterns, sales and operating profits.	The increased pace of change and level of environmental campaigning in relation to climate change and areas such as packaging reported last year has continued during the year, particularly in relation to single use plastic bottles. We have clearly defined responsibility commitments with regard to waste, water, energy and packaging. We are working constructively with the British Soft Drinks Association, the UK and Scottish governments, and other key stakeholders in relation to potential interventions, such as the planned introduction of a Deposit Return Scheme ("DRS") in Scotland, the possible introduction of a DRS in England, and the introduction of a single use plastics tax. A working group is in place to proactively manage packaging related risks in a holistic manner ongoing, overseen by the Risk Committee. As noted above, a Sustainability Taskforce was established during the year to progress various environmental sustainability related workstreams. Internally, various other projects and environmental initiatives are being progressed to mitigate the potential impact of government intervention on packaging.	

RISK MANAGEMENT CONTINUED

Risk	Impact	Controls and mitigating actions	Movement
Failure to maintain customer relationships or take account of changing market dynamics	Failure to maintain appropriate customer relationships or a reduction in the customer base could have an adverse impact on the Group's sales and operating profits.	The Group offers a broad range of brands that it manufactures and distributes through a variety of trade channels and customers. Performance is monitored closely by the Board and Executive Committee by trade channel and customer as appropriate. This includes monitoring of metrics which review brand equity strength, financial and operational performance. The Group focuses on delivering high quality products and invests heavily in building brand equity. We work closely in partnership with our customers on an ongoing basis. Members of the senior management team meet with key customers throughout the year. As reported last year, the ongoing consolidation in channels and route to market has increased the level of gross risk in this area. A project commenced in 2018 to determine the potential impact of this consolidation in the retail grocery market on the Group and to take appropriate actions; this has continued to be a focus area during the year. During the year we engaged with customers in relation to control measures put in place to minimise COVID-related risks for our respective employees and the wider public. We also engaged with customers to ensure that all necessary preparations were in place for Brexit.	
Inability to protect the Group's intellectual property rights	Failure to protect the Group's intellectual property rights could result in a loss of brand value.	The Group invests considerable effort in proactively protecting its intellectual property rights, for example through trademark and design registrations and vigorous legal enforcement as and when required.	
Failure of the Group's operational infrastructure	A catastrophic failure of the Group's major production or distribution facilities could lead to a sustained loss in capacity or capability.	Assets within the Group are proactively managed and maintained. Risk assessments are carried out on a regular basis and appropriate actions taken. Robust business continuity plans are in place and are regularly tested.	

Movement

No change Increased Decreased Removed

Risk	Impact	Controls and mitigating actions	Movement
Failure of critical IT systems or a breach of cyber security	A failure of critical IT systems could result in a loss of key systems, business interruption, lost sales or lost production. A cyber security breach could lead to operational disruption, financial loss and reputational damage.	IT assets within the Group are proactively managed and procedures exist that support rapid and clean recovery. Robust business continuity plans and contingency measures are in place and are regularly tested. Our internal auditor carried out a review of our IT disaster recovery plans during the year, which concluded that satisfactory processes and controls related to IT systems resilience and recovery capability are in place. The risk of cyber attacks increases on an ongoing basis. An assessment of our cyber security maturity against the UK Government's "10 Steps to Cyber Security" was completed last year by our internal auditor, which showed improvement in our cyber security controls since the previous maturity assessment carried out in 2018 and concluded that our approach is generally in line with industry practice; various further actions have been completed following that assessment, including the implementation of improved cyber risk monitoring controls. Employee awareness campaigns and training continued during the year to increase employee cyber risk awareness. A Digital Governance Group is in place, overseen by the Risk Committee, the purpose of which is to manage the risks related to the Group's externally facing digital properties.	
Financial risks	The Group's activities expose it to a variety of financial risks which include market risk (including medium-term movements in exchange rates, interest rate risk and commodity price risk), credit risk and liquidity risk.	Our underlying objective is to reduce foreign currency related volatility through our cost of goods. Financial risks are reviewed and managed by the Treasury and Commodity Committee, which seeks to minimise adverse effects on the Group's financial performance through hedging known currency exposures throughout the year. The continued potential impact of Brexit on foreign exchange rates to which the Group is exposed through the purchase of certain commodities is referred to above. The Group's finance team reviews cash flow forecasts throughout the year, with headroom against banking covenants assessed regularly. The finance team uses external tools to assess credit limits offered to customers, manages trade receivable balances vigilantly and takes prompt action on overdue accounts. The Group's financial control environment is subject to review by both internal and external audit. Internal audit's focus is to work with and challenge management to ensure an appropriate control environment is maintained. During the year our internal auditor carried out a review of the operation of our key financial controls in light of the COVID-19 pandemic, which concluded that these controls had not been significantly impacted by COVID-19.	

RISK MANAGEMENT CONTINUED

Risk	Impact	Controls and mitigating actions	Movement
Third party relationships	Termination of existing partnerships or renewal on less favourable terms could result in lost brand contribution and under-recovery of supply chain infrastructure costs.	As announced in June 2020, our sale and distribution agreement with Rockstar, Inc. was terminated on 23 August 2020, subject to the payment of a compensation sum. Various mitigating actions have been taken by the business in response thereto. This risk is therefore no longer considered to be a principal risk.	R

The net risk movement from the prior year for each principal risk is in line with the gross risk movement as set out above.

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the directors have assessed the viability of the Company over a three year period to January 2024, taking account of the Group's current financial and market position, future prospects and the Group's principal risks, as detailed in the Strategic Report.

The directors have determined that a three year period is an appropriate time frame given the dynamic nature of the FMCG sector and given that this is in line with the Group's strategic planning period. The starting point for the viability assessment is the strategic and financial plan which makes assumptions relating to the economic climate, market growth, input cost inflation and growth from the Group's performance drivers. The prospects of the Group have been taken into account, including the size of the current market, the strength of the Group's brands and past production capacity investment. The model was then subject to a series of theoretical "stress test" scenarios based on the materialisation of principal risks, with input from the business functions.

The directors have considered the impact of a number of severe but plausible scenarios associated with the principal risks, including:

- The continuation of the COVID-19 pandemic and associated restrictions for a further 12 months, and a consequent channel shift and reduction in consumer demand.
- A reduction in sales due to significant adverse damage to one of the Group's principal brands (e.g. IRN-BRU) sustained over the duration of the viability period.
- Significant changes in consumer preferences and governmental impact in relation to sugar, plastics and the introduction of a Deposit Return Scheme, specifically in Scotland.
- Financial impact from a significant supply chain disruption (e.g. material supply, factory closure).

In addition the directors measured the impact of a number of scenarios occurring together. Finally a reverse "stress test" was performed allowing the Board to assess circumstances that would render its business model unviable.

Credit facilities

The outputs of these tests were then reviewed against the Group's current and projected future net cash/debt and liquidity position. The Group closed the financial year with net cash at bank of £50.0m*. In addition the Group had £60m of committed and unutilised debt facilities, consisting of 3 revolving credit facilities with 3 individual banks. During the viability period, 2 out of 3 of these facilities, totalling £40m, will expire. The revolving credit facilities have two financial covenants, relating to interest cover and leverage, and a material adverse change clause.

Result of stress tests

Under the most severe but plausible combined scenarios above, and with no cost mitigation, the Group would remain profitable throughout the plan. The Group would not require access to any debt facility. All bank covenants are satisfied throughout the planning horizon. Should the loss be worse than this scenario assumes, sizeable cost mitigation opportunities, such as those accessed in the year ended 24 January 2021, would be available to the Group to further preserve viability.

* This is a non-GAAP measure. A definition and reconciliation are provided in the Glossary on pages 165 to 167.

The results of these tests were reviewed taking into account the Group's current position, the Group's experience of managing adverse conditions in the past and mitigating actions available to the Group. Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period to January 2024.

The Strategic Report set out on pages 2 to 51 of this annual report has been approved by the Board.

By order of the Board

Julie Barr
Company Secretary
30 March 2021

BOARD OF DIRECTORS

John R. Nicolson
B.A. (Hons)
Chairman

Biography

John's career was spent with ICI, Unilever, Fosters Brewing Group, Scottish and Newcastle PLC and Chairman of Baltika SA (Russia). Latterly as President Americas for Heineken NV and Deputy Chairman of CCU SA (Chile). He held various positions in Marketing and Sales before moving into Corporate Development and then General Management.

John brings extensive knowledge of the role of a Director on Boards both UK Plc's and listed international companies since 2000, and as a Chairman since 2005. He has an Executive background in Commercial activities, and Corporate Development acquired while being responsible for a large number of international businesses.

Term of Office

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

External Appointments

Non-Executive Director of Stocks Spirits Group PLC, Non-Executive Director of PZ Cussons PLC.

Committee Membership

Nomination Committee (Chair)

Roger A. White
M.A. (Hons)
Chief Executive

Biography

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

Roger brings a wealth of consumer goods experience and corporate leadership.

Term of Office

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

External Appointments

Non-Executive Director of Troy Income & Growth Trust, Non-Executive Director of William Jackson Food Group Ltd, Director of Elegantly Spirited Limited.

Stuart Lorimer
BAcc. (Hons), C.A. M.C.T.
Finance Director

Biography

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

Stuart brings significant experience in FMCG in both alcoholic and soft drinks sectors and a strong background in governance and performance management as a qualified CA and FD.

Term of Office

Joined the Company as Finance Director in January 2015.

External Appointments

None

Jonathan D. Kemp
B.A. (Hons)
Commercial Director

Biography

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

Jonathan brings FMCG specialism in Customer Business Development, Consumer Brand Building and Commercial Proposition Optimisation.

Term of Office

Joined the Company in 2003 as Commercial Director.

External Appointments

Non-Executive Director of Cricket Scotland Ltd.

W. Robin G. Barr C.A. Non-Executive Director	Pamela Powell B.A., M.B.A. Non-Executive Director	David J. Ritchie B.A. (Hons), A.C.A. Non-Executive Director	Susan V. Barratt B.A. (Hons), A.C.A. Non-Executive Director	Nick B. E. Wharton A.C.A. Non-Executive Director
Biography Robin is a past President of the British Soft Drinks Association. Robin brings financial skills and an extensive understanding of UK markets to the Board. As Executive Chairman from 1978 to 2009 Robin brings a historical background to discussions to the Board and as a qualified accountant he is a Trustee of the Company's two pension schemes.	Pam was formerly Group Director of Strategy and Innovation at SABMiller plc, SVP Global Personal Care at Coty Beauty Inc, and VP Skincare and Global Brand Director Dove at Unilever plc. Pam brings food and beverage sector experience, consumer marketing capability, international expertise and knowledge of plc governance.	David is a qualified Chartered Accountant and former Chief Executive of Bovis Homes Group PLC (Bovis). He joined Bovis in 1998 from KPMG as Group Financial Controller, becoming Group Finance Director in 2002 and Chief Executive in 2008. David brings significant operational experience and governance knowledge from his 15 years leading a listed FTSE250 company plus strong financial oversight through his 30 years as a financial professional.	Susan is a Chartered Accountant and spent the earlier part of her career in senior finance roles at Geest plc, Whitbread plc and Laurel pub company. Formerly CEO of Natures Way Foods Ltd and Eldridge Pope plc. Susan brings considerable operational experience and knowledge of the FMCG industry.	Nick is a qualified Chartered Accountant and was formerly CFO of both Superdry plc and Halfords Group Plc and CEO of Dunelm plc. He has held a number of senior executive roles across retail and FMCG businesses, including Boots and Cadbury Schweppes, and until December 2019 was a non-executive director and Chair of the Audit Committee at Mothercare Plc. Nick brings extensive retail experience both in the UK and internationally, substantial Plc and governance experience from executive and non-executive roles on listed company boards and significant financial experience as a qualified chartered accountant and CFO.
Term of Office Joined the Company in 1960. Appointed Director in 1964 and Chairman in 1978. Retired as Chairman and appointed Non-Executive Director in 2009.	Joined the Company in 2013 as a Non-Executive Director.	Joined the Company in April 2015 as a Non-Executive Director.	Joined the Company in January 2018 as a Non-Executive Director.	Joined the Company in November 2018 as a Non-Executive Director.
External Appointments None	Non-Executive Director of Premier Foods plc, Non-Executive Director of Cranswick plc.	CEO of WElink Homes UK, Exec Chair of Lucas Design Group.	CEO of The Institute of Grocery Distribution, Non-Executive Director of Higgidy Ltd.	Group Chief Financial Officer of Pepco Group Ltd.
Committee Membership Nomination Committee	Audit and Risk Committee Nomination Committee Remuneration Committee	Audit and Risk Committee Nomination Committee Remuneration Committee (Chair)	Audit and Risk Committee Nomination Committee Remuneration Committee	Audit and Risk Committee (Chair) Nomination Committee

CORPORATE GOVERNANCE REPORT
CHAIRMAN'S INTRODUCTION

"I am pleased to present our Corporate Governance Report for the year ended 24 January 2021."

Dear Shareholder,

This year's Corporate Governance Report describes our approach to governance and sets out how the principles of the 2018 UK Corporate Governance Code have been applied during the year. Information about the operation of the Board and its committees, and an overview of the Company's system of internal controls are also included.

Having served for nine years on the Board, Martin Griffiths, our senior independent non-executive director and Chair of the Audit and Risk Committee, stepped down from the Board with effect from 30 April 2020, following completion of the 2019/20 audit cycle. I would like to thank Martin for his significant contribution to the Board over many years. Martin was succeeded by Nick Wharton as Audit and Risk Committee Chair and Susan Barratt was appointed as senior independent non-executive director. Pam Powell succeeded Susan as the Board's designated workforce engagement director. Otherwise there were no changes to the Board during the year.

Further details of the Board's composition are given on pages 52 and 53.

John R. Nicolson
Chairman
30 March 2021

The Board

The Company is led by a strong and experienced board of directors (the "Board") which brings a depth and diversity of expertise to the leadership of the Company. The Board is committed to ensuring that it has an appropriate balance of skills, experience and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. The Nomination Committee report set out below describes how the Board achieves that aim. The Board currently has nine members, comprising three executive directors, the non-executive Chairman, four independent non-executive directors and one non-independent non-executive director. Biographical details of the directors are set out on pages 52 and 53.

The roles of Chairman and Chief Executive are separate and there is a clear division of responsibilities between those roles. The Chairman leads the Board and ensures the effective engagement and contribution of all non-executive and executive directors. The Chairman also ensures that Board meetings are underpinned by a culture of openness and challenge, with sufficient time made available to debate issues arising. The Chairman also facilitates constructive Board relations and ensures the effective contribution of all non-executive directors. The Chairman ensures that the Board receive accurate, timely and clear information. The annual Board performance evaluation referred to below evaluates the Chairman's performance in these areas. The Chief Executive has responsibility for all Group businesses and acts in accordance with the authority delegated from the Board. The non-executive directors support the development of the Group's strategy and provide constructive challenge to the executive directors. The senior independent non-executive director, S.V. Barratt, is available to shareholders if they have concerns which have not been resolved via the normal channels of Chairman, Chief Executive, or the other executive directors, or where communication through such channels would be inappropriate.

The Board considers that S.V. Barratt, P. Powell, D.J. Ritchie and N.B.E. Wharton are independent for the purposes of provision 10 of the 2018 UK Corporate Governance Code, issued by the Financial Reporting Council in July 2018 (the "Code"), and that the relationships and circumstances set out in that provision which may appear relevant to the determination of independence do not apply. M.A. Griffiths was appointed as a non-executive director to the Board on 1 September 2010. The Board considers that M.A. Griffiths was independent for the purposes of the Code until 31 August 2019 and was non-independent with effect from 1 September 2019. The Board considers that, on appointment, the Chairman was independent for the purposes of provision 9 of the Code. In addition to his role as Chairman of the Company, J.R. Nicolson is a director of Stocks Spirits Group PLC and a director of PZ Cussons PLC. The Board does not consider that J.R. Nicolson's other commitments have any impact on his ability to discharge his duties as Chairman of the Company effectively. M.A. Griffiths and S.V. Barratt both fulfilled the role of senior independent director during the year to 24 January 2021. M.A. Griffiths was the senior independent director until his resignation as a non-executive director on 30 April 2020, following completion of the audit cycle for the year to 25 January 2020, and S.V. Barratt became the senior independent director with effect from 1 May 2020. Please note the comments above regarding the Board's consideration of M.A. Griffiths' independence as a non-executive director.

The articles require directors to retire and submit themselves for election at the first Annual General Meeting ("AGM") following appointment and to retire no later than the third annual general meeting after the annual general meeting at which they were last elected or re-elected. However, in order to comply with the Code, all directors will submit themselves for re-election at the AGM.

Details of directors' remuneration and interests in shares of the Company are given in the Directors' Remuneration Report on pages 71 to 98.

CORPORATE GOVERNANCE REPORT CONTINUED

Role of the Board

The Board is responsible for the long-term success of the Group, determines the strategic direction of the Group and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the Board, which is subject to annual review and includes the approval of the Group's annual business plan, the Group's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of Company shares, borrowing powers, appointments to the Board, alterations to the memorandum and articles of association, legal actions brought by or against the Group above certain thresholds, and the scope of delegations to Board committees, subsidiary boards and the Executive Committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive directors and an Executive Committee, which as at the date of this report includes the executive directors and six senior managers.

The Board's governance supports the delivery of its strategy to deliver long-term sustainable value through:

- Leadership: the Board is collectively responsible for the long-term sustainable success of the Company. The composition of the Board and an explanation of their skills, experience and contribution are set out on pages 52 and 53. Further information on the Board's leadership, its division of responsibilities and the role of the non-executive directors in providing constructive challenge and supporting the development of strategy is set out above. The Board approves the Group's strategy and annual budget, reviews subsequent progress and makes decisions related to matters reserved for the Board in order to support the delivery of its strategy.
- Effectiveness: the Board's governance framework ensures the effectiveness of the Board. Please see below for information on induction, training and development for directors and the Board performance evaluation.
- Accountability: the Audit and Risk Committee report (pages 67 to 70) and the report on Risk Management (pages 43 to 51) describe how the Board ensures a fair, balanced and understandable assessment of the Company's performance and prospects and how it assesses its principal risks. The Audit and Risk Committee report sets out how the Company maintains an appropriate relationship with its external auditor, consistent with the Code and statutory requirements.
- Remuneration: the Directors' Remuneration Policy (pages 87 to 98) and detailed remuneration report (pages 71 to 86) describe how the Remuneration Committee ensures that the executive directors' remuneration is designed to promote the long-term success of the Company.
- Shareholder relations and engagement: the section 172(1) statement set out below describes how the Company engages with shareholders.

Section 172(1) statement

Stakeholder engagement

Effective engagement with our key stakeholders is critical to the long-term success of the Company. Understanding the perspectives of our stakeholders and building good relationships enables their views to be taken into account in Board and Committee discussions and decision-making. The Board will continue to focus on enhancing its engagement with key stakeholders. The table below sets out our key stakeholders, how we engaged with them during the year, and the impact of that engagement on the Company's strategy and the principal decisions taken during the year.

KEY STAKEHOLDER	FORM OF ENGAGEMENT	HOW THIS STAKEHOLDER GROUP INFLUENCED BOARD/COMMITTEE DISCUSSIONS AND DECISIONS
Shareholders	We have regular discussions with, and briefings for, investors. The Company endeavours to ensure senior management is available to interact with existing and potential shareholders on as flexible a basis as possible. The Chief Executive and Finance Director offer meetings to institutional shareholders twice annually as a minimum in order to communicate business updates and to develop an understanding of their views on governance, performance against strategy and other matters of interest such as sustainability. All directors have the opportunity to attend these meetings. Board committee chairs seek engagement with shareholders on significant matters related to their areas of responsibility. The Chairman ensures at each Board meeting that the Board as a whole has a clear understanding of the views of shareholders. Due to COVID-related government restrictions, shareholders were not permitted to attend the 2020 AGM in person. However, all shareholders, including private investors, had the opportunity to submit questions in advance of the AGM on matters relating to the Company's operation and performance. Answers to shareholder questions were sent to individual shareholders as soon as possible following the AGM.	The Chief Executive and Finance Director brief the Board on discussions with investors and institutional shareholders. Independent feedback following key meetings is coordinated by brokers and financial PR agencies and provided to the Board on a regular basis. Board members listen and respond to the views of investors and institutional shareholders and feedback to the business as necessary. During the year, discussions with investors and shareholders regarding the impact of COVID-19 on the business informed the Board's discussions regarding the financial performance of the business. The Chair of the Remuneration Committee, D.J. Ritchie, consulted with major shareholders during the year in relation to the proposed changes to the Remuneration Policy. The feedback received was considered by the Remuneration Committee and informed the final proposed Remuneration Policy. D.J. Ritchie wrote to major shareholders in October 2020 in relation to the Remuneration Committee's decisions prior to that date regarding the implementation of the new Remuneration Policy, which was approved by shareholders at the June 2020 AGM; shareholders were invited to provide feedback thereon, which informed the Remuneration Committee's discussions regarding the implementation of the Remuneration Policy. Feedback from our major shareholders and investor base on their key sustainability challenges will inform the Company's new Environmental Sustainability Strategy, which will be approved by the Board.

CORPORATE GOVERNANCE REPORT CONTINUED

KEY STAKEHOLDER	FORM OF ENGAGEMENT	HOW THIS STAKEHOLDER GROUP INFLUENCED BOARD/COMMITTEE DISCUSSIONS AND DECISIONS
Customers	We have regular engagement with our customers through virtual or face-to-face meetings, conferences and events. Regular reviews of joint business plans take place to ensure that we are aligned on our shared goals. During the year we engaged with customers in relation to control measures put in place to minimise COVID-related risks for our respective employees and the wider public. We engaged with customers to ensure that all necessary preparations were in place for Brexit. During the year we engaged with customers in relation to key product launches. We also engaged with customers on their views and attitudes towards plastic packaging and the planned Deposit Return Scheme ("DRS") in Scotland. During the year the Company's Sustainability Task Force commenced a process of engagement with our key customers to understand their sustainability commitments.	The Commercial Director provides a commercial update to every Board meeting. A formal review of customers and channels is presented to and discussed by the Board annually. Discussions with customers regarding COVID-related risks and controls informed the Board's discussions and decisions regarding the health and safety of our employees. During the year, the Board discussed updates provided to it regarding the impact of COVID-19 on different customer channels, customer investment plans and customer management strategy. During the year the Board considered the retail trading environment in light of the impact of COVID-19 and endorsed the Company's decision to extend its trade credit insurance for a further year and the provision of increased credit terms to smaller customers. Feedback from customers in relation to plastic packaging informed discussions and helped drive internal decision-making regarding various environmental initiatives during the year. Feedback from key customers regarding their sustainability commitments will inform the Company's new Environmental Sustainability Strategy, which will be approved by the Board. Engagement with key customers during the year informed the Board's discussions and decisions regarding the annual budgeting and long-term strategic planning processes for the Group.

KEY STAKEHOLDER	FORM OF ENGAGEMENT	HOW THIS STAKEHOLDER GROUP INFLUENCED BOARD/COMMITTEE DISCUSSIONS AND DECISIONS
Suppliers	We ensure that we source raw materials in a responsible manner and require our suppliers to commit to our Ethical Trading Policy and to comply with the provisions of our Modern Slavery Statement and Anti-bribery and Corruption Policy. We have regular engagement with our suppliers through virtual and face-to-face meetings, conferences and events. During the year we engaged with key raw material suppliers in relation to the likely impact of COVID-19 on their businesses. We also engaged with third party contractors regarding visits to Company sites, to ensure that only essential activities were undertaken and that appropriate control measures were in place to minimise COVID-related risks for our respective employees and the wider public. During the year we engaged with key suppliers on matters related to climate change, including innovation in sustainable packaging. During the year the Company's Sustainability Task Force commenced a process of engagement with our key suppliers to understand their sustainability commitments. We engaged with key suppliers to ensure we had sufficient stocks of key raw materials and finished goods in preparation for Brexit and to clarify the position regarding Brexit-related tariffs for certain raw materials and finished goods. The Company complies with the Prompt Payment Code guidelines, paying in excess of 90% of its supplier invoices on time.	Updates on supply chain activities, including key suppliers, are provided to every Board meeting and are considered and discussed by the meeting. A review of supply chain strategy, including procurement, is presented to and discussed by the Board annually. Feedback from key suppliers regarding their sustainability commitments will inform the Company's new Environmental Sustainability Strategy, which will be approved by the Board. Engagement with key suppliers during the year informed the Board's discussions and decisions regarding the annual budgeting and long-term strategic planning processes for the Group.

CORPORATE GOVERNANCE REPORT CONTINUED

KEY STAKEHOLDER	FORM OF ENGAGEMENT	HOW THIS STAKEHOLDER GROUP INFLUENCED BOARD/COMMITTEE DISCUSSIONS AND DECISIONS
Employees	The Group is committed to engaging employees at all levels regarding matters which affect them and the performance of the Group. This is achieved in a number of ways, including the use of regular briefing procedures, which twice yearly include a report on trading results. Regular communication meetings are held to keep employees up-to-date with Group performance. Leadership team "hangouts" take place on a monthly basis to keep this group updated and to provide the opportunity for them to ask questions on business related matters. Consultation meetings also take place when the Company is making decisions that are likely to affect employees' interests, at which employee representatives' views are taken into account. The Group's intranet site provides up-to-date information regarding the Group's activities. A magazine for employees, "Juicy Bits" is issued on a regular basis. In addition to the Company's existing employee engagement mechanisms, and as required by the UK Corporate Governance Code, during the year the Nomination Committee reviewed and approved the Board's current mechanism for workforce engagement, being a designated non-executive director, as an appropriate mechanism for workforce engagement. S.V. Barratt was the designated workforce engagement director until 19 March 2020. With effect from that date, P. Powell became the designated workforce engagement director. A structured plan for workforce engagement is developed for each year. During the year, this included virtual engagement sessions held by P. Powell for employees of different roles and levels across different Company sites, the aim of which was to encourage participation across the workforce in order to understand their views on matters which affect them. The focus of the engagement sessions held during the year was on listening to employees' concerns regarding the impact of COVID-19 on them and in particular on their health and safety and mental wellbeing. During the year there was an exceptionally high level of engagement with employees generally regarding COVID-related matters, through regular communications and briefings and via the Coronavirus portal on the intranet. The process was led by the COVID Steering Group, which met at least bi-weekly throughout the year to manage the crisis as effectively as possible, with the health and safety of employees being paramount. COVID-related processes and procedures were implemented throughout the year in accordance with the government's guidance as a minimum, and regularly communicated to employees. A weekly bulletin was issued to furloughed employees. Virtual "Connect and Learn" sessions were carried out on a regular basis. A Mental Health Hub was launched on the intranet and various other mental health activities took place to help support employees through the crisis. Guidance and support was also provided by the corporate charity chosen by employees, Mental Health UK. A session on the "Barr Behaviours" framework was carried out as part of a leadership event during the year, with the aim of further improving the Company's interaction and engagement with employees in light of the ongoing impact of COVID-19 on the business.	The continued appointment of a designated non-executive director as a mechanism for workforce engagement strengthens the link between employees and the Board, helps to build an open and transparent culture and to ensure that all employees have a voice in the Company's future success. It also helps the Board to make better informed decisions based on the broad perspectives of the workforce. Updates on progress regarding workforce engagement are provided at every Board meeting. During the year, these updates focused on the impact of COVID-19 on employees and in particular on their health and safety and mental wellbeing. It was reported that, overall, the good level of workforce engagement had continued during the year and feedback from the employee engagement sessions was generally positive. In particular, positive feedback was received from employees in relation to the COVID-related communications issued during the year and the management of the COVID-19 crisis by the business. The Board was updated on any COVID-related employee concerns, which informed the Board's discussions on COVID-19 during the year. During the year, the Board reviewed and approved the Company's Workforce Engagement Terms of Reference. During the year, an employee consultation process was carried out in relation to a proposed business reorganisation; employees' feedback from this consultation process informed the Board's discussions regarding the proposal. During the year, the Board reviewed and approved the Company's Speaking Up Policy and associated procedures. The results of the employee sustainability survey will inform the Company's new Environmental Sustainability Strategy, which will be approved by the Board.

KEY STAKEHOLDER	FORM OF ENGAGEMENT	HOW THIS STAKEHOLDER GROUP INFLUENCED BOARD/COMMITTEE DISCUSSIONS AND DECISIONS
Employees continued	During the year we engaged with employees by means of an environmental sustainability survey to understand their views on sustainability and the key areas of importance to employees. The Company has a Speaking Up Policy in place, which complies with the 2018 UK Corporate Governance Code, together with associated procedures, including employee awareness and training, to ensure that employees are encouraged to raise any matters of concern in a timely manner. The Speaking Up Policy is communicated to all employees through a variety of channels. A designated email address is available to employees to enable them to raise any matters of concern. A communications campaign launched during the year helped raise employee awareness of the Speaking Up Policy and encouraged employees to come forward if they wanted to raise any matters of concern. Further information on how we engage with our key stakeholders is set out in the Strategic Report on pages 2 to 51 and in the Directors' Report on page 101.	
Government	We engage with governments and political bodies in an open and constructive manner on issues which affect our business, both directly and through relevant trade associations. During the year we had regular and proactive communication with governments and government working groups to ensure our interests in relation to the proposed DRS in Scotland and packaging waste were understood and where possible factored into proposals, including DRS design and implementation. During the year we also completed consultations on policy proposals related to advertising and labelling.	Updates on engagement with governments and political bodies were provided to the Board by the Chief Executive throughout the year and influenced its discussions. This engagement also shaped internal activity in relation to these areas during the year. Engagement with governments and political bodies during the year informed the Board's discussions and decisions regarding the annual budgeting and long-term strategic planning processes for the Group.
Trade associations	We are active members of relevant trade associations, including the British Soft Drinks Association ("BSDA"), the Scottish Wholesale Association and the Scottish Grocers' Federation. We work in partnership on pertinent matters, for example to understand potential changes to the regulatory framework. During the year the BSDA proactively engaged on a range of environmental and diet and health related policy matters, including advertising and labelling policies. We also engaged with the BSDA throughout the year on COVID-related matters to ensure we were aligned with good industry practice.	Updates on engagement with the BSDA were provided to the Board by the Chief Executive throughout the year and influenced its discussions. This engagement also shaped internal activity in relation to these areas.

CORPORATE GOVERNANCE REPORT CONTINUED

Corporate culture and reputation

The Board and the Executive Committee have a critical role in creating and embedding the right corporate culture for the business. The Board aims to maintain the Company's reputation for the highest standards of business conduct and to create a culture that is responsible, diverse and inclusive. The Company's workforce is critical to its future success. The Company's focus on employee engagement will continue in order to create a culture that enables and supports a highly motivated and diverse workforce, to ensure that its workforce do the right thing for its stakeholders and deliver long-term sustainable success for the business. During the year extensive activities took place in response to the COVID-19 crisis to ensure that this culture was maintained throughout the year, as described in the table above. The Board regularly assesses and monitors the Company's culture, primarily through feedback from employees from the annual employee engagement survey "Your Voice Matters", and ensures that appropriate actions are taken to address the findings thereof. This year the employee engagement survey was postponed due to the COVID-19 crisis and will recommence in the following financial year. During the year, further reviews of the Company's health and safety culture took place in conjunction with the Keil Centre and action planning is underway in response to the findings of these reviews. Further information on the Company's culture and workforce engagement is included in the Directors' Report on pages 99 to 103 and in the Strategic Report on pages 2 to 51.

Community and environment

Information regarding the impact of the Company's operations on the community and the environment is included in the Strategic Report on pages 2 to 51.

Acting fairly as between members of the Company

The Board recognises its legal and regulatory duties to act fairly as between members of the Company and has put appropriate structures and processes in place to ensure it complies with all relevant legal requirements, for example in relation to the disclosure of inside information to shareholders.

Conflicts of interest

The articles allow the Board to authorise potential conflicts of interest that may arise from time to time, subject to certain conditions. The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

Professional advice

All directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters. The non-executive directors have access to senior management of the business.

Induction, training and development

On appointment to the Board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Group's businesses, the risks and strategic challenges the Group faces, and the economic, competitive, legal and regulatory environment in which the Group operates. The induction includes, amongst other activities, meetings with Board members, the Company Secretary, senior management and other employees, site visits, market visits and the provision of information relating to the Group, including briefings on key business activities. The Company Secretary provides information to new directors regarding Board policies and procedures, and corporate governance matters. A programme of strategic and other reviews, together with the other training provided during the year, ensures that directors continually update their skills, their knowledge and familiarity with the Group's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

Board performance evaluation

Every year the performance and effectiveness of the Board, its committees and individual directors is evaluated. This year the evaluation was carried out internally, having last been externally facilitated during the year to January 2020. The evaluation was led by the Chairman and conducted by the completion of detailed and comprehensive written survey questionnaires by all Board members and the Company Secretary. The Board questionnaire covered such themes as strategy and risk taking, leadership and accountability, how the Board works, Board culture, line of sight and risk management, with a similar degree of coverage for each of the committees. The full written report was shared with and discussed by the Board and each of the committees. The Chairman discussed the results with the directors on an individual basis. Overall, the review found that the Board and its committees were functioning in an effective manner and performing satisfactorily, with no major issues identified. Actions will be taken to address certain areas arising from the evaluation, including the dedication of more time to succession planning, risk and strategy and certain improvements to the Board papers.

The non-executive directors, led by the senior independent director, carried out a performance evaluation of the Chairman without the Chairman present, taking into account the views of the executive directors. It was concluded that J.R. Nicolson's performance continues to be strong and that he demonstrates effective leadership. The Chairman is pleased to confirm that, following performance evaluation of the directors, all of the directors' performances continue to be effective and all of the directors continue to demonstrate commitment to the role of director, including commitment of time for Board meetings and committee meetings and any other relevant duties.

Meetings and attendance

Board meetings are scheduled to be held seven times each year. Between these meetings, as required, additional Board meetings (and/or Board committee meetings) may be held to progress the Company's business. A part of each Board meeting is dedicated to the discussion of specific strategy matters.

In advance of all Board meetings the directors are supplied with detailed and comprehensive papers covering the Group's operating functions. Members of the management team attend and make presentations as appropriate at meetings of the Board. The Company Secretary is responsible to the Board for the timeliness and quality of information provided to it. The Chairman holds meetings with the non-executive directors during the year without the executive directors being present.

The attendance of directors at scheduled Board and committee meetings in the year to 24 January 2021 is set out below. During the year, the Board also convened one additional Board meeting in relation to the publication of the Company's financial results for the year to 25 January 2020 following the Financial Conduct Authority's request that, in light of the COVID-19 pandemic, listed companies observe a moratorium on the publication of preliminary financial statements. All of the directors attended that Board meeting.

	Board Maximum 8	Audit and Risk Committee Maximum 4	Remuneration Committee Maximum 5	Nomination Committee Maximum 3
Executive				
R.A. White*	8	–	4	3
S. Lorimer**	8	4	–	–
J.D. Kemp	8	–	–	–
Non-executive				
J.R. Nicolson***	8	–	4	3
W.R.G. Barr	8	–	–	3
S.V. Barratt	8	4	5	3
M.A. Griffiths****	2	1	1	1
P. Powell	7	4	5	2
D.J. Ritchie	8	4	5	3
N.B.E. Wharton	8	4	–	3

* R.A. White attended Board committee meetings during the year by invitation.
** S. Lorimer attended Audit and Risk Committee meetings during the year by invitation.
*** J.R. Nicolson attended Remuneration Committee meetings during the year by invitation.
**** M.A. Griffiths resigned from the Board on 30 April 2020 and could have attended a maximum of two Board meetings, one Audit and Risk Committee meeting, one Remuneration Committee meeting and one Nomination Committee meeting.

Committees of the Board

The terms of reference of the principal committees of the Board – Audit and Risk, Remuneration and Nomination – have been approved by the Board and are available on the Company's website, **www.agbarr.co.uk**.

Those terms of reference have been reviewed in the current year and are reviewed at least annually. The work carried out by the Nomination Committee in discharging its responsibilities is summarised below. The work carried out by the Audit and Risk Committee is described within the Audit and Risk Committee's Report on pages 67 to 70. The work carried out by the Remuneration Committee is described within the Directors' Remuneration Report on pages 71 to 98.

The Board has a Market Disclosure Committee which comprises S.V. Barratt, R.A. White, S. Lorimer and the Company Secretary. The Market Disclosure Committee meets only when required and is responsible for overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation and the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules. There were no meetings of the Market Disclosure Committee held during the year.

CORPORATE GOVERNANCE REPORT CONTINUED

The Board also has an Equity Investment Committee which comprises J.R. Nicolson, R.A. White, S. Lorimer and the Company Secretary. The Equity Investment Committee meets only when required and is responsible for overseeing the Company's minority equity investment in Elegantly Spirited Limited and any other future similar equity investments in investee companies. J.R. Nicolson, R.A. White and S. Lorimer attended the one meeting of the Equity Investment Committee held during the year.

Nomination Committee

The Nomination Committee comprises J.R. Nicolson, W.R.G. Barr, S.V. Barratt, P. Powell, D.J. Ritchie and N.B.E. Wharton. M.A. Griffiths resigned from the Nomination Committee on 30 April 2020. The Nomination Committee is chaired by J.R. Nicolson. The Nomination Committee leads the process for making appointments to the Board and ensures that there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The remit of the Nomination Committee also includes reviewing the composition of the Board through a full evaluation of the skills, knowledge and experience of directors and ensuring plans are in place for orderly succession for appointments to the Board. When identifying potential new directors for appointment to the Board, the Nomination Committee retains the services of an external search consultant. The Nomination Committee makes recommendations to the Board on its membership and the membership of its principal committees. No appointments were made to the Board or its committees during the year.

The Nomination Committee is required, in accordance with its terms of reference, to meet at least once per year. The Nomination Committee met three times during the year and, amongst other matters, considered the structure, size and composition of the Board and its committees, cognisant of the need to ensure that they have the right combination of skills, experience and knowledge, and bearing in mind the length of service of the Board as a whole and the need to regularly refresh its membership. The Nomination Committee considered a corporate succession plan for the Board and senior management, based on merit and objective criteria and cognisant of the need to build a diverse and inclusive culture. The Nomination Committee also received an update on workforce engagement from the Board's designated non-executive director, approved the Board's current mechanism for workforce engagement and recommended the workforce engagement terms of reference to the Board for approval.

The Board believes that building a diverse and inclusive culture is integral to the success of the Company. Diversity includes aspects such as diversity of skills, perspectives, industry experience, educational and professional background, gender, ethnicity and age. The Company's Board and Executive Committee Diversity Policy ("Diversity Policy") provides that these aspects will be considered in determining the optimum composition of the Board and Executive Committee, with the aim of achieving an appropriate balance. All appointments to the Board and Executive Committee are made on merit, against objective criteria, and with due regard for the benefits of diversity and inclusion. Whilst no formal measurable objectives have been set for female representation at Board or Executive Committee level, the Company remains committed to the principles of gender diversity and intends to move towards one third female representation on the Board and Executive Committee within a reasonable timeframe. The Nomination Committee is responsible for overseeing the implementation of the Diversity Policy. The Nomination Committee reviews the Diversity Policy at least annually to ensure its effectiveness, with any amendments recommended to the Board for approval. Prior to the resignation of M.A. Griffiths as a non-executive director on 30 April 2020, 20% of the Board were female. Following M.A. Griffiths' resignation, 22% of the Board were female. As at the date of this report, 22% of the Executive Committee are female and 41% of the Executive Committee's direct reports are female. The disclosure relating to gender diversity within the Company is included in the Strategic Report on page 28.

Treasury and Commodity Committee

The Treasury and Commodity Committee consists of R.A. White, S. Lorimer and senior members of the finance, legal and procurement departments. The Treasury and Commodity Committee's terms of reference are reviewed and approved annually by the Audit and Risk Committee. The Treasury and Commodity Committee reviews purchase requirements in foreign currencies and implements strategies, including the use of foreign exchange hedges, in order to reduce the risk of foreign exchange exposure and provide certainty over the value of non-domestic purchases in the short to medium term. The Treasury and Commodity Committee's remit includes the ability to utilise certain financial instruments in order to hedge the Group's exposure to interest rate fluctuations. The Treasury and Commodity Committee also monitors the Group's short and medium term funding requirements, provides oversight of hedge accounting and adherence to hedge accounting standards, monitors the ongoing requirements of the Company's various employee share schemes, monitors cash flow and any capital restructure programmes, and annually reviews the Company's schedule of delegated authorities.

Internal control

The Board has overall responsibility for the Group's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls, in accordance with the Code for the period from 26 January 2020 to the date of approval of this annual report. No significant failings or weaknesses were identified from this review during the year. Had any failings or weaknesses been identified then the Board would have taken the action required to remedy them.

The Board confirms that there is an ongoing process, embedded in the Group's integrated internal control systems, allowing for the identification, evaluation and management of significant risks, as well as a reporting process to the Board. This risk management process has been in place throughout the year ended 24 January 2021 and up to the date of the approval of this annual report. The Board has carried out a robust, systematic assessment of the principal and emerging risks facing the Group during the period, including those which would threaten its business model, future performance, solvency or liquidity. Information on the Group's risk management framework, including the operation of the Group's Risk Committee, is set out in the Strategic Report on pages 43 to 51.

The three main elements of the Group's internal control system are as follows:

The Board
The Board has overall responsibility for the Group's internal control systems and exercises this through an organisational structure with clearly defined levels of responsibility and authority as well as appropriate reporting procedures.

The Board has a schedule of matters that are brought to it, or its duly authorised committees, for decision, aimed at maintaining effective control over strategic, financial, operational and compliance issues.

This structure includes the Audit and Risk Committee which, with the Finance Director, reviews the effectiveness of the internal financial and operating control environment.

Financial reporting
There is a comprehensive strategic planning, budgeting and forecasting system with an annual operating plan approved by the Board. Monthly financial information, including trading results, cash flow statement, statement of financial position and indebtedness, is reported.

The Board and the Executive Committee review the business and financial performance against the prior year and against annual plans approved by the Board.

Audits and reviews
The key internal risks identified in the Group are subject to regular audits or reviews by the internal auditors. This role is fulfilled by an external professional services firm which is independent from the Board and the Group.

The review of the internal auditor's work by the Audit and Risk Committee and monitoring procedures in place ensure that the findings of the audits are acted upon and subsequent reviews confirm compliance with any agreed action plans.

The Board confirms that there has been an independent internal audit function in place for the year.

Share capital structure
The share capital structure of the Company is set out in the Directors' Report.

UK Corporate Governance Code compliance
The Company is committed to the principles of corporate governance contained in the Code. A copy of the Code is available on the Financial Reporting Council's website, www.frc.org.uk.

Each of the provisions of the Code has been reviewed and, where necessary, steps have been taken to ensure that the Company is in compliance with all of those provisions as at the date of this report.

The directors consider that the Company has complied throughout the year ended 24 January 2021 with the provisions of the Code, except as set out on page 66.

CORPORATE GOVERNANCE REPORT CONTINUED

The composition of the Board did not comply with provision 11 of the Code at all times during the year to 24 January 2021 due to the fact that, prior to 1 May 2020, less than half of the Board, excluding the chairman, comprised independent non-executive directors. During this period, the Board comprised three executive directors, the non-executive chairman, four independent non-executive directors and two non-independent non-executive directors. As stated above, the Board considers that M.A. Griffiths was independent for the purposes of the Code until 31 August 2019 and was non-independent with effect from 1 September 2019. W.R.G. Barr was a non-executive director during the year although he is not considered by the Board to be independent. The Board considers that, despite this non-compliance, the Board had an appropriate balance of skills, knowledge and experience to enable it to discharge its duties and responsibilities effectively. No concerns regarding the Board's non-independent majority were raised as part of the Board performance evaluation carried out during the year and referred to above. M.A. Griffiths resigned as a non-executive director on 30 April 2020, following completion of the audit cycle for the year to 25 January 2020. Following M.A. Griffiths' resignation the composition of the Board has complied with the Code in full.

The Company did not comply with provision 12 of the Code at all times during the year because M.A. Griffiths was not deemed to be independent for the purposes of the Code at all times during the year. As stated above, the Board considers that M.A. Griffiths was independent for the purposes of the Code until 31 August 2019 and was non-independent with effect from 1 September 2019. M.A. Griffiths resigned as senior independent director on 30 April 2020. Following the appointment of S.V. Barratt as senior independent director with effect from 1 May 2020, the Company has complied with provision 12 of the Code in full.

The composition of the Audit and Risk Committee and the Remuneration Committee did not comply with provisions 24 and 32 of the Code respectively during the year to 24 January 2021 due to the fact that M.A. Griffiths was a member of the Remuneration Committee and chaired the Audit and Risk Committee during the year to 24 January 2021. As stated above, the Board considers that M.A. Griffiths was independent for the purposes of the Code until 31 August 2019 and was non-independent with effect from 1 September 2019. M.A. Griffiths resigned as a non-executive director on 30 April 2020, following completion of the audit cycle for the year to 25 January 2020. Following M.A. Griffiths' resignation the composition of the Audit and Risk Committee and the Remuneration Committee has complied with the Code in full.

Provision 39 of the Code states that executive directors' contracts should contain a maximum notice period of one year. As disclosed in the Directors' Remuneration Report, the service contracts with R.A. White and J.D. Kemp provide for a notice period of 12 months except during the six months following either a takeover of or by the Company or a Company reconstruction. Under these conditions and certain circumstances the directors are entitled to a liquidated damages payment equal to the director's basic salary at termination plus the value of all contractual benefits for a two year period. Given the size of the Company and the sector dynamics at the time these directors were recruited, the Remuneration Committee considered this provision appropriate in order to attract and retain high calibre executive directors. As disclosed in the Directors' Remuneration Report, this provision will continue to be honoured as a contractual commitment made to these directors; however this provision was not included in S. Lorimer's service contract and will not be included in service contracts with other new executive directors appointed in future, to ensure that future executive directors' service contracts comply with provision 39 of the Code.

A copy of the financial statements has been placed on the Company's website, **www.agbarr.co.uk**. The maintenance and integrity of this website is the responsibility of the directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

J.A. Barr
Company Secretary
30 March 2021

AUDIT AND RISK COMMITTEE REPORT

Composition

During the year the Audit and Risk Committee (the "ARC") comprised five non-executive directors: M.A. Griffiths, S.V. Barratt, P. Powell, D.J. Ritchie and N.B.E. Wharton. Following completion of the audit cycle for the year ended 25 January 2020, M.A. Griffiths resigned as Chair and member of the ARC on 30 April 2020 and was succeeded by N.B.E. Wharton, who became Chair of the ARC with effect from 1 May 2020. Following M.A. Griffiths' resignation, the ARC comprised four non-executive directors. The Board is satisfied that N.B.E. Wharton has recent and relevant financial experience as required by provision 24 of the Code. The Board has determined that the current composition of the ARC as a whole has competence relevant to the sector in which the Company operates, to enable it to deal effectively with the matters it is required to address and to challenge management when necessary. Biographical details relating to each of the ARC members are shown on pages 52 and 53.

Meetings

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

Role and responsibilities

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

- Financial reporting:
  - monitoring the integrity of the annual and interim financial statements and formal announcements relating to the Group's financial performance and reviewing any significant financial reporting judgements and disclosures which they contain;
  - if requested by the Board, providing advice on whether the Annual Report and Accounts are fair, balanced and understandable; and
  - reporting to the Board on the appropriateness of the Group's accounting policies and practices.

- Internal control and risk management:
  - reviewing and monitoring the effectiveness of the Group's internal control and risk management systems;
  - reviewing and monitoring the effectiveness of the internal audit function and management's responsiveness to any findings and recommendations; and
  - reviewing the Group's risk register and emerging risks.

- Policies and procedures:
  - reviewing and approving the terms of reference for the Company's Treasury and Commodity Committee;
  - reviewing the Group's delegated authority limits;
  - reviewing and monitoring the Group's Tax risk management policy;
  - reviewing and monitoring the Group's Anti-facilitation of tax evasion policy;
  - reviewing and monitoring the appropriateness of the Group's "Speaking Up" and Anti-bribery policies and procedures;
  - approving the appointment and removal of the internal auditor;
  - making recommendations to the Board in relation to the appointment and removal of the external auditor and approving its remuneration and terms of engagement;
  - reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process;
  - reviewing the policy on the engagement of the external auditor to supply non-audit services; and
  - reporting to the Board on how it has discharged its responsibilities.

Activities of the Audit and Risk Committee

During the period under review, the ARC has:

- Financial reporting:
  - reviewed and discussed with the external auditor the key accounting considerations and judgements reflected in the Group's results for the six month period ended 25 July 2020;
  - reviewed and agreed the external auditor's audit strategy memorandum in advance of its audit for the year ended 24 January 2021;
  - discussed the report received from the external auditor regarding its audit in respect of the year ended 24 January 2021, which included comments on its findings on internal control and key audit risks and a statement on its independence and objectivity;
  - received and reviewed reports from management regarding their approach to key accounting considerations and judgements in the half year and full year financial statements;
  - reviewed the half year and full year financial statements;
  - discussed and agreed the nature and scope of the work to be performed by the external auditors; and
  - reviewed the results of this audit work and the response of management to matters raised.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

- Internal control and risk management:
  - received reports from internal audit covering various aspects of the Group's operations, controls and processes;
  - received reports on the operation of the Group's Risk Committee, including reports on the operation of the Group's Brexit Steering Group which is overseen by the Risk Committee;
  - reviewed the Group's risk register and the Group's principal risks in light of the Board's risk appetite for key risk areas, together with the systems and processes for mitigating those risks;
  - reviewed the Group's emerging risks;
  - discussed and agreed the nature and scope of the work to be performed by the internal auditors;
  - reviewed the results of this audit work and the response of management to matters raised;
  - reviewed the effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and risk management controls); and
  - reviewed and approved the Company's viability statement, including work related to the impact of COVID-19.

- Policies and procedures:
  - reviewed and approved the terms of reference for the Company's Treasury and Commodity Committee;
  - reviewed and recommended the Group's Tax risk management policy to the Board;
  - reviewed and approved the Group's Anti-facilitation of tax evasion policy;
  - reviewed the appropriateness of the Group's "Speaking Up" procedures and reviewed and approved the Group's Speaking Up Policy;
  - reviewed the effectiveness of the Group's Anti-bribery systems and controls and reviewed and approved the Group's Anti-bribery and Corruption policy;
  - reviewed the Group's delegated authority limits;
  - approved the reappointment of the internal auditor;
  - made recommendations to the Board on the appointment and remuneration of the external auditor and monitored the performance of the auditor;
  - monitored and reviewed the performance of the incumbent internal auditor and the effectiveness of the Group's internal audit activities;
  - reviewed its policies on the supply of non-audit services by the external auditor and on the employment of former employees of the Group's external auditor;
  - reviewed the non-audit services provided to the Group by the external auditor and monitored and assessed the independence of both the external and internal auditors; and
  - reviewed the performance of the ARC and its terms of reference.

At the request of the Board, the ARC also considered whether the Annual Report and Accounts for the year ended 24 January 2021, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Following review of management's processes in this regard and consideration of the draft Annual Report and Accounts, the ARC recommended to the Board that it could make the required disclosure as set out in the Directors' Responsibilities Statement on page 104.

Significant areas

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

- Revenue recognition – brand support accruals: judgement is required by management when determining the level of brand support accruals at the year end. During the year the ARC received and considered reports from management on the level of accruals at the half year and at the year end. It also received and considered reports from the external auditor following their review of net revenue and brand support accruals during the period. The ARC considered these reports and was satisfied that the estimates and judgements made by management are appropriate.
- Management override of controls: there is a risk of fraud associated with the potential override of internal controls by management. During the year, the ARC received and considered a report from the external auditor which stated that its procedures, which included the use of data analytics, did not identify any errors or significant deficiencies in internal controls. The ARC was content that there were no issues arising.
- Impairment of intangible assets: judgement is required by management in the application of valuation models and assumptions when conducting an impairment assessment particularly in relation to forecast cash flows and long-term growth rates. During the year the ARC received reports from management regarding management's impairment assessment of the Strathmore, Rubicon and Funkin brands. During the year the ARC also received reports from the external auditor regarding management's impairment assessment of the Strathmore, Rubicon and Funkin brands and was satisfied that the level of impairment of the Strathmore brand was appropriate. Please see below regarding the outcome of the impairment assessments of the Rubicon and Funkin brands.
- Exceptional items: the ARC considered a report received from management in relation to the classification and presentation of certain costs related to a business reorganisation and the impairment of the Strathmore assets as exceptional, and a gain related to a compensation sum in connection with the termination of the Rockstar franchise agreement as exceptional, and was satisfied with the treatment and presentation of these items which arose during the year as exceptional.

Other areas

Other matters considered by the ARC during the year were:

- The presentation and explanation of the use of alternative performance measures.
- Assumptions used in the Company's defined benefit pension scheme: the Company operates the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme, which comprises a defined contribution section and a defined benefit section. The Company engages a third party, Hymans Robertson, to assist in the valuation of the defined benefit pension scheme liability. There is a risk related to judgements made by management in valuing the defined benefit pension scheme liability, including the appropriateness of the discount rate and inflation rate assumptions. These variables can have a material impact in calculating the quantum of the defined benefit liability. During the year the ARC received and considered a report from the external auditor which stated that it had carried out a review and benchmarking exercise of the assumptions used by Hymans Robertson and concluded that they were within an acceptable range. The ARC was satisfied that the assumptions used were reasonable.
- Impairment of Rubicon and Funkin intangible assets: the ARC considered a report from management in relation to their impairment assessments of the Rubicon and Funkin brands and was satisfied with management's conclusion that no impairment of these brands was required.
- Going concern: given the significant level of uncertainty related to the COVID-19 pandemic and its impact on the Company, the ARC considered reports from management regarding the going concern assumption and was satisfied that this assumption was appropriate.

The ARC receives regular presentations from members of the senior management team. During the year, the ARC considered presentations from representatives of the management team on Brexit, customer credit and debt management, the COVID-19 control environment, Funkin Limited's key financial controls, procedures to prevent bribery and corruption, procedures to prevent the facilitation of tax evasion, pension schemes and product integrity.

External audit

The Group's external auditor is Deloitte LLP. The current audit partner is David Sweeney, who has held the role since May 2017. The ARC reviews the external auditor's performance, independence and objectivity annually. The ARC ensures that procedures are in place to safeguard the external auditor's independence and objectivity. The external auditor reports regularly to the ARC on the actions that it has taken to comply with professional and regulatory requirements and current best practice in order to maintain its independence and objectivity.

The Group has a policy in place which ensures that the provision of non-audit services by the external auditor does not impair the auditor's independence or objectivity. Prior to 13 January 2021, this policy stated that the external auditor should not be engaged in respect of services prohibited by the Financial Reporting Council's ("FRC's") Ethical Standard 2016. Any permitted non-audit services required pre-approval by the ARC. With effect from 13 January 2021, this policy was amended to reflect the FRC's Ethical Standard 2019, such that the external auditor may only provide non-audit services which are closely linked to the audit itself or are required by law or regulation. The policy was complied with during the year.

Details of the amounts paid to the external auditor during the year for audit and non-audit services are set out in Note 3 to the financial statements. The ratio of fees for non-audit services to those for audit services for the year was 19%, within the 70% cap in the FRC's guidance. The ARC considered the nature and level of non-audit services provided and was satisfied that the objectivity and independence of the external auditor were not affected by the non-audit work undertaken. The non-audit fees during the year related to the performance of the half year review and work regarding foreign sales volumes. The nature of and level of fees for the non-audit services provided were considered by Deloitte who concluded that they did not present a threat to Deloitte's independence.

Deloitte LLP was appointed as the Group's external auditor in May 2017 following a competitive tender process. There are no contractual obligations which restrict the ARC's choice of external auditor. The senior statutory auditor rotates every five years to ensure independence. The ARC acknowledges the requirement to tender the external audit contract at least every ten years. The Company confirms that it has complied with the provisions of the Competition and Markets Authority's Statutory Audit Services Order in respect of the financial year.

During the year, the ARC reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the external audit process. The ARC reviewed and approved the external auditor's plan for undertaking the half year review and the year end audit, including the scope of their work and their proposed approach to the key risk areas identified. The ARC reviewed the detailed reports prepared by the external auditor setting out their findings from the half year review and the year end audit, with a particular focus on the areas of audit risk identified. The ARC also received comprehensive papers from management in relation to the half year review and the year end audit. The ARC held meetings with the external auditor in the absence of management to discuss the interim review and the year end audit findings and processes. The ARC was satisfied with the internal processes run by management and their response to challenge by the external auditor.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

The ARC carried out a review of the effectiveness of the external auditor and the external audit process during the year, led by the Chair of the ARC. This review included an internally facilitated detailed and comprehensive evaluation of the Group's external auditor and the external audit process using written survey questionnaires, which were completed by members of the ARC, the executive directors and relevant members of senior management. The results of the evaluation were shared with the ARC and the external auditor.

Following these reviews and meetings, the ARC was satisfied with Deloitte LLP's performance during the year, that it was objective and independent, and that the external audit process remains effective, with no major issues identified. The ARC has recommended to the Board that a resolution proposing the appointment of Deloitte LLP be put to shareholders at the 2021 AGM.

Internal audit

At the beginning of each year, an internal audit plan is developed by the internal auditor following meetings with directors and senior managers within the business and with reference to the significant risks contained within the Group's risk register and identified controls. The ARC approves the internal audit plan and receives updates on progress against the plan and the recommendations arising from the internal audits throughout the year, together with updates on management's progress against outstanding actions. Recognising the potential impact of COVID-19 on our control environment during the year, for example from remote working, we amended our internal audit plan for the year to include a review of core financial controls in such circumstances. This concluded that the core financial controls remained effective. We also challenged and revised our planned internal audits to ensure that they could continue to deliver the desired level of assurance, within the operational constraints introduced by COVID-19. The ARC held meetings with the internal auditor in the absence of management to discuss the internal audit findings and processes.

The ARC carried out a review of the effectiveness of the internal audit function and the Company's risk management and internal control systems during the year, led by the Chair of the ARC. This review included an internally facilitated detailed and comprehensive evaluation of these matters using written survey questionnaires, which were completed by members of the ARC, the executive directors and relevant members of senior management. The results of the evaluation were shared with the ARC and the internal auditor.

Following these reviews and meetings, the ARC was satisfied that the internal audit function was performing in an effective manner and that the Company's risk management and internal control systems were effective, with no major issues identified.

Audit and Risk Committee evaluation

The ARC carried out a review of the performance and effectiveness of the ARC during the year, led by the Chair of the ARC. This review included an internally facilitated detailed and comprehensive evaluation of the performance and effectiveness of the ARC using written survey questionnaires, which were completed by members of the ARC and the Company Secretary. The results of the evaluation were shared with the ARC. Overall, the review found that the ARC was functioning in an effective manner and performing satisfactorily, with no major issues identified.

Nick Wharton
Chair of the Audit and Risk Committee
30 March 2021

DIRECTORS' REMUNERATION REPORT

Remuneration Committee – Chair's Statement

Introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 24 January 2021, which sets out the Directors' Remuneration Policy and the Annual Report on Remuneration.

The current Directors' Remuneration Policy was approved by a binding vote at the 2020 AGM and became effective for three years from the close of that meeting. For ease of reference, we are including the Policy in this year's Directors' Remuneration Report on pages 87 to 98. The Annual Report on Remuneration on pages 71 to 86 provides details of the amounts earned by the directors in respect of the year ended 24 January 2021 and how the Policy will be operated for the year commencing 25 January 2021. The Annual Report on Remuneration will be subject to an advisory vote at the 2021 AGM.

I am delighted to report on the ongoing strong level of support received from shareholders last year, as evidenced by the voting outcome at the 2020 AGM. The resolution seeking approval of the new Directors' Remuneration Policy was supported by over 91% of the votes cast and the resolution seeking approval of the Annual Report on Remuneration was supported by over 98% of the votes cast.

Remuneration in context

In the context of a very challenging year, the Remuneration Committee considered the experiences of key stakeholders over the year, as well as overall Group performance, when making executive remuneration decisions in respect of 2020/21 and the forthcoming year. We have outlined below the key drivers of our decisions:

Group performance

- With the understandable impact of the COVID-19 pandemic, the Group performed well and delivered profit before tax and exceptional items of £32.8m.
- Strong cash management ensured that the Group exited the financial year with net cash at bank* of £50m.
- Well executed restructuring of business activities ensured profit margins were comparable with prior years.

Shareholder experience

- The share price fell by c.13% across the year, reflective of wider economic uncertainties.
- No dividends were paid during 2020 to provide the business the ability to manage COVID-19 impacts.

Employee experience

- The Group continued production across its facilities under strict COVID-19 protocols and was able to deliver strong customer service throughout the lockdown periods.
- Furloughing of employees was undertaken where appropriate but with the aim of bringing employees back to work as soon as business activity allowed.
- Members of senior staff including the Board accepted salary reductions of 20% during the initial lockdown period.
- Employee liaison measures were implemented to support employees working from home as a result of the COVID-19 pandemic.

Government support

- Furlough receipts were limited to £1.3m.
- No further Government support was taken during the financial year.

Pay for performance in 2020/21

The Remuneration Committee remains committed to a responsible approach to executive pay and believes that variable pay should only be earned for achievement against stretching targets.

Achievement against annual bonus targets – bonus waived by executives.

As a result of the impact of the COVID-19 pandemic and post the first lockdown effective from March 2020, the Remuneration Committee took the decision in September 2020 to review the operation of the 2020/21 executive bonus scheme and wrote to major shareholders to highlight a planned change to the scheme for the year. Given the impact of the pandemic, it was agreed that only one third of the potential bonus should remain available to the executive directors and this potential bonus should be wholly assessed against the achievement of a stretching profit before tax and exceptional items target of £30.0m for the 2020/21 financial year.

* This is a non-GAAP measure. A definition and reconciliation are provided in the Glossary on pages 165 to 167.

DIRECTORS' REMUNERATION REPORT CONTINUED

During the latter part of the financial year, the business performance was strong with highly effective execution by the executive team of the adjusted business plan. With a profit before tax and exceptional items outturn of £32.8m, the executive directors achieved the bonus target set and the full one third bonus potential was earned. However, given the ongoing challenges faced with the COVID-19 pandemic, the executive directors offered to waive their bonuses and on balance the Remuneration Committee agreed to accept this offer. The Remuneration Committee considers this gesture to reflect positively on the executive team's commitment and loyalty to the Company and its long-term success.

There will therefore be no bonus paid to any of the executive directors for the 2020/21 financial year. Further details can be found on page 76.

Achievement against LTIP targets – 2018 LTIP awards lapse in full

The 2018 LTIP used the key metric of cumulative Earnings Per Share ("EPS") to assess the long-term performance of the executive directors. The cumulative EPS over the three years ended 24 January 2021 was 80.26p, which compared to the EPS target range set in April 2018 of 91.0p to 103.0p. Given this outcome, the Remuneration Committee concluded that none of the 2018 LTIP awards will vest and these awards will lapse in full according to the rules. Further details can be found on pages 77 and 78.

Review of outcomes in relation to wider Company performance and stakeholder experience

The Remuneration Committee concluded that in light of both wider business performance and stakeholder experience outlined above, the decisions to accept the executive team's offer to waive their earned annual bonus for the financial year and the lapsing of the 2018 LTIP without any vesting were fair and appropriate.

Other pay decisions in respect of 2020/21

Set out below are the other decisions made during the year in respect of remuneration.

Base salary increases – deferred Finance Director increase awarded

As disclosed in last year's report, in 2020 the Remuneration Committee agreed that an increase of c.16% (from £278,980 to £325,000) would be awarded to the Finance Director to reflect his strong performance in role, increased levels of responsibility and the significant experience gained through his then five years (now six years) in role, having been appointed on a salary significantly below market levels. However, at the time, the Remuneration Committee agreed to temporarily defer this increase given the uncertainty over economic conditions.

On review, post the initial COVID-19 lockdown, with stronger business performance and ongoing excellent performance in his role, the Remuneration Committee implemented the agreed increase to £325,000, effective from October 2020.

The Remuneration Committee reviewed other executive salaries during the year and agreed these should remain unchanged.

Long Term Incentive Plan awards – below Policy maximum awards granted on a delayed basis

As disclosed in last year's report, in the context of COVID-19 and the associated economic uncertainty making target setting extremely challenging, the Remuneration Committee decided that it would be appropriate to temporarily delay the grant of LTIP awards in respect of 2020/21.

These awards were subsequently granted on 2 November 2020 at a value equal to 135% of salary, a reduction of 15% of salary from the "normal" maximum opportunity of 150% of base salary introduced in 2020. The awards are assessed based 50% on cumulative EPS and 50% on Relative Total Shareholder Return ("TSR") performance; the targets are set out on page 78.

Employee engagement

The Remuneration Committee recognises the importance of culture and effective employee engagement in the creation of a good workplace. The Board's role is to ensure that effective processes and procedures are in place for gathering workforce views and engaging in meaningful dialogue with employees. The Board receives regular updates on workforce engagement throughout the year. Further information on employee engagement is included in the Corporate Governance Report on page 26.

Looking forward – implementation of Policy in 2021/22

Base salary – workforce level increases

In line with the range of salary increases across the Group, and to reflect the commitment and effort of our executive directors during this difficult period, an increase of 1.8% will be made to the executive directors' base salaries with effect from 1 April 2021. An increase of 1.8% will also be made to the Chairman's fee and the other non-executive directors' basic fee with effect from 1 April 2021.

Annual Bonus – to be operated in line with Policy

The Remuneration Committee intends to operate the bonus scheme for the year ending 30 January 2022 in line with the Policy, subject to an ongoing review of the uncertainties of the COVID-19 pandemic, with awards continuing to be subject to a combination of PBT and individual strategic objectives.

Details of bonus award levels and performance measure weightings are provided on page 78. Performance targets for these bonus awards will be disclosed in the Annual Report on Remuneration for the year ending 30 January 2022.

Long Term Incentive Plan – one-off COVID-19 recovery related change to performance measures

The Remuneration Committee has considered the significant impact which the COVID-19 pandemic has had on the trading activity of the Company and has decided to make a one-off change to the performance measures attached to LTIP awards for 2021/22 to base the awards solely on the revenue recovery strategy which has been agreed with the executive team. The future growth in revenue is vital to the long term fortunes of the business and its stakeholders and will deliver strong operating cashflows which will allow the business to continue to invest in the future.

Based on the prior year's revenue performance and with appropriate account taken of the recent removal of the Rockstar contract, the Remuneration Committee has established stretching Net Revenue performance targets which require significant growth in Net Revenue over the three year vesting period. There is a strong correlation between revenue and profits in the Company given its FMCG sector traits and the Remuneration Committee views the incentivisation of strong revenue growth as key to delivering improving earnings for shareholders in the long term. The Remuneration Committee also considered the significant uncertainty in the market and the potential for movements in TSR unrelated to Company performance in deciding not to implement the relative TSR measure (vs FTSE 250 excluding financial services) for this year.

The grant of LTIP awards in 2021 will therefore use a single performance measure being Net Revenue, with stretching targets set for each of the three financial years: 2021/22, 2022/23 and 2023/24. The performance targets will be set at the date such awards are granted and will be disclosed in the Annual Report on Remuneration for the year ending 30 January 2022. Subject to prevailing external circumstances, the Remuneration Committee intends to return to the more typical performance measures of EPS and TSR for future LTIP grants.

I look forward to your support at the upcoming AGM.

David J. Ritchie
Chair of the Remuneration Committee
30 March 2021

DIRECTORS' REMUNERATION REPORT CONTINUED

Annual report on remuneration

The following parts of the Remuneration Report are subject to audit, other than the elements explaining the application of the Remuneration Policy for 2021/22.

Single figure table – audited information

The aggregate remuneration provided to directors who have served as directors in the year ended 24 January 2021 is set out below, along with the aggregate remuneration provided to such directors for the year ended 25 January 2020.

Year ended 24 January 2021

Director	Salary/fees £000	Benefits £000	Bonus £000	Long term incentives £000	Pension £000	Total fixed remuneration £000	Total variable remuneration £000	Total remuneration £000
Executive								
R.A. White	451	33	–	–	226	710	–	710
S. Lorimer	280	26	–	–	59	365	–	365
J.D. Kemp	236	24	–	–	63	323	–	323
Non-executive								
J.R. Nicolson	138	–	–	–	–	138	–	138
W.R.G. Barr	47	–	–	–	–	47	–	47
M.A. Griffiths*	14	–	–	–	–	14	–	14
P. Powell	47	–	–	–	–	47	–	47
D.J. Ritchie	54	–	–	–	–	54	–	54
S.V. Barratt	48	–	–	–	–	48	–	48
N.B.E. Wharton	52	–	–	–	–	52	–	52
Total	**1,367**	**83**	**–**	**–**	**348**	**1,798**	**–**	**1,798**

Year ended 25 January 2020

Director	Salary/fees £000	Benefits £000	Bonus £000	Long term incentives £000	Pension £000	Total fixed remuneration £000	Total variable remuneration £000	Total remuneration £000
Executive								
R.A. White	471	36	–	–	232	739	–	739
S. Lorimer	278	25	–	–	62	365	–	365
J.D. Kemp	247	24	–	–	63	334	–	334
A.L. Memmott**	146	16	–	–	60	222	–	222
Non-executive								
J.R. Nicolson	145	–	–	–	–	145	–	145
W.R.G. Barr	49	–	–	–	–	49	–	49
M.A. Griffiths	59	–	–	–	–	59	–	59
P. Powell	49	–	–	–	–	49	–	49
D.J. Ritchie	57	–	–	–	–	57	–	57
S.V. Barratt	49	–	–	–	–	49	–	49
N.B.E. Wharton	49	–	–	–	–	49	–	49
Total	**1,599**	**101**	**–**	**–**	**417**	**2,117**	**–**	**2,117**

* M.A. Griffiths stepped down from the Board on 30 April 2020. The remuneration above was paid in respect of his services until that date.

** A.L. Memmott stepped down from the Board on 24 September 2019. His employment with the Company ceased on 30 April 2020. The remuneration above was paid in respect of his services as an executive director.

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

(a) Salary and fees	The amount of salary/fees received in the year. A salary sacrifice arrangement is operated by the Company. Employees who join this arrangement no longer pay contributions to the pension schemes but receive a lower taxable salary. Directors' salaries are shown gross of any salary sacrifice pension contributions.
(b) Benefits	The value of benefits received in the year. These include car allowance, fuel benefit, private medical insurance, healthcare cash plan, flex-cash, the value of SAYE options vesting in the year, and AESOP free and matching shares awarded in the year. SAYE: option shares are valued at the market price of the option shares at the date of vesting less the option exercise price. AESOP: free and matching shares are valued at market value at the date of award. Details of the executive directors' interests in the SAYE are set out on page 81.
(c) Bonus	A description of the annual bonus in respect of the year and Group and personal performance against which the bonus pay-out was determined is provided on page 76.
(d) Long term incentives	The value of LTIP awards that vest in respect of the year. Details of the executive directors' interests in the LTIP are set out on page 77.
(e) Pension	The pension figure includes: – for individuals in the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the "Scheme") defined contribution section, the Company's contributions to the defined contribution section, excluding any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement; – for individuals in the Scheme's defined benefit section, the additional value achieved in the year calculated using the HMRC method (using a multiplier of 20); and – the value of the accrued liability for the year in respect of the Company's contribution for each director participating in the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme ("URBS"). Further details of pension benefits are set out on pages 78 to 79.

Individual elements of remuneration

Base salary and fees

Base salaries for individual executive directors for the year ended 24 January 2021 and for the following year are set out in the table below:

Executive director	Base salary for year ended 24 January 2021* £000	Base salary for year ending 30 January 2022 £000	Increase %
R.A. White	472	479	1.8%
S. Lorimer**	294	330	1.8%
J.D. Kemp	248	250	1.8%

* The base salary for the executive and non-executive directors is based on actual salary payable in the year before the voluntary reduction in salaries due to COVID-19.

** S. Lorimer's base salary was increased to £325,000 per annum effective from 1 October 2020, as previously reported in the prior year's Director's Report on Remuneration.

DIRECTORS' REMUNERATION REPORT CONTINUED

Details of non-executive directors' fees for the year ended 24 January 2021 and for the following year are set out in the table below:

Non-executive director fee	Year ended 24 January 2021* £000	Year ending 30 January 2022 £000	Increase %
Chairman of the Company	145	147	1.8%
Basic fee	49	50	1.8%
Additional fee for chairing Audit and Risk Committee	8	8	0%
Additional fee for chairing Remuneration Committee	8	8	0%
Additional fee for Senior Independent Director	2	2	0%

* The base salary for the executive and non-executive directors is based on actual salary payable in the year before the voluntary reduction in salaries due to COVID-19.

Benefits – audited information

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

Year ended 24 January 2021	Car and fuel benefit £000	Other* £000	AESOP awards £000	Total £000
R.A. White	31	1	1	33
S. Lorimer	24	1	1	26
J.D. Kemp	22	1	1	24
Total	**77**	**3**	**3**	**83**

* 'Other' costs included private medical insurance, healthcare cash plan and flex-cash as they are below £1,000 separately.

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

Annual bonus

In light of the impact of COVID-19 on the business, the maximum annual bonus award opportunity for each executive director in respect of the year ended 24 January 2021 was limited to one third of the maximum bonus opportunity of 125% of salary, i.e. 41.67% of salary, based wholly on the achievement of profit before tax excluding exceptional items for the financial year of at least £30.0m. By achieving this profit target, the executive directors would earn the maximum bonus of 41.67% of salary, however, in the event that this target was not met there would be no bonus payment.

When determining any bonus payment, the Remuneration Committee would also consider the achievement of the executive directors' non-financial strategic objectives, which were set around the Company's key areas of strategic focus, including delivery of the operational and financial plan, supporting value growth and margin improvement, consolidating the Company's improved customer service and driving overhead reduction plans. Any bonus earned would be paid to the executive director in Company shares and held in trust for a period of two years, following which they would be made available to the executive director.

The annual bonus profit target for the year ended 24 January 2021 was met and the full bonus potential of 41.67% of salary was earned. However, given on the ongoing COVID-related challenges, the executive directors offered to waive their annual bonuses and, following due consideration, the Remuneration Committee agreed to accept this offer. Therefore, no annual bonus has been paid in respect of the year ended 24 January 2021.

The target for the annual bonus based on profit before tax and performance against that target is set out in the table below.

	Target	Actual performance	Maximum percentage of bonus	Actual percentage of bonus
Profit before tax excluding exceptional items	£30.0m	£32.8m	100%	100% (waived)

Annual bonus for 2021/22

For the 2021/22 financial year 80% of bonus potential will be assessed against growth in Group profit before tax excluding exceptional items, which is an important indicator of the success of the Company's strategy. Performance targets will be set at challenging levels, with 50% of this element of the annual bonus being earned for on-target performance. The actual performance targets are not disclosed as they are considered to be commercially sensitive at this time and should therefore remain confidential to the Company. The Remuneration Committee will continue to disclose how the bonus earned relates to performance against the targets on a retrospective basis. The remainder of the annual bonus (20% of bonus potential) will be assessed against strategic objectives to align the reward structure with key strategic priorities and to encourage behaviours which facilitate profitable growth and the future development of the business.

Long term incentives – audited information

Awards vesting in respect of the financial period

LTIP awards granted in April 2018 were subject to the following EPS performance measure:

	% linked to award	Threshold vesting at 20% of the maximum award	Maximum vesting at 100% of the maximum award
Cumulative EPS for the period including 2018/19, 2019/20 and 2020/21	100%	91.0p	103.0p

There is straight-line vesting between the points and no reward below threshold performance. These LTIP awards will lapse with no vesting to the executive directors.

The salary used in the calculation of the award is the individual director's salary at 1 April 2018.

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

Year ended 24 January 2021

Executive director	Total shares Number	Award rate* %	Shares awarded Number	Share price** £	LTIP value £000
R.A. White	91,305	0%	–	–	–
S. Lorimer	53,946	0%	–	–	–
J.D. Kemp	47,877	0%	–	–	–
Total	**193,128**		**–**		**–**

* Based on cumulative EPS of 80.26p for the three years ended 24 January 2021.
** No share price has been provided as there is no vesting.

Awards granted during the financial period

During the year ended 24 January 2021 the following LTIP awards were granted equating to 135% of salary:

Executive director	Type of award	Number of shares	Market value at grant £000	% of award vesting at threshold %	Performance period Years
R.A. White	LTIP award	133,899	637	20.0	3
S. Lorimer	LTIP award	92,174	439	20.0	3
J.D. Kemp	LTIP award	70,219	334	20.0	3

The salary used in the calculation of the award is the individual director's salary at 1 October 2020.

DIRECTORS' REMUNERATION REPORT CONTINUED

Vesting of the LTIP awards granted in the year ended 24 January 2021 will be based 50% on the EPS performance measure and 50% on the Total Shareholder Return ("TSR") performance measure set out below.

(i) EPS performance measure (50% of LTIP award):

	% linked to award	Threshold vesting at 20% of the maximum award	Maximum vesting at 100% of the maximum award
Cumulative EPS for the period including 2020/21, 2021/22 and 2022/23	50%	65.0p	75.0p

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

(ii) Ranked TSR performance measured against the constituents of the FTSE 250 index (excluding investment trusts and financial services companies) (50% of LTIP award):

	% linked to award	Threshold vesting at 20% of the maximum award	Maximum vesting at 100% of the maximum award
TSR for the period including 2020/21, 2021/22 and 2022/23	50%	Median	Upper quartile

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

Long term incentives for 2021/22

In light of the significant impact which COVID-19 has had on the trading activity of the Company, the Remuneration Committee has decided to make a one-off change to the performance measures attached to the LTIP awards to be granted in 2021/22, to base the awards solely on the revenue recovery strategy which has been agreed with the executive directors. The future growth in revenue is vital to the long term fortunes of the business and its stakeholders and will deliver strong operating cashflows which will allow the business to continue to invest in the future. Based on the prior year's revenue performance and with appropriate account taken of the recent removal of the Rockstar contract, the Remuneration Committee has established stretching Net Revenue performance targets which require significant growth in Net Revenue over the three year vesting period. There is a strong correlation between revenue and profits in the Company given it operates in the FMCG sector and incentivising the executive directors to deliver revenue growth will be key to improving earnings for shareholders in the long term. The LTIP awards granted in 2021 will therefore be based wholly on Net Revenue performance for 2021/22, 2022/23 and 2023/24. 20% of the maximum award will vest for achieving threshold performance and 100% of the maximum award will vest for achieving maximum performance. There will be straight-line vesting between these points and no vesting below threshold performance.

The net revenue targets are considered commercially sensitive at this time on the basis that they give competitors insight into the Company's longer term forecasts which the Board considers confidential. The net revenue targets will be disclosed in next year's Annual Report on Remuneration.

Total pension entitlements – audited information

Executive directors are all members of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the "Scheme"). The Scheme has a defined benefit section and a defined contribution section. The defined benefit section was closed to new entrants from 14 August 2003 and to future accrual from 1 May 2016. R.A. White is a deferred member of the defined benefit section and ceased his accrual on 5 April 2011.

The movement in value of executive director pensions (which exclude any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement) are detailed in the following table. This movement is made up of Company pension contributions, changes in the value of defined benefit pension scheme accrual, investment returns on the URBS and pension cash equivalents:

Year ended 24 January 2021

Executive director	Defined benefit accrual £000	URBS contributions £000	Investment return on URBS £000	Pension cash equivalent £000	Total £000
R.A. White	18	47	103	58	226
S. Lorimer	–	–	–	59	59
J.D. Kemp	–	20	19	24	63
Total	**18**	**67**	**122**	**141**	**348**

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

Details of the entitlements accruing to the director who is a deferred member of the defined benefit section are detailed in the table below:

	Accrued pension at 24 January 2021	Normal Retirement Age
R.A. White	77	63*

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

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

R.A. White ceased his accrual under the defined benefit plan on 5 April 2011. Under the terms of his service contract, R.A. White is entitled to revaluation of his deferred benefits in line with RPI until his normal retirement date. The rules of the Scheme provide for revaluation increases in deferment in line with CPI. R.A. White elected for Fixed Protection 2012 to protect his benefits accrued under the Scheme. To enable R.A. White to continue to benefit from Fixed Protection 2012, his deferred benefits were revalued in line with CPI and, to the extent that RPI exceeds CPI in any year, a corresponding additional contribution was made to his URBS. In the years ended 25 January 2020 and 24 January 2021 this has resulted in additional accruals of £12,375 and £9,172 being included in R.A. White's URBS. These accruals form part of the URBS figures included in the pension tables above. As R.A. White has withdrawn from the URBS scheme in the year any additional contributions accruing going forward will be paid to R.A. White in cash. In addition, R.A. White will continue to be entitled to receive life assurance benefits as if he were in pensionable service under the Scheme until his normal retirement date notwithstanding the termination of his employment with the Company, but only in circumstances where he is a "good leaver".

Dependants of the executive directors are eligible for dependants' pensions and the payment of a lump sum in the event of death in service. Where the Scheme provides a pension on a defined benefit basis, final pensionable salary is used to determine the director's pension entitlement. Where benefits are provided on a defined contribution basis, the benefits depend on the director's accumulated fund. Lump sum life assurance cover is provided at five or eight times pensionable salary dependent upon the date of joining the Scheme.

No contributions were paid to the defined contribution section of the Scheme during the years ended 24 January 2021 and 25 January 2020.

The URBS was approved by the Remuneration Committee and is an unfunded employer financed retirement benefits scheme. It was established to satisfy the Company's contractual obligations to provide retirement benefits for the benefit of the executive directors. During the year ended 24 January 2021, R.A. White and J.D. Kemp terminated their respective URBS arrangements with the agreement of the Company and withdrew their funds.

The maximum Company contribution under the URBS in respect of R.A. White was 24% of his salary.

All directors have now elected to receive Company pension contributions in the form of a cash allowance and no longer participate in the URBS. R.A. White and S. Lorimer receive a cash allowance equal to their contractual pension provision of 24% of salary. J.D. Kemp receives a cash allowance equal to his contractual pension provision of 19% of salary, which will rise to 24% of salary following his 50th birthday.

The URBS figures shown in the total pension entitlements table above for the directors represent a Company contribution only up to the date of termination of the URBS.

Each year, per the rules of the URBS, the directors agree the measure to be used for the purposes of calculating the notional investment return on the URBS accrual. The notional investment returns are shown in the total pension entitlements table above.

An accrued liability of £Nil (2019/20: £2,409,778) is included in the closing balance sheet for the URBS. The liability has been accrued in respect of the directors as follows:

Executive director	Accrual at 24 January 2021 £	Accrual at 25 January 2020 £
R.A. White	–	1,799,244
J.D. Kemp	–	295,163
Total URBS liability	**–**	**2,094,407**

DIRECTORS' REMUNERATION REPORT CONTINUED

Payments to past directors – audited information

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

Payments for loss of office – audited information

A.L. Memmott resigned from the Board on 24 September 2019 and his employment with the Company terminated on 30 April 2020. Payments in respect of loss of office totalled £223k being pay in lieu of notice of £221k and holiday pay of £2k. The benefits payable from the URBS will be paid in annual instalments over a period of 4 years with the first instalment payable in May 2021.

Statement of directors' shareholding and share interests – audited information

The Remuneration Committee updated its share ownership guidelines applicable from 2020/21 and the CEO and other executive directors are required to build a shareholding equal to 200% and 150% of gross basic salary respectively. Until this guideline is met, executive directors are required to retain all vested shares from the LTIP and half of any bonus pay-out after tax to purchase shares in the Company. The full policy is disclosed in the Remuneration Policy approved by shareholders at the 2020 AGM.

At the year end, R.A. White and J.D. Kemp met the respective 200% and 150% of gross basic salary requirement applicable for the year ended 24 January 2021. S. Lorimer was appointed to the Board on 5 January 2015 and is currently required to build up a shareholding equal to 150% of his gross basic salary. In accordance with the Remuneration Policy, S. Lorimer is required to retain all net shares (after tax) acquired from the exercise of LTIP awards and half of his net bonus pay-out (after tax) to purchase shares in the Company.

The interests of each executive director of the Company as at 24 January 2021 (including those held by their connected persons) were as set out below. There were no changes to these interests between 24 January 2021 and 30 March 2021 with the exception of the following changes: an increase in R.A. White's holding of 90 shares, an increase in S. Lorimer's holding of 90 shares and an increase in J.D. Kemp's holding of 90 shares.

Director	Type	Owned outright	Exercised during the year	Lapsed during the year	Unvested: Subject to performance conditions	Unvested: Not subject to performance conditions	Total as at 24 January 2021
Executive							
R.A. White	Shares	375,272	–	–	–	–	375,272
	LTIP shares	–	-	(91,086)	297,890	–	297,890
	ESOS shares	–	–	(2,898)	1,890	–	1,890
	SAYE options	–	–	–	–	4,564	4,564
	AESOP matching shares	–	184	–	–	650	650
S. Lorimer	Shares	49,575	–	–	–	–	49,575
	LTIP shares	–	–	(53,818)	189,066	–	189,066
	ESOS shares	–	–	–	2,222	–	2,222
	SAYE options	–	–	–	–	4,812	4,812
	AESOP matching shares	–	185	–	–	651	651
	Shares – connected persons' holding*	–	–	–	–	–	749,104
J.D. Kemp	Shares	147,477	–	–	–	–	147,477
	LTIP shares	–	–	(47,763)	156,210	–	156,210
	ESOS shares	–	–	(2,898)	1,890	–	1,890
	SAYE options	–	–	–	–	4,660	4,660
	AESOP matching shares	–	184	–	–	650	650
Non-executive							
W.R.G. Barr	Shares	7,516,326	–	–	–	–	7,516,326
	Shares – connected persons' holding**	–	–	–	–	–	9,550,507
J.R. Nicolson	Shares	11,500	–	–	–	–	11,500
P. Powell	Shares	5,000	–	–	–	–	5,000
D.J. Ritchie	Shares	1,000	–	–	–	–	1,000
S.V. Barratt	Shares	–	–	–	–	–	–
N.B.E. Wharton	Shares	1,597	–	–	–	–	1,597

* S. Lorimer's connected persons' shareholding includes shares related to his position as director of Robert Barr Ltd, the trustee of various employee benefit trusts.
** W.R.G. Barr's connected persons' shareholding includes shares related to his position as trustee of various family and charitable trusts.

The "Owned outright" shares set out in the table above are the shares owned outright by the directors. These include any AESOP free shares awarded during the year and any shares retained during the year following the exercise of LTIP awards, ESOS awards and SAYE options.

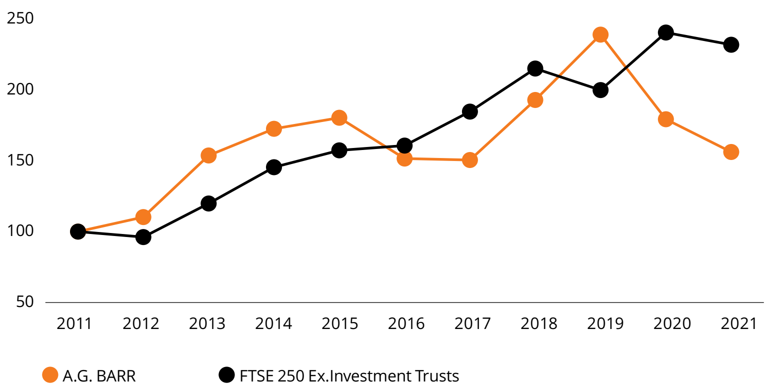
The number of AESOP free shares awarded and share options exercised under the LTIP, ESOS and SAYE in the year are included in the "Exercised during the year" column.

DIRECTORS' REMUNERATION REPORT CONTINUED

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

Performance graph and table

The graph below shows the Company's Total Shareholder Return ("TSR") performance against the FTSE 250 excluding investment trusts over the past ten years. In the opinion of the Board, the FTSE 250 excluding investment trusts is the most appropriate index against which the TSR of the Company should be measured because it represents a broad equity market index of which the Company is a constituent member.



CEO remuneration for previous ten years

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

	Total remuneration* £000	Annual bonus as a % of maximum opportunity	LTIP as a % of maximum opportunity
Year ended 24 January 2021	710	0.0%	0.0%
Year ended 25 January 2020	739	0.0%	0.0%
Year ended 26 January 2019	1,434	91.0%	39.9%
Year ended 27 January 2018	1,279	78.0%	22.8%
Year ended 28 January 2017	915	23.0%	40.0%
Year ended 30 January 2016	839	0.0%	37.9%
Year ended 25 January 2015	1,075	75.5%	31.9%
Year ended 26 January 2014	989	57.8%	38.2%
Year ended 27 January 2013	1,086	50.0%	68.5%
Year ended 28 January 2012	1,070	46.0%	99.3%

Percentage change in director remuneration

The table below sets out, in relation to salary, taxable benefits (car allowance, fuel benefit) and annual bonus, the increase between the pay for the year ended 25 January 2020 and the pay for the year ended 24 January 2021 for the executive and non-executive directors compared to the wider workforce. For these purposes, the wider workforce includes all Group employees who were continuously employed by the Group during the two years ended 24 January 2021 but excludes executive and non-executive directors.

	Salary*	Benefits	Annual bonus
R.A. White	(4.3%)	(8.5%)	0.0%
S. Lorimer	0.8%	4.4%	0.0%
J.D. Kemp	(4.4%)	0.0%	0.0%
W.R.G. Barr	(5.0%)	0.0%	0.0%
J.R. Nicolson	(5.0%)	0.0%	0.0%
P. Powell	(5.0%)	0.0%	0.0%
D.J. Ritchie	(5.0%)	0.0%	0.0%
S.V. Barratt	(1.7%)	0.0%	0.0%
N.B.E. Wharton	6.7%	0.0%	0.0%
Wider workforce	0.0%	0.0%	100.0%**

* The annual percentage change in salary is calculated by reference to actual salary paid for the financial year ended 24 January 2021 compared to financial year ended 25 January 2020.

** No annual bonus was paid to the executive directors or the wider workforce in respect of the year to 25 January 2020. In respect of the year to 24 January 2021 an annual bonus was paid to the wider workforce and, as referred to above, was earned but waived by the executive directors.

CEO Pay Ratio

The table below sets out the ratio of the A.G. BARR p.l.c. CEO single total figure of remuneration for 2020 (as detailed on page 74) as a ratio of the equivalent single figure for the lower quartile, median and upper quartile UK employee (calculated on a full-time equivalent basis).

Total pay ratio	Method	25th Percentile	Median Percentile	75th Percentile
Year ended 24 January 2021	B	25:1	21:1	16:1
Year ended 25 January 2020	B	27:1	22:1	16:1

As is permitted by the legislation, and consistent with last year, we have calculated the ratio using Option B whereby representative employees are identified using the latest A.G. BARR p.l.c. gender pay gap statistics as this was the most pragmatic approach and believed to produce representative results. A number of employees around the 25th, 50th and 75th percentile were identified and their total pay and benefits calculated to ensure that the most representative employees were selected. Employee pay for the representative employees was calculated on the same basis as the CEO and so includes items such as short-term and long-term incentive payments relating to the financial year ending 24 January 2021.

The regulations require the total pay and benefits and the salary component of total pay and benefits to be set out as follows:

	Base salary	Total pay and benefits
CEO remuneration	£451,000	£710,000
25th percentile employee	£19,655	£28,577
Median percentile employee	£31,450	£34,067
75th percentile employee	£38,885	£43,577

A.G. BARR p.l.c.'s principles for pay setting and progression in our wider workforce are the same as for our executives – total reward being sufficiently competitive to attract and retain high calibre individuals without over-paying and providing the opportunity for individual development and career progression. The pay ratios reflect how remuneration arrangements differ as accountability increases for more senior roles within the organisation and in particular the ratios reflect the weighting towards long-term value creation and alignment with shareholder interests for the CEO. We are satisfied that the median pay ratio voluntarily reported this year is consistent with our wider pay, reward and progression policies for employees. The median reference employee has the opportunity for annual pay increases, annual performance payments and career progression and development opportunities.

DIRECTORS' REMUNERATION REPORT CONTINUED

Relative importance of spend on pay

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

Percentage change	Year ended 25 January 2020 £000	Year ended 24 January 2021 £000	% change
Dividends	19,571*	–**	(100.0%)
Overall expenditure on pay	41,900	33,700	(24.3%)

* Dividends payable in respect of the year ended 25 January 2020.
** No dividends are payable in respect of the year ended 24 January 2021.

The Remuneration Committee

The following directors were members of the Remuneration Committee during the year: D.J. Ritchie (Chairman), S.V. Barratt, M.A. Griffiths (resigned 30 April 2020) and P. Powell.

Whilst J.R. Nicolson is no longer a member of the Remuneration Committee, on some occasions, in his role as Chairman, he is invited to attend the Remuneration Committee meetings and provide guidance on behalf of the Board as required. During the year, the Remuneration Committee received advice from R.A. White (CEO) in respect of the remuneration of the other executive directors, who was not in attendance when his own remuneration was being discussed. The Remuneration Committee received assistance from J.A. Barr (Company Secretary), who acts as secretary to the Remuneration Committee, and from other members of management, who may attend meetings by invitation, except when matters relating to their own remuneration are being discussed.

The Remuneration Committee meets at least twice a year and is responsible for determining, within agreed terms of reference, all aspects of the remuneration of the executive directors, the Executive Committee and such other members of senior management as it is designated to consider. The Remuneration Committee reviews the remuneration trends, pay levels and employment conditions across the Group. The Remuneration Committee is also responsible for recommending the remuneration of the Chairman of the Company to the Board.

The Remuneration Committee carried out a review of its performance and effectiveness during the year. This review included a detailed and comprehensive evaluation of the performance and effectiveness of the Remuneration Committee using written survey questionnaires, which were completed by members of the Remuneration Committee. The results of the evaluation were shared with the Remuneration Committee. Overall, the review found that the Remuneration Committee was functioning in an effective manner and performing satisfactorily, with no major issues identified.

Key activities in the year

The Remuneration Committee met five times during the financial year. Key activities are shown below:

- Implemented the new Directors' Remuneration Policy which received strong support from shareholders and was approved at the 2020 AGM;
- Assessed the impact of COVID-19 on how the Directors' Remuneration Policy should be applied during 2020;
- Consulted with shareholders in relation to the application of bonus and Long Term Incentive Plan ("LTIP") incentives as a consequence of the COVID-19 assessed impacts;
- Reviewed and retained unchanged the annual salaries for the executive directors other than implementing the previously agreed salary increase for the Finance Director which was deferred as a result of the COVID-19 issues;
- Reviewed and retained unchanged the annual salaries for the Executive Committee;
- Set targets for the annual bonus for the executive directors and the Executive Committee;
- Set targets for the LTIP for the executive directors;
- Reviewed achievement against targets set and determined the appropriate level of pay-out for the annual bonus for the executive directors and the Executive Committee in the context of wider business performance;
- Reviewed achievement against targets set and determined the appropriate level of pay-out for the LTIP for the executive directors in the context of wider business performance;
- Reviewed and approved participation by the executive directors in the LTIP;
- Considered and updated the performance measures for the LTIP; and
- Reviewed market and corporate governance updates to ensure the Remuneration Committee remained up to date on the quickly evolving governance landscape and best practice.

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

External adviser

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

Adviser	Details of appointment	Services provided by the Adviser	Fees paid by the Company for advice to the Remuneration Committee and basis of charge	Other services provided to the Company in the year ended 24 January 2021
Willis Towers Watson	Appointed by the Remuneration Committee in December 2018 following a competitive tender process.	Assistance with the preparation of the Directors' Remuneration Report. Attendance at Remuneration Committee meetings. Advice on market practice developments in executive pay.	£8,000 Charged on a time/cost basis.	Insurance broking and advisory services. Remuneration advice to management.

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

Statement of voting at last AGM

The following table sets out actual voting in respect of the resolutions to approve the 2019/20 Annual Report on Remuneration and the Remuneration Policy at the Company's AGM on 25 June 2020.

Resolution	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve Annual Report on Remuneration	69,796,481	98.36%	1,161,738	1.64%	1,744,770
Approve Remuneration Policy	64,446,604	91.20%	6,216,945	8.80%	2,039,440

Additional information

Executive directors' interests in the LTIP

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

LTIP director	Date of award	At 25 January 2020 Number	Awarded Number	Vested Number	Lapsed Number	At 24 January 2021 Number	Exercisable from
R.A. White	25 April 2017	91,086	–	–	(91,086)	–	25 April 2020
	03 April 2018	91,305	–	–	–	91,305	03 April 2021
	04 April 2019	72,686	–	–	–	72,686	04 April 2022
	02 November 2020	–	133,899	–	–	133,899	02 November 2023
S. Lorimer	25 April 2017	53,818	–	–	(53,818)	–	25 April 2020
	03 April 2018	53,946	–	–	–	53,946	03 April 2021
	04 April 2019	42,946	–	–	–	42,946	04 April 2022
	02 November 2020	–	92,174	–	–	92,174	02 November 2023
J.D. Kemp	25 April 2017	47,763	–	–	(47,763)	–	25 April 2020
	03 April 2018	47,877	–	–	–	47,877	03 April 2021
	04 April 2019	38,114	–	–	–	38,114	04 April 2022
	02 November 2020	–	70,219	–	–	70,219	02 November 2023

DIRECTORS' REMUNERATION REPORT CONTINUED

Executive directors' interests in the ESOS

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

ESOS director	Date of award	At 25 January 2020 Number	Awarded Number	Vested Number	Lapsed Number	At 24 January 2021 Number	Exercisable from
R.A. White	25 April 2017	2,898	–	–	(2,898)	–	25 April 2020
	03 April 2018	1,890	–	–	–	1,890	03 April 2021
S. Lorimer	04 April 2019	2,222	–	–	–	2,222	04 April 2022
J.D. Kemp	25 April 2017	2,898	–	–	(2,898)	2,898	25 April 2020
	03 April 2018	1,890	–	–	–	1,890	03 April 2021

Executive directors' interests in the SAYE

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

SAYE director	At 25 January 2020 Number	Granted Number	Exercised Number	Lapsed Number	At 24 January 2021 Number	Option price Pence	Exercisable from
R.A. White	3,682	–	–	–	3,682	567	01 October 2020
	882	–	–	–	882	620	01 July 2021
S. Lorimer	4,232	–	–	–	4,232	567	01 October 2020
	580	–	–	–	580	620	01 July 2021
J.D. Kemp	3,894	–	–	–	3,894	567	01 October 2020
	766	–	–	–	766	620	01 July 2021

Approval

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

David J. Ritchie
Chairman of the Remuneration Committee
30 March 2021

Directors' Remuneration Policy

This part of the report sets out the Company's Directors' remuneration policy which was approved by shareholders at the 2020 AGM and became effective for three years from the close of that meeting. The policy for the executive directors has been determined by the Remuneration Committee. The policy is due to be reviewed by shareholders at the 2023 AGM.

Certain minor explanatory adjustments have been made to the policy to reflect the change in the provision of retirement benefits due to the cessation of the URBS during 2020/21, the COVID-related change to the performance metrics for the LTIP awards in 2021/22 and the charts setting out an illustration of the application of the policy for 2021/22. Otherwise, the policy remains the same as that approved by shareholders at the 2020 AGM.

Executive directors

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

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

DIRECTORS' REMUNERATION REPORT CONTINUED

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	Rewards performance against annual targets which support the strategic direction of the Group.	Awards based on annual performance against key financial and/or strategic targets and/or the delivery of personal objectives. Pay-out levels are determined by the Remuneration Committee after the year-end based on performance against those targets. The Remuneration Committee has discretion to amend the bonus pay-out if, in its judgement, any formulaic output does not produce a fair result for either the executive director or the Company, taking into account overall business performance. 20% of any bonus earned will be deferred into shares for two years. At any time before the deferred bonus shares are released, the Remuneration Committee has the right to cancel the award in the event of a material misstatement of the Group's financial results or if the participant has been found guilty of misconduct. For up to two years following the determination of a bonus pay-out, the Remuneration Committee has the right to recover some or all of the bonus pay-out in the event of a material misstatement of the Group's financial results or if the participant has been found guilty of misconduct.	Maximum bonus opportunity is 125% of base salary.	Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual objectives. Targets, whilst stretching, do not encourage inappropriate business risks to be taken. At least 80% of the bonus is assessed against key financial performance metrics of the business and the balance may be based on non-financial strategic measures and/or individual performance. Financial metrics There is no minimum payment at threshold performance, up to 50% of the maximum potential for this element of the bonus will be paid out for on-target performance and all of the maximum potential will be paid out for maximum performance. Non-financial or individual metrics Payment of the non-financial or individual metrics will apply on a scale between 0% and 100% based on the Remuneration Committee's assessment of the extent to which a non-financial or individual performance metric has been met.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan 2014 ("LTIP")	Incentivises executive directors over the longer term and aligns their interests with those of shareholders.	Under the LTIP, awards of conditional shares, nil cost share options or other such form as has the same economic effect may be made with vesting dependent on the achievement of performance conditions set by the Remuneration Committee, normally over a three year performance period. Awards granted over shares may be settled in cash at the election of the Remuneration Committee. As described on page 97, awards may also vest in "good leaver" circumstances or on the death of a participant or on a change of control. The Remuneration Committee has the right to reduce unvested or unexercised awards and/or delay their vesting in the event of a material misstatement of the Group's financial results or if the participant has been found guilty of misconduct. Where an executive director's shareholding is less than 300% of base salary, any vesting awards will be subject to a two year post-vesting holding period. For up to two years following the determination of the vesting outcome of an award, the Remuneration Committee has the right to cancel the award if it has not been exercised, or require repayment of some or all of the award in the event of a material misstatement of the Group's financial results or if the participant has been found guilty of misconduct. The Remuneration Committee may make a dividend equivalent payment ("Dividend Equivalents") to reflect dividends that would have been paid over the period to vesting on shares that vest. This payment may be in the form of additional shares or a cash payment equal to the value of those additional shares.	The normal maximum award is 150% of annual base salary in respect of a financial year. Under the share plan rules the overall maximum opportunity that may be granted in respect of a financial year will be 200% of annual base salary. The normal maximum award limit will only be exceeded in exceptional circumstances involving the recruitment or retention of a senior employee.	The vesting of awards is subject to the satisfaction of performance targets set by the Remuneration Committee. The performance measures are reviewed regularly to ensure they remain relevant but will be based on key financial and/or strategic and/or total shareholder return related measures. The relevant metrics and the respective weightings may vary each year based upon Company strategic priorities. Performance measures and weightings will be set out in the Annual Report on Remuneration for the relevant financial year. For achievement of threshold performance 20% of the maximum opportunity will vest. There will usually be straight line vesting between threshold and maximum performance.

DIRECTORS' REMUNERATION REPORT CONTINUED

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

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Retirement benefits	Purpose is to recruit and retain directors of the calibre required for the Company. Provides market competitive post-employment benefits (or cash allowance equivalent).	Executive directors are eligible to participate in the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the "Scheme"), which comprises a defined contribution section and a defined benefit section. The defined benefit section was closed to new entrants from 14 August 2003 and to future accrual from 1 May 2016. Details of the entitlement accruing to the executive director who is a deferred member of the defined benefit section are detailed in the table on page 78. The pension contributions paid in respect of three executive directors are disclosed on page 78. Details of accruals under the URBS are disclosed on page 79. Executive directors may participate in the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme ("URBS") with the agreement of the Company. The URBS was established to satisfy the Company's contractual obligations to provide retirement benefits for the benefit of the executive directors where either the annual or lifetime allowance has been exceeded whilst those individuals were members of the Scheme. Benefits will be receivable in certain circumstances, including on retirement, death, change of control or cessation of employment in accordance with the rules of the URBS. In appropriate circumstances, executive directors may take a cash supplement instead of contributions into a pension plan.	New Executive Directors The maximum combined Company contribution under the defined contribution section of the Scheme and the URBS in respect of new executive directors will be aligned to the wider workforce (currently capped at 17% of salary, as defined in the Scheme rules). Due to the fact that the URBS ceased to operate during the year ended 24 January 2021, as referenced below, new directors will likely receive this Company contribution in the form of a cash allowance. The Remuneration Committee has discretion to vary the delivery mechanism for retirement benefits, however the exercise of this discretion will not exceed the above limit for the provision of executive directors' retirement benefits. Incumbent Executive Directors R.A. White ceased his accrual under the defined benefit section on 5 April 2011. For R.A. White, the Company's maximum contribution under the URBS is equal to 24% of salary plus any contractual entitlement in respect of a shortfall in R.A. White's deferred pension revaluation as a consequence of Fixed Protection 2012. The Company has closed the defined benefit section of the Scheme to new members and future accrual but the only executive director who is a deferred member will continue to receive benefits in accordance with the terms of the Scheme, subject to separately agreed contractual arrangements, including the arrangement summarised on page 92:	Not applicable.

DIRECTORS' REMUNERATION REPORT CONTINUED

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Retirement benefits continued			R.A. White's deferred pension will be re-valued in line with RPI until his normal retirement date. In addition, R.A. White will continue to be entitled to receive life assurance benefits as if he were in pensionable service under the Scheme until his normal retirement date notwithstanding the termination of his employment with the Company, but only in circumstances where he is a "good leaver", as set out in his service contract. The maximum combined Company contribution under the defined contribution section of the Scheme and the URBS in respect of the remaining executive directors is 19% of salary (as defined in the Scheme rules) rising to 24% of salary following the executive's 50th birthday. As referred to in the Annual Report on Remuneration, all executive directors have now elected to receive Company pension contributions in the form of a cash allowance and no longer participate in the URBS. The URBS has therefore ceased to operate.	

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Shareholding guidelines	Purpose is to further align the executive directors' long term interests with those of shareholders.	**During employment** Executive directors must retain all shares acquired under Company sponsored share plans and retain half of any bonus pay-out after tax to purchase shares in the Company until the value of their shareholding is equal to 200% of gross basic salary for the CEO and 150% of gross basic salary for the other executive directors. Until the relevant shareholding is acquired, the executive director may not, without Remuneration Committee approval, sell shares other than to finance any tax liabilities arising from the vesting or release of awards. **Post-employment** Executive directors must retain for one year post-employment any shareholding arising from shares awarded/vesting from both the deferred bonus and LTIP after 26 January 2020, up to the above shareholding guidelines.	Not applicable.	Not applicable.

Chairman and non-executive directors

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

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

DIRECTORS' REMUNERATION REPORT CONTINUED

Explanation of performance metrics chosen and the target setting process

Performance measures are selected that are aligned to the Company's strategy. Stretching performance targets are set each year for the annual bonus and LTIP awards. When setting these performance targets, the Remuneration Committee will take into account a number of different reference points, which may include the Company's business plans and strategy and the market environment. Full payment or vesting will only occur for what the Remuneration Committee considers to be stretching performance. Additionally, the Remuneration Committee has discretion to change formulaic outcomes to ensure that payments made through variable incentive plans are proportionate to the Company's overall performance.

The annual bonus performance targets have been selected to provide an appropriate balance between incentivising directors to meet financial targets for the year and achieving strategic and/or personal objectives. The Remuneration Committee also aims to make sure that targets are set in line with the Company's risk appetite so as to ensure that executive directors are not incentivised to take inappropriate risks.

The LTIP performance targets reflect the Company's strategic objectives and therefore the financial and strategic decisions which ultimately determine the success of the Company. The LTIP performance measures may be based on key financial and/or strategic and/or total shareholder return related measures. From 2020, LTIP performance will normally be based on Earnings Per Share, which is a key measure of the Company's profitability, and relative Total Shareholder Return to further strengthen the link between the interests of the executive directors and the shareholders. In 2021, given the recent impact of COVID-19, the LTIP performance measure will be based on Net Revenue, targeting a recovery strategy in this key financial metric which is highly aligned to profits.

The Remuneration Committee retains the ability to adjust or set different performance measures if events occur (such as a change in strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions) which cause the Remuneration Committee to determine that the alternative measures are more suitable either for a defined period or for the foreseeable future so that they achieve their original purpose.

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

Policy for the remuneration of employees generally

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

Under the rules of the LTIP, certain managers are eligible to participate in the LTIP; however there has been no such participation to date and there is no current intention to invite managers to do so. The annual bonus arrangements for the senior management team are similar to those for the executive directors in that targets are set annually dependent on financial and/or non-financial performance metrics. The key principles of the remuneration philosophy are applied consistently across the Group below this level, taking account of the seniority of employees.

Approach to recruitment remuneration

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

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

The Remuneration Committee will typically seek to align the remuneration package with the Company's Remuneration Policy (as set out in the Policy table). The maximum level of variable remuneration which may be granted (excluding buy-out awards referred to below) is 325% of salary (in line with this Policy). Subject to this overall maximum variable remuneration, incentive awards will only be granted above the normal maximum annual award opportunities where the Remuneration Committee considers there to be a commercial rationale, which may include but is not limited to circumstances where an executive director is recruited at a time in the year when it would be inappropriate to provide a bonus and/or LTIP award for that year as there would not be sufficient time to assess performance. The quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis. The Remuneration Committee will ensure that any such awards are linked to the achievement of appropriate and challenging performance targets and will be forfeited if performance or continued employment conditions are not achieved. The Remuneration Committee may also alter the performance measures, performance period and vesting period of the bonus and/or LTIP award, if the Remuneration Committee determines that the circumstances of the recruitment merit such alteration. The rationale would be clearly explained in the Directors' Remuneration Report following grant. The individual will move over time onto a remuneration package that is consistent with the normal maximum annual bonus and LTIP award opportunities set out in the Policy table.

The Remuneration Committee retains discretion to include other remuneration components or awards which are outside the specific terms of the Policy (but subject to the limit on variable remuneration) to facilitate the hiring of candidates of an appropriate calibre, where the Remuneration Committee believes there is a need to do so in the best interests of the Company. The Remuneration Committee would ensure that awards within the 325% of salary variable remuneration limit are linked to the achievement of appropriate and challenging performance measures. The Remuneration Committee will not use this discretion to make a non-performance related incentive payment (for example a "golden hello").

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

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

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

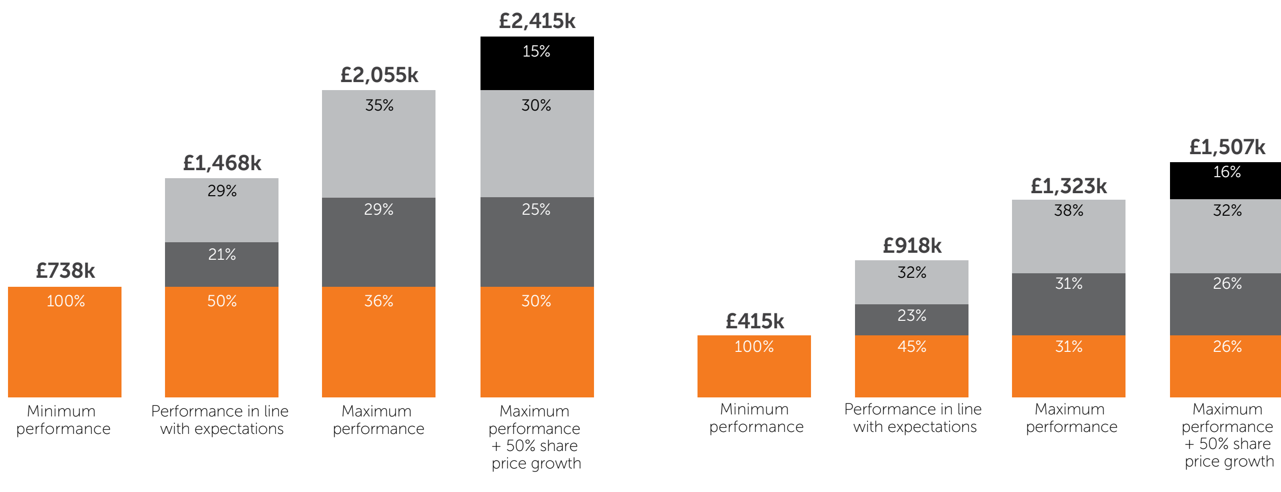
Where necessary, the Company will pay appropriate relocation, travel and subsistence costs. The Remuneration Committee will seek to ensure that no more is paid than is necessary.

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

Illustrations of application of Remuneration Policy

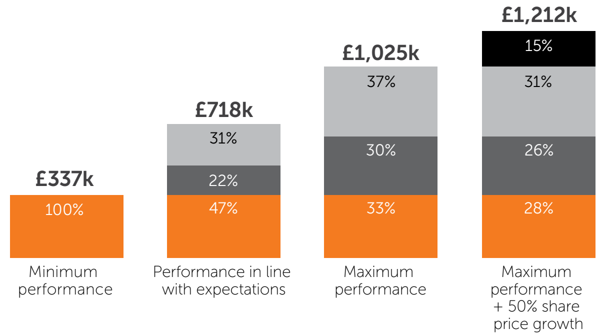
The charts below set out an illustration of the Remuneration Policy for 2021/22 in line with the Remuneration Policy above and include base salary, pension, benefits and incentives. The charts provide an illustration of the proportion of total remuneration made up of each component of the Remuneration Policy and the value of each component.

R.A. White – total remuneration (£000s)



DIRECTORS' REMUNERATION REPORT CONTINUED

J.D Kemp – total remuneration (£000s)



■ Base salary, benefits and pension ■ Annual bonus ■ LTIP ■ LTIP – share price appreciation

Four scenarios have been illustrated for each executive director:

	Fixed pay	Annual Bonus	LTIP
Minimum performance	Fixed elements of remuneration – base salary, benefits and pension only.	No bonus.	No LTIP vesting.
Performance in line with expectations		50% of maximum awarded for achieving target performance (i.e. 62.5% of salary).	60% of maximum award vesting for target performance (i.e. 90% of salary).
Maximum performance	Base salary is the latest known salary (i.e. the salary effective from 1 April 2021) and the value for benefits has been calculated as per the single figure table on page 74.	100% of maximum awarded for achieving maximum performance (i.e. 125% of salary).	100% of maximum award vesting for maximum performance (i.e. 150% of salary).
Maximum performance plus 50% growth in share price			100% of maximum award vesting for maximum performance plus 50% growth in share price (i.e. 225% of salary).

LTIP awards are included in the scenarios above at face value with no share price movement included (except in the "maximum plus 50%" scenario).

Service contracts

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

In line with the Remuneration Policy approved at the 2014 AGM, service contracts entered into prior to this date provide for a notice period of 12 months except during the six months following either a takeover of or by the Company or a Company reconstruction. Under these conditions and certain circumstances the executive directors are entitled to a liquidated damages payment equal to the executive director's basic salary at termination plus the value of all contractual benefits for a two year period. In the event this liquidated damages payment is triggered, the executive director will also be deemed to be a "good leaver" for the purposes of the Company's share schemes. Given the size of the Company and the sector dynamics at the time the directors were recruited, the Remuneration Committee considered this provision appropriate in order to attract and retain high calibre executive directors. The Remuneration Committee is cognisant of the fact that these provisions do not reflect best practice. It has therefore previously considered the alternatives available to exit these contractual arrangements, including contractual buy-out. However, the Remuneration Committee concluded that it was not feasible to place a value on these rights, in order to remove them from the contracts, which would be acceptable to both parties. It therefore determined that the most appropriate approach would be to maintain the legacy provisions, however for all future appointments after the approval of the 2014 Remuneration Policy these provisions have not and will not apply. S. Lorimer's service contract does not therefore include the legacy provisions.

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

Payments for loss of office

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

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

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

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

DIRECTORS' REMUNERATION REPORT CONTINUED

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

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

Existing contractual arrangements
The Remuneration Committee retains discretion to make any remuneration payments and payments for loss of office outside the Policy in this report:
- where the terms of the payment were agreed before the Policy came into effect;
- where the terms of the payment were agreed at a time when the relevant individual was not a director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration of the individual becoming a director of the Company; or
- to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, the term "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

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

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

Payments in relation to existing remuneration arrangements
The Remuneration Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Remuneration Policy set out above where the terms of the payment were agreed:

i. before the date of the 2014 AGM (the date the Company's first shareholder-approved Remuneration Policy came into effect);
ii. after the date of the 2014 AGM and before the Remuneration Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or
iii. at a time when the relevant individual was not a director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a director of the Company.

For these purposes "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements of the Group for the 52 weeks (2020: 52 weeks) ended 24 January 2021.

Strategic Report

The Companies Act 2006 requires the directors to present a review of the business during the year to 24 January 2021 and of the position of the Group at the end of the financial year, together with a description of the principal risks and uncertainties faced. The Strategic Report can be found on pages 2 to 51 and is incorporated by reference into this Directors' Report.

Corporate Governance Statement

The Disclosure and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Corporate Governance Report on pages 54 to 66 and is incorporated by reference into this Directors' Report.

Results and dividends

The Group's profit after tax for the financial year ended 24 January 2021 attributable to equity shareholders amounted to £19.1m (2020: £29.8m).

Due to the unprecedented circumstances arising from COVID-19, no interim dividend was paid in October 2020. Our usual practice at this time of the year is to propose a final ordinary dividend to be paid in June, subject to approval by shareholders at the Annual General Meeting held in May. However, given the ongoing uncertainty related to COVID-19, we believe it remains important to continue to conserve cash and maintain balance sheet flexibility at the current time. As such, the Board is not proposing a final dividend at this time but expects to recommence dividend payments during the course of the financial year ending January 2022.

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented an income statement for the Company. The Company's profit for the year was £17.6m (2020: £24.2m).

Directors

The following were directors of the Company during the financial year ended 24 January 2021 and to the date of this report:

- J.R. Nicolson
- R.A. White
- S. Lorimer
- J.D. Kemp
- W.R.G. Barr
- S.V. Barratt
- M.A. Griffiths (resigned 30 April 2020)
- P. Powell
- D.J. Ritchie
- N.B.E. Wharton

Subject to the Company's Articles of Association (the "Articles") and any relevant legislation, the directors may exercise all of the powers of the Company and may delegate their power and discretion to committees. The powers of the directors to issue or repurchase ordinary shares are set by resolution at a general meeting of shareholders.

The Articles give the directors power to appoint and remove directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board. The Articles require directors to retire and submit themselves for election at the first Annual General Meeting following appointment and to retire no later than the third Annual General Meeting after the Annual General Meeting at which they were last elected or re-elected. However, in order to comply with the UK Corporate Governance Code, all directors will submit themselves for re-election at the AGM. Biographical details of the Board are set out on pages 52 to 53 of this report.

Directors' interests

Information regarding the directors' interests in ordinary shares of the Company is provided in the Directors' Remuneration Report on pages 80 to 81. No director has any other interest in any shares or loan stock of any Group company.

Other than service contracts, no director had a material interest in any contract to which any Group company was a party during the year.

DIRECTORS' REPORT CONTINUED

There have been the following changes notified in the directors' shareholdings between 24 January 2021 and 30 March 2021: an increase in R.A. White's holding of 90 shares, an increase in S. Lorimer's holding of 90 shares and an increase in J.D. Kemp's holding of 90 shares.

Directors' indemnity provisions

As at the date of this report, indemnities are in force between the Company and each of its directors under which the Company has agreed to indemnify each director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out their role as a director of the Company. The directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim in relation to the Company or brought by a regulator as they are incurred, provided that where the defence is unsuccessful the director must repay those defence costs to the Company. The Company's total liability under each indemnity is limited to £5.0m for each event giving rise to a claim under that indemnity. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. In addition, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

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

Research and development

The Group undertakes research and development activities in order to develop its range of new and existing products. Expenditure during the year on research and development amounted to £1.0m (2020: £1.1m).

Political donations and political expenditure

No Group company made any political donations or incurred any political expenditure in the year (2020: £nil).

Post balance sheet events

Relevant post balance sheet events requiring disclosure are included in Note 32 to the accounts.

Employee engagement

Information on employee engagement is included in the Corporate Governance Report on page 60 and the Strategic Report on page 26.

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

AESOP

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

The partnership share element provides that for every two shares a participant purchases in the Company, up to a current maximum contribution of £150 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual.

There are various rules as to the period of time that the shares must be held in trust but after five years the shares can be released tax free to the participant.

The free share element allows participants to receive shares to the value of a common percentage of their earnings, related to the performance of the Group. The maximum value of any annual award is currently £3,600 and the shares awarded are held in trust for five years. Under the terms of the AESOP rules, any award of free shares to employees is made by the Trustee of the AESOP subject to the Company's consent.

Under the terms of this scheme, unless they are a "good leaver" the matching shares will be forfeited if the participant leaves the employment of the Company within three years of the award. All partnership, matching and free shares must be removed from the trust if employment with the Company ceases.

SAYE

The SAYE is HMRC approved and is available to all qualifying employees, including executive directors. It is based on a three or five year savings contract which provides the participant with an option to purchase shares after three or five years at a discounted price fixed at the time the contract is taken out, or earlier as provided by the scheme rules. No performance conditions require to be met by any participant in order to exercise their option under the SAYE.

Employment of disabled persons

The Company strives to build an inclusive and diverse culture where all employees have the opportunity to succeed. Applications for employment by disabled persons are always fully and fairly considered. In the event of employees becoming disabled every effort is made to ensure that their employment will continue. The Company is committed to the fair treatment of people with disabilities regarding recruitment, training, promotion and career development.

Stakeholder engagement – section 172(1) statement

A statement on how the Company has engaged with key stakeholders, including employees, and the impact of that engagement on the Company's strategy and the principal decisions taken during the year is set out in the Corporate Governance Report on page 56. This statement also summarises how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken during the year. This statement is incorporated by reference into this Directors' Report.

Substantial shareholdings

As at 24 January 2021, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in the Company's ordinary share capital:

	Number of shares	% of voting rights	Type of holding
Lindsell Train Limited (discretionary clients)	15,607,087	13.93	Direct and indirect
Caledonia Investments plc	4,509,347	4.03	Direct

The position remains the same as at 30 March 2021 as it did at 24 January 2021.

Share capital

As at 24 January 2021 the Company's issued share capital comprised a single class of ordinary shares of 4 1/6 pence each. All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attaching to the shares are set out in the Articles. Note 28 to the financial statements contains details of the ordinary share capital.

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and, on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of AGM will give full details of deadlines for exercising voting rights in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and published on the Company's website after the meeting. Subject to the relevant statutory provisions and the Articles, shareholders are entitled to a dividend where declared and paid out of profits available for such purposes.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- those which may from time to time be applicable under existing laws and regulations (for example, insider trading laws); and
- pursuant to the Company's Share Dealing Codes and applicable regulations, whereby directors and certain employees of the Company require approval to deal in the Company's ordinary shares and are prohibited from dealing during closed periods.

At 24 January 2021 the Company had authority, pursuant to the shareholders' resolution of 25 June 2020, to purchase up to 10% of its issued ordinary share capital. This authority will expire at the conclusion of the 2021 AGM. It is proposed that this authority be renewed at the 2021 AGM, as detailed in the notice of AGM.

DIRECTORS' REPORT CONTINUED

At 24 January 2021 Robert Barr Limited, as trustee of the General Employee Benefit Trust, the Savings Related Benefit Trust and the All-Employee Share Ownership Plan Trust (the "RBL Trustee"), held 0.66% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. As at 24 January 2021, Equiniti Share Plan Trustees Limited (the "AESOP Trustee") held 0.76% of the issued share capital of the Company in trust for participants in the AESOP.

A dividend waiver is in place in respect of the RBL Trustee's holdings under the Savings Related Benefit Trust. A dividend waiver is in place in respect of shares held by the AESOP Trustee and the RBL Trustee under the AESOP which have not been appropriated to participants.

The voting rights in relation to the RBL Trustee's shareholdings are exercised by the RBL Trustee, who may vote or abstain from voting the shares as it sees fit in respect of shares which are unvested or have not been appropriated to employees.

Under the rules of the AESOP, eligible employees are entitled to acquire shares in the Company. Details of the AESOP are set out above. AESOP shares which have been appropriated to participants are held in trust for those participants by the AESOP Trustee. Voting rights in respect of shares which have been appropriated to participants are exercised by the AESOP Trustee on receipt of participants' instructions. If a participant does not submit an instruction to the AESOP Trustee, no vote is registered in respect of those shares. In addition, the AESOP Trustee does not vote any unappropriated shares held under the AESOP as surplus assets.

The Executive Share Option Scheme ("ESOS") was approved by shareholders at the 2010 AGM. Approved Long Term Incentive Plan ("ALTIP") awards comprising both a tax-approved option granted under the ESOS and a Long Term Incentive Plan award have been granted to executive directors. ALTIP awards enable the participant and the Company to benefit from HMRC tax-approved option tax treatment in respect of part of the award, without increasing the pre-tax value delivered to participants. Other than to enable the grant of ALTIP awards, the Company has not granted awards to executive directors under the ESOS. Details of the ALTIP awards granted to executive directors are set out on page 77.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Change of control

As disclosed in the Directors' Remuneration Report, under certain conditions the notice period for R.A. White and J.D. Kemp may increase from one year to two years in the event of a takeover of or by the Company or a Company reconstruction.

All of the Company's share incentive plans contain provisions relating to a change of control of the Company. The Company's banking facilities may, at the discretion of the lender, be repayable upon a change of control.

Articles of association

The Company's Articles may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles at the 2021 AGM.

Greenhouse gas emissions

Disclosures regarding greenhouse gas emissions required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 are included in the Strategic Report on page 30. This information is incorporated by reference into this Directors' Report.

Financial risk management

Information on the exposure of the Group to certain financial risks and on the Group's objectives and policies for managing each of the Group's main financial risk areas is detailed in the financial risk management disclosure in Note 26.

Contracts of significance

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 21 to 51. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 36 to 42.

After making the appropriate enquiries, the directors have concluded that the Group will be able to meet its financial obligations for the foreseeable future and therefore have a reasonable expectation that the Company and the Group overall have adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of this annual report) and, accordingly, consider it appropriate to adopt the going concern basis in preparing the financial statements.

The Company's viability statement is set out on page 50 of the Strategic Report.

Directors' statement as to disclosure of information to auditor

So far as each director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditor is unaware. Each director has taken all steps that ought to be taken by a director to make themselves aware of and to establish that the auditor is aware of any relevant audit information.

Auditor

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

The auditor, Deloitte LLP, has indicated its willingness to continue in office and a resolution to appoint Deloitte LLP as auditor of the Company and its subsidiaries, and to authorise the Audit and Risk Committee to fix their remuneration, will be proposed at the 2021 AGM.

Annual General Meeting

The Company's AGM will be held at 12.00 p.m. on 28 May 2021 at Westfield House, 4 Mollins Road, Cumbernauld G68 9HD. The Notice of the AGM is set out on pages 168 to 176 of this report. A description and explanation of the resolutions to be considered at the 2021 AGM is set out on pages 169 to 171 of this report.

In light of the ongoing Government restrictions in response to the COVID-19 pandemic, shareholders will not be allowed entry to the AGM and are encouraged to vote in advance using their proxy form. Further details of how to do this are set out in the Notice of the AGM. The Company continues to monitor the ongoing impact of COVID-19. If it is necessary to provide shareholders with further information about the AGM, or to notify shareholders about any alternative arrangements, the Company will do so via its website (**www.agbarr.co.uk**), by announcement on a Regulatory Information Service and, where appropriate, by individual communication with shareholders.

Recommendation to shareholders

The Board considers that all the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of them.

By order of the Board

Julie Barr
Company Secretary
30 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs adopted pursuant to regulation (EC) no. 1606/2002 as it applies in the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the consolidated profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:
- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and parent Company's financial position and financial performance.
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the parent Company and the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

A copy of the Group and parent Company financial statements has been placed on the Company's website, **www.agbarr.co.uk**. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to the disclosure and transparency rules

Each of the directors, whose names and functions are set out on pages 52 to 53 of this report, confirm that, to the best of their knowledge:
- The financial statements, prepared in accordance with IFRSs adopted pursuant to regulation (EC) no. 1606/2002 as it applies in the EU, give a true and fair view of the assets, liabilities and financial position of the Group and parent Company and of the consolidated profit.
- The Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced by the Group.
- They consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

R.A. White
Chief Executive
30 March 2021

S. Lorimer
Finance Director
30 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.G. BARR PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- **the financial statements of A.G. BARR p.l.c. (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 24 January 2021 and of the Group's profit for the year then ended**
- **the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union**
- **the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:

- The consolidated income statement
- The consolidated statement of comprehensive income
- The consolidated and parent company statement of financial position
- The consolidated and parent company statements of changes in equity
- The consolidated and parent cash flow statements
- The related notes 1 to 32

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006, and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.G. BARR PLC CONTINUED

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: – Completeness and valuation of brand support discounts and cost accruals – Valuation of Strathmore goodwill, intangible and tangible assets Within this report, key audit matters are identified as follows: ! Newly identified ↔ Similar level of risk
Materiality	The materiality that we used for the Group financial statements was £1,575,000, which was determined on the basis of 5% of profit before tax and exceptional items.
Scoping	Our audit covered 93% of the Group's revenue, 96% of the Group's net assets, and 96% of the Group's profit before tax.
Significant changes in our approach	Our approach is consistent with the previous year with the exception of: – The impact of the COVID-19 pandemic on going concern, is no longer a key audit matter. At the date of the prior period audit report, there was significant uncertainty in the economy as a whole. Since then, the Group has remained open and traded profitably, with positive cash, and as such going concern is no longer considered a key audit matter – Impairment of Strathmore goodwill and intangible assets, has been included as a key audit matter in the current year due to the market pressures having a much greater impact on the Strathmore CGU

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging underlying data and key assumptions, considering the impact of both Brexit and COVID-19 on the assumptions applied
- Assessing the integrity of the model used to prepare the forecasts, testing the clerical accuracy of those forecast and considering the historical accuracy of the forecasts prepared by management
- Assessing headroom in the forecasts (liquidity and covenants)
- Assessing the financing facilities that are in place during the forecast period including the repayment terms and covenants, evaluating whether these have been appropriately reflected in the model
- Challenging the reasonableness of the downside scenarios and sensitivities performed by management by performing a review of historical forecasting accuracy and the decline in performance as a result of the pandemic
- Assessing the adequacy of the going concern disclosures

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Completeness and valuation of brand support discounts and cost accruals

Key audit matter description	**Brand support discounts and cost accruals within trade and other payables of £13.8m (2020: £10.5m)** The Group incurs significant costs in agreeing sales discounts to support and develop its brands. Judgement is required in determining the level of accrual for such sales discounts and costs where promotions and brand support campaigns span the year-end and where settlement has not been fully agreed at year-end, or where prior year claims arise, as the year-end accrual can depend on information not yet made available by the customer. Due to the high level of judgements involved, we have determined there is a potential for fraud through possible manipulation of this balance. Brand support discounts and cost accruals are included within note 23 to the financial statements. The Audit and Risk Committee's consideration in respect of the risk is included on page 68.
How the scope of our audit responded to the key audit matter	The audit procedures we performed in respect of this matter included: – Obtaining an understanding of and testing the relevant controls over the brand support accruals process – Meeting with the commercial teams to understand and challenge the brand support discounts in place, by assessing the movements in the brand support accrual – Testing a sample of customers with characteristics of audit interest (customers receiving material brand support investment, customers with material open promotions at year end, and flagship UK customers), assessing and challenging the accuracy of current year accruals, and performing a lookback on judgements made in the previous year – Examining a sample of key commercial contracts and joint business plans to assess whether the composition of the accrual is in line with the underlying commercial agreement – Obtaining confirmations directly from customers for a sample of open accruals. In cases where no confirmation reply is received, we performed alternative procedures involving understanding the basis for the accrual and recalculating the expected accrual based on related sales information – Selecting a sample of settlements made after the year-end to determine the accuracy of the accrual – Assessing the adequacy of the disclosures made in the financial statements
Key observations	We concluded that the assumptions made by management in determining the valuation and completeness of brand support accruals were reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.G. BARR PLC CONTINUED

5. Key audit matters continued

5.2. Valuation of Strathmore goodwill, intangible and tangible assets

Key audit matter description	**Impairment of Strathmore goodwill, tangible and intangible assets is pinpointed to the forecast cash flows and long-term growth rates.** As a result of the impact of the COVID-19 pandemic and the resultant market pressures, there has been a significant change in the forecasted cashflows and long-term growth rates of Strathmore. Alongside consideration of appropriate discount rates, management factored those changes into their impairment calculation. An impairment of £10m has been recorded in the current year which reduces the goodwill and intangible assets balances by £1.9m and £7m respectively to £nil, with the remaining £1.1m impairment recorded against Property, Plant and Equipment. The Strathmore CGU has a residual carrying value of £2m. Further details are provided in note 7 of the financial statements.
How the scope of our audit responded to the key audit matter	The audit procedures we performed in respect of this matter included: – Obtaining an understanding of the relevant controls over the carrying value of goodwill and other intangible assets, in particular the controls over the forecasts that underpin the value in use models, and controls around management's selection of the discount rate – Challenging management's assessment of the cash flow assumptions in determining value-in-use, including sensitivities, by assessing historical accuracy of forecasting and budgeting accuracy and considering third-party data where available – Challenging management's assessment of the long term growth rates, by performing analysis of market forecasts; – Engaging our valuations specialist in our assessment of the discount rate applied – Assessing management's disclosure of sensitivities
Key observations	We concluded that the impairment of the Strathmore goodwill, intangible and tangible assets was appropriate, and that appropriate disclosure has been made in the financial statements.

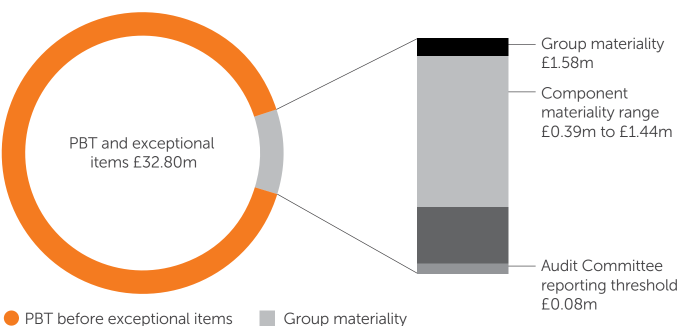
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1.58m (2020: £1.80m)	£1.44m (2020: £1.62m)
Basis for determining materiality	5% (2020: 5%) of profit before tax and exceptional items.	Parent company materiality equates to 0.7% (2019: 0.7%) of revenue, capped at 91.4% (2019: 90%) of Group materiality.
Rationale for the benchmark applied	We have used profit before tax and before exceptional items as the benchmark for our determination of materiality as we consider this to be a critical performance measure for the Group on the basis that it is a key metric to analysts and investors and has equal prominence in the Annual Report. The exceptional items in the year comprise £8.9m of impairment of the Strathmore brand, £3.1m of reorganisation costs, £1.3m of the Funkin goodwill adjustment offset by £7.6m of a credit for the termination of the Rockstar distribution agreement.	We have used revenue as the benchmark for our determination of materiality as we consider this to be the key driver of the business. As statutory materiality would be higher than component materiality, we have capped materiality to be 91.4% of Group materiality being £1.44m. 91.4% is deemed to be appropriate based on the company-only contribution to the Group.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2020: 70%) of Group materiality	70% (2020: 70%) of parent company materiality
Basis and rationale for determining performance materiality	Our risk assessment, including our assessment of the group's overall control environment and that we considered it appropriate to rely on controls over a number of business processes. Our past assessment of the audit, and our consideration of the number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £78,750 (2020: £90,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

There are no significant changes in our approach in the current year. Our Group audit was scoped by obtaining an understanding of the Group and its environment through discussions with finance, IT, commercial and supply teams and performing walkthroughs of processes across these areas, including Group-wide controls, and assessing the risks of material misstatements at a Group level.

The significant component to the Group is A.G. BARR plc, which is also the entity in which the trading transactions relating to the brand owned by Rubicon Drinks Limited are recorded.

The other components to the Group are as follows:

- Funkin Limited
- Funkin USA Limited
- A.G. Barr General Partners Limited
- A.G. Barr Capital Partners Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.G. BARR PLC CONTINUED

7. An overview of the scope of our audit continued

7.1. Identification and scoping of components continued

Funkin Limited was subject to specified audit procedures based on the materiality of individual balances, and the remaining non-significant components were subject to analytical reviews, the group audit team performed all audit work.

7.2. Our consideration of the control environment

With the involvement of our IT specialist we obtained an understanding of the relevant IT environment, by performing walkthroughs of key processes and in some instances performed testing on the relevant general IT controls and business cycles. We took a controls reliance approach on the relevant controls for certain components within the revenue, expenditure and brand support accrual business process cycles.

8. Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditors responsibilities. This description forms part of our Auditor's Report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets
- Results of our enquiries of management, internal audit, and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities
- Any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
  - The internal controls established to mitigate risks of fraud or non-compliance with laws and regulations
- The matters discussed among the audit engagement team and relevant internal specialists, including valuations, pensions and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to completeness and valuation of brand support discount and cost accruals given the judgement involved in determining the level of closing accrual. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence, regulatory solvency requirements and environmental regulations.

11.2. Audit response to risks identified

As a result of performing the above we identified completeness and valuation of brand support discounts and cost accruals as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter. In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements
- Enquiring of management, the Audit and Risk Committee and external legal counsel concerning actual and potential litigation and claims
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud
- Reading minutes of meetings of those charged with governance and reviewing internal audit reports
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A.G. BARR PLC CONTINUED

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' Statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate;
- the directors' statement on fair, balanced and understandable;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the Audit and Risk Committee.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

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

- We have not received all the information and explanations we require for our audit
- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us
- The parent company financial statements are not in agreement with the accounting records and returns

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

We were appointed by the Audit and Risk Committee, on 31 May 2017 to audit the financial statements for the year ending 27 January 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 4 years, covering the years ending 27 January 2018 to 24 January 2021.

15.2. Consistency of the Audit Report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the audit and risk committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

David Sweeney, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
30 March 2021

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 24 JANUARY 2021

		2021			2020		
	Note	Before exceptional items £m	Exceptional items* £m	Total £m	Before exceptional items £m	Exceptional items* £m	Total £m
Revenue	2	**227.0**	**–**	**227.0**	255.7	–	255.7
Cost of sales	7	**(132.2)**	**(1.2)**	**(133.4)**	(149.6)	(1.1)	(150.7)
Gross profit	2	**94.8**	**(1.2)**	**93.6**	106.1	(1.1)	105.0
Other income	5, 7	**–**	**7.6**	**7.6**	–	1.8	1.8
Operating expenses	6, 7	**(61.2)**	**(13.2)**	**(74.4)**	(68.0)	(0.7)	(68.7)
Operating profit		**33.6**	**(6.8)**	**26.8**	38.1	–	38.1
Finance costs	8	**(0.7)**	**–**	**(0.7)**	(0.6)	–	(0.6)
Share of after tax results of associates	17	**(0.1)**	**–**	**(0.1)**	(0.1)	–	(0.1)
Profit before tax		**32.8**	**(6.8)**	**26.0**	37.4	–	37.4
Tax on profit	9	**(8.0)**	**1.1**	**(6.9)**	(7.6)	–	(7.6)
Profit attributable to equity holders		**24.8**	**(5.7)**	**19.1**	29.8	–	29.8

Earnings per share (p)

	Note	2021	2020
Basic earnings per share	10	**17.18**	26.50
Diluted earnings per share	10	**17.16**	26.49
Basic earnings per share before exceptional items	10	**22.31**	26.50

* An explanation of exceptional items is provided in Note 7.

STATEMENTS OF FINANCIAL POSITION
AS AT 24 JANUARY 2021

	Note	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Non-current assets					
Intangible assets	12	**90.5**	101.8	**5.1**	15.2
Property, plant and equipment	13	**96.4**	101.2	**76.9**	81.5
Right-of-use assets	14	**2.5**	7.6	**21.5**	26.6
Loans and receivables	15	**1.0**	–	**1.0**	–
Investment in subsidiary undertakings	16	**–**	–	**84.1**	84.1
Investment in associates	17	**0.8**	0.9	**0.8**	0.9
Retirement benefit surplus	27	**–**	–	**8.9**	7.0
		191.2	211.5	**198.3**	215.3
Current assets					
Inventories	19	**19.3**	18.3	**17.0**	16.3
Trade and other receivables	20	**37.6**	57.2	**34.4**	54.0
Assets classified as held for sale	21	**0.4**	–	**0.4**	–
Current tax asset		**0.7**	–	**1.7**	–
Cash and cash equivalents	18	**52.9**	10.9	**48.1**	7.2
		110.9	86.4	**101.6**	77.5
Total assets		**302.1**	297.9	**299.9**	292.8
Current liabilities					
Loans and other borrowings	22	**2.9**	–	**2.9**	–
Trade and other payables	23	**43.4**	52.4	**47.1**	54.3
Derivative financial instruments	15	**0.1**	0.1	**0.1**	0.1
Lease liabilities	22, 14	**1.1**	3.2	**2.2**	4.3
Provisions	24	**1.9**	1.2	**1.9**	1.2
Current tax liabilities		**–**	3.0	**–**	1.6
		49.4	59.9	**54.2**	61.5
Non-current liabilities					
Deferred tax liabilities	25	**14.6**	14.5	**5.2**	5.9
Lease liabilities	22, 14	**1.4**	4.7	**18.4**	22.2
Retirement benefit obligations	27	**7.9**	10.5	**–**	–
		23.9	29.7	**23.6**	28.1
Capital and reserves attributable to equity holders					
Share capital	28	**4.7**	4.7	**4.7**	4.7
Share premium account	28	**0.9**	0.9	**0.9**	0.9
Share options reserve	28	**1.8**	1.4	**1.7**	1.4
Other reserves	28	**(0.2)**	–	**(0.2)**	–
Retained earnings	28	**221.6**	201.3	**215.0**	196.2
		228.8	208.3	**222.1**	203.2
Total equity and liabilities		**302.1**	297.9	**299.9**	292.8

The Company reported a profit for the financial year ended 24 January 2021 of £17.6m (year ended 25 January 2020: £24.2m).

Company Number: SC005653
The financial statements on pages 114 to 164 were approved by the Board of directors and authorised for issue on 30 March 2021 and were signed on its behalf by:

Roger White
Chief Executive
30 March 2021

Stuart Lorimer
Finance Director
30 March 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 24 JANUARY 2021

		Group		Company	
	Note	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Profit for the year		**19.1**	29.8	**17.6**	24.2
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefit pension plans	27	**0.6**	1.2	**0.6**	1.2
Deferred tax movements on items above	25	**(0.1)**	(0.2)	**(0.1)**	(0.2)
Deferred tax remeasurement for movement in tax rate	25	**0.5**	–	**0.5**	–
Items that will be or have been reclassified to profit or loss					
Cash flow hedges:	15				
Losses arising during the period		**–**	0.3	**–**	0.3
Deferred tax movements on items above	25	**–**	(0.1)	**–**	(0.1)
Other comprehensive income for the year, net of tax		**1.0**	1.2	**1.0**	1.2
Total comprehensive income attributable to equity holders of the parent		**20.1**	31.0	**18.6**	25.4

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 24 JANUARY 2021

Group	Note	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 25 January 2020		**4.7**	**0.9**	**1.4**	**–**	**201.3**	**208.3**
Profit for the year		**–**	**–**	**–**	**–**	**19.1**	**19.1**
Other comprehensive income		**–**	**–**	**–**	**–**	**1.0**	**1.0**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**20.1**	**20.1**
Company shares purchased for use by employee benefit trusts	28	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Recognition of share-based payment costs	29	**–**	**–**	**0.7**	**–**	**–**	**0.7**
Transfer of reserve on share award		**–**	**–**	**(0.1)**	**–**	**0.1**	**–**
Deferred tax on items taken direct to reserves	25	**–**	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Reallocation between reserves		**–**	**–**	**–**	**(0.2)**	**0.2**	**–**
At 24 January 2021		**4.7**	**0.9**	**1.8**	**(0.2)**	**221.6**	**228.8**
At 26 January 2019		4.7	0.9	2.4	(0.2)	202.0	209.8
Impact of IFRS 16		–	–	–	–	(0.3)	(0.3)
At 26 January 2019 as restated		4.7	0.9	2.4	(0.2)	201.7	209.5
Profit for the year		–	–	–	–	29.8	29.8
Other comprehensive income		–	–	–	0.2	1.0	1.2
Total comprehensive income for the year		–	–	–	0.2	30.8	31.0
Company shares purchased for use by employee benefit trusts	28	–	–	–	–	(1.4)	(1.4)
Proceeds on disposal of shares by employee benefit trusts		–	–	–	–	0.1	0.1
Recognition of share-based payment costs	29	–	–	(0.2)	–	–	(0.2)
Transfer of reserve on share award		–	–	(0.6)	–	0.6	–
Deferred tax on items taken direct to reserves	25	–	–	(0.2)	–	–	(0.2)
Repurchase and cancellation of shares	28	–	–	–	–	(11.5)	(11.5)
Dividends paid	11	–	–	–	–	(19.0)	(19.0)
At 25 January 2020		4.7	0.9	1.4	–	201.3	208.3

STATEMENT OF CHANGES IN EQUITY CONTINUED
FOR THE YEAR ENDED 24 JANUARY 2021

Company	Note	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 25 January 2020		**4.7**	**0.9**	**1.4**	**–**	**196.2**	**203.2**
Profit for the year		**–**	**–**	**–**	**–**	**17.6**	**17.6**
Other comprehensive income		**–**	**–**	**–**	**–**	**1.0**	**1.0**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**18.6**	**18.6**
Company shares purchased for use by employee benefit trusts	28	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Recognition of share-based payment costs	29	**–**	**–**	**0.6**	**–**	**–**	**0.7**
Transfer of reserve on share award	–	**–**	**–**	**(0.1)**	**–**	**0.1**	**–**
Deferred tax on items taken direct to reserves	25	**–**	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Reallocation between reserves		**–**	**–**	**–**	**(0.2)**	**0.2**	**–**
At 24 January 2021		**4.7**	**0.9**	**1.7**	**(0.2)**	**215.0**	**222.1**
At 26 January 2019		4.7	0.9	2.4	(0.2)	202.5	210.3
Impact of IFRS 16		–	–	–	–	(0.3)	(0.3)
At 26 January 2019 as restated		4.7	0.9	2.4	(0.2)	202.2	210.0
Profit for the year		–	–	–	–	24.2	24.2
Other comprehensive income		–	–	–	0.2	1.0	1.2
Total comprehensive income for the year		–	–	–	0.2	25.2	25.4
Company shares purchased for use by employee benefit trusts	28	–	–	–	–	(1.4)	(1.4)
Proceeds on disposal of shares by employee benefit trusts		–	–	–	–	0.1	0.1
Recognition of share-based payment costs	29	–	–	(0.2)	–	–	(0.2)
Transfer of reserve on share award		–	–	(0.6)	–	0.6	–
Deferred tax on items taken direct to reserves	25	–	–	(0.2)	–	–	(0.2)
Repurchase and cancellation of shares	28	–	–	–	–	(11.5)	(11.5)
Dividends paid	11	–	–	–	–	(19.0)	(19.0)
At 25 January 2020		4.7	0.9	1.4	–	196.2	203.2

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 24 JANUARY 2021

	Note	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Operating activities					
Profit before tax		**26.0**	37.4	**22.5**	30.3
Adjustments for:					
Interest and dividends receivable		**–**	–	**(0.6)**	(2.8)
Interest payable	8	**0.7**	0.6	**1.4**	1.4
Depreciation of property, plant and equipment	13	**11.8**	11.7	**11.5**	11.4
Amortisation of intangible assets	12	**1.1**	1.3	**1.2**	1.2
Share-based payment costs		**0.7**	(0.2)	**0.6**	(0.2)
Share of results in associates		**0.1**	0.1	**0.1**	0.1
Impairment of Strathmore brand		**7.0**	–	**7.0**	–
Impairment of Strathmore goodwill		**1.9**	–	**1.9**	–
Impairment of Strathmore property, plant and equipment		**1.1**	–	**1.1**	–
Funkin goodwill adjustment		**1.3**	–	–	–
Exceptional income		**–**	(0.2)	**–**	(0.2)
Loss on sale of property, plant and equipment		**–**	–	**–**	–
Operating cash flows before movements in working capital		**51.7**	50.7	**46.7**	41.2
(Increase)/decrease in inventories		**(1.2)**	1.8	**(0.9)**	2.8
Decrease/(increase) in receivables		**19.8**	2.1	**19.8**	5.0
(Decrease)/increase in payables		**(7.1)**	(4.5)	**(5.5)**	(1.5)
Difference between employer pension contributions and amounts recognised in the income statement		**(2.2)**	(2.1)	**(2.2)**	(2.1)
Cash generated by operations		**61.0**	48.0	**57.9**	45.4
Tax paid		**(10.3)**	(7.9)	**(8.5)**	(6.7)
Net cash from operating activities		**50.7**	40.1	**49.4**	38.7
Investing activities					
Acquisition of investment in associate		**–**	(1.0)	**–**	(1.0)
Loan to associate		**(1.0)**	–	**(1.0)**	–
Purchase of property, plant and equipment		**(7.1)**	(14.8)	**(7.0)**	(14.8)
Proceeds on sale of property, plant and equipment		**0.1**	0.1	**0.1**	0.1
Interest received		**–**	–	**0.6**	0.8
Net cash used in investing activities		**(8.0)**	(15.7)	**(7.3)**	(14.9)
Financing activities					
New loans received		**60.0**	29.5	**60.0**	29.5
Loans repaid		**(60.0)**	(29.5)	**(60.0)**	(29.5)
Lease payments		**(3.2)**	(3.3)	**(3.0)**	(3.1)
Purchase of Company shares by employee benefit trusts	28	**(0.1)**	(1.4)	**(0.1)**	(1.4)
Proceeds from disposal of Company shares by employee benefit trusts	28	**–**	0.1	**–**	0.1
Repurchase of own shares	28	**–**	(11.5)	**–**	(11.5)
Dividends paid		**–**	(19.0)	**–**	(19.0)
Dividends received		**–**	–	**–**	2.0
Interest paid		**(0.3)**	(0.2)	**(1.0)**	(0.7)
Net cash used in financing activities		**(3.6)**	(35.3)	**(4.1)**	(33.6)
Net increase/(decrease) in cash and cash equivalents		**39.1**	(10.9)	**38.0**	(9.8)
Cash and cash equivalents at beginning of year		**10.9**	21.8	**7.2**	17.0
Cash and cash equivalents at end of year		**50.0**	10.9	**45.2**	7.2

Cash and cash equivalents per the Group and Company cash flow statements above comprises cash and cash equivalents per the statement of financial position of £52.9m and £48.1m respectively, net of bank overdrafts of £2.9m.

NOTES TO THE ACCOUNTS

1 Accounting Policies

General information

A.G. BARR p.l.c. (the "Company") and its subsidiaries (together the "Group") manufacture, distribute and sell soft drinks and cocktail solutions. The Group has manufacturing sites in the UK and sells mainly to customers in the UK with some international sales.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in Scotland. The address of its registered office is Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD.

The financial year represents the 52 weeks ended 24 January 2021 (prior financial year 52 weeks ended 25 January 2020).

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated and parent Company financial statements of A.G. BARR p.l.c. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. They have been prepared under the historical cost accounting rules except for the derivative financial instruments and the assets of the Group pension scheme which are stated at fair value and the liabilities of the Group pension scheme which are valued using the projected unit credit method.

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks and having considered the impact of the continuation of the COVID-19 pandemic and associated restrictions. This assessment was undertaken through the use of a number of severe but plausible downside scenarios that could impact the business (both individually and cumulatively). In the assessment of the COVID-19 impact the major variables are the duration and the severity of the restrictions in place related to the pandemic. The directors considered the impact of the current COVID-19 environment on the business for the next 12 months, the viability period and the longer term. Whilst the situation continues to evolve the experience of the last year and the roll out of vaccinations has improved our confidence in the robustness and validity of the scenarios, their assumptions and their impacts on sales, profits and cash flows. The business has adapted its operations successfully through the last 12 months with manufacturing, customer delivery and major routes to market remaining operational throughout. The changes we have made, including new working practices, the pivoting of our Funkin business to a branded consumer offering (serviced through the grocery channel), and a Group-wide reorganisation has improved our agility and resilience as we enter the second year of restrictions. Last year's experience enables us to assume that our operations will remain open and that the Group can remain profitable and cash-generative through prolonged pandemic restrictions. The most significant potential financial impact would be due to a reduction in sales, and we have considered the differing impact this would have on our Barr Soft Drinks business, operating mainly in multiple retail (take home) and convenience (out of home) outlets, and our Funkin business, operating in both on-trade/leisure and grocery sectors. Overall, we scenario planned several out turns focused primarily on the duration of restrictions (from three months of 2021 to all year) and the impact of this on volumes compared to experience in 2020. The revenue and operational leverage impact of such a volume loss would have a negative impact on Group profitability, however the scenario modelling would indicate that the Group would remain profitable over the next 12 months and we would anticipate a recovery in the following years.

The Group has £60m of committed and unutilised debt facilities, consisting of three revolving credit facilities with three individual banks, providing the business with a secure funding platform. Two of these facilities (both £20m) expire in February 2022 with the other (£20m) expiring in February 2025. Throughout these severe but plausible downside scenarios, the Group continues to have significant liquidity headroom on existing facilities and against the revolving credit facilities financial covenants.

The directors believe that the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Group and parent Company will have adequate resources to continue in operation for at least 12 months from the signing date of these consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed on page 128.

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented a separate income statement or statement of comprehensive income for the Company.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- Definition of a material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Annual Improvements to IFRS Standards 2015 – 2017 cycle
- Amendments to IAS 19 Employee Benefits
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

In addition, on receipt of furlough income in the year the Group has adopted IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The Group recognises government grants in accordance with IAS 20. These grants were received by the Group in the UK in the form of furlough payments made by the Government under the Coronavirus Job Retention Scheme (JRS). The grants received by the Group are recognised in the income statement and matched against the costs that the grant are intended to compensate and are therefore shown net. Furlough income included under this JRS and included in the income statement at 24 January 2021 amounts to £1.3m (year to 25 January 2020: £nil).

The amendments listed above do not have a material impact on the results for the current and prior reporting periods.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 25 January 2021 and not adopted early

A number of new standards and amendments to standards and interpretations are effective for future year ends, and have not been applied in preparing these financial statements. These standards and amendments are listed in the table below:

International Accounting Standards and Interpretations	Financial year beginning which standard becomes effective
IFRS 17 Insurance Contracts	25 January 2021

The directors do not expect that the adoption of the standard listed above will have a material impact on the financial statements of the Group in future periods.

Consolidation – subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date over which control commences until the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group (and for acquisitions prior to 1 July 2009 costs directly attributable to the acquisition). Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Currently, there are no non-controlling interests in any of the entities within the Group.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired less liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised as a credit in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in net assets are also eliminated. Accounting policies of subsidiaries are consistent with those adopted by the Group.

NOTES TO THE ACCOUNTS CONTINUED

1 Accounting Policies continued

Revenue recognition

Revenue is recognised when control of the goods has passed to the buyer and the amount can be measured reliably. All revenue is recognised on a point of time basis being primarily the point of delivery to customer's sites. The majority of goods are dispatched by the Group's own distribution network and delivery often occurs on the day of dispatch although some are a few days later therefore revenue is recognised on delivery to the customer site. None of the Groups contractual arrangements lead to revenue being recognised over time. Sales related discounts and rebates are calculated based on the expected amounts necessary to meet the claims of the Group's customers in respect of these discounts and rebates. Brand support accruals are included in the statement of financial position in respect of these. When the Group expects to grant a price concession to a customer, e.g. as a result of excess inventory being held in the supply chain, this is treated as variable consideration and adjustments are made to the transaction price using the expected value method.

Revenue is the net invoiced sales value, after deducting promotional sales related discounts invoiced by customers, including brand support costs; customer incentives; and exclusive of value added tax of goods and services supplied to external customers during the year. Brand support costs are investments in customer promotional activities. Sales are recorded based on the price specified in the sales invoices, net of any agreed discounts and rebates.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. Segment results that are reported to the Executive Committee (as chief operating decision-maker) include items directly attributable to a segment as well as those which can be allocated on a consistent basis.

Foreign currency translation

(a) Functional and presentation currency

Functional and presentation currency items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in £ Sterling which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in the same line in which the transaction is recorded.

Exceptional items

As permitted by IAS 1 Presentation of financial statements, an item is treated as exceptional if it is considered unusual by its nature or scale, and is of such significance that separate disclosure is required for the financial statements to be properly understood. In determining whether an event or transaction is exceptional, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence as well as the size and nature of an item both individually and when aggregated with similar items, for example restructuring costs, product development or asset write offs. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a meaningful analysis of our trading results. For further details refer to Note 7.

Intangible assets

Goodwill

Goodwill represents the excess of the consideration of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment charges. Impairment charges on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Brands

Separately acquired brands are recognised at cost at the date of purchase. Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands acquired separately or through a business combination are assessed at the date of acquisition as to whether they have an indefinite life. The assessment includes whether the brand name will continue to trade, and the expected lifetime of the brand. All brands acquired to date have been assessed as having an indefinite life as they are expected to continue to contribute to the long-term future of the Group. The brands are reviewed annually for impairment, being carried at cost less accumulated impairment charges.

The fair value of a brand at the date of acquisition is based on the Relief from Royalties method, which is a valuation model based on discounted cash flows.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

The closing balance in the current year represents the carrying value of the customer relationships acquired during the acquisition of Funkin Limited.

The fair value of the customer relationships at the acquisition date was based on the Multiple Excess Earnings Method (MEEM) which is a valuation model based on discounted cash flows. The useful lives of customer relationships are based on the churn rate of the acquired portfolio and are up to 10 years corresponding to a yearly amortisation of between 10% and 33%. The useful lives of all intangible assets are reviewed annually and amended, as required, on a prospective basis.

Internally generated software development costs

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

Property, plant and equipment

Land and buildings comprise mainly factories, distribution sites and offices. All property, plant and equipment is stated at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the assets. The purchase price of an asset will include the fair value of the consideration paid to acquire the asset. Borrowing costs directly attributable to acquisition, construction and/or production of assets that take a substantial time to complete are capitalised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation is charged from the date that assets, other than land, are available for use. It is calculated using the straight-line method to allocate the cost to the residual values of the related assets using the following rates:

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

Property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date. The carrying value of the property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the recoverable amount may be less than the carrying value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES TO THE ACCOUNTS CONTINUED

1 Accounting Policies continued

An item of property, plant and equipment is derecognised on disposal or where no future economic benefits are expected to arise from the continued use of the asset.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within administration costs in the income statement.

Leases

The Group as lessee

For any new contracts entered into the Group considers whether a contract is, or contains a lease. A lease is defined as any contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct the use of the identified assets through the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment where such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising the right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets and lease liabilities have been disclosed separately.

Investment in associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The investment is recognised initially in the statement of financial position at cost and is adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. On acquisition any excess of the cost of the investments over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in which the investment is acquired.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that is based on current market assessments of the time value of money and risks specific to the asset for which the future cash flow estimates have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the impairment loss was recognised although any reversal cannot result in a carrying amount that would exceed the carrying amount that would have been recognised, net of depreciation, had no impairment loss been recognised in prior years.

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade payables.

Trade receivables
Trade receivables are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less an allowance for expected credit losses (ECL). The amount of the expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the receivable. In assessing whether the credit risk on trade receivables has increased significantly since initial recognition, the Group compares the risk of a default occurring on the receivable at the reporting date with the risk of a default occurring on the receivable at the date of original recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost and effort. The Group always recognises lifetime ECL for trade receivables. The expected credit loss on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The carrying amount of the asset is reduced by the allowance for expected credit losses and the amount of the loss is recognised in the income statement within administration costs.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments
Investments in subsidiaries are carried at cost less impairment in the parent Company accounts.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Derivative financial instruments and hedging activities
The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks using foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 15.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value. The gain or loss on remeasurement is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. The impact of hedging on the Group's financial position is disclosed in Note 15. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.
Other derivatives are presented as current assets or current liabilities.

NOTES TO THE ACCOUNTS CONTINUED

1 Accounting Policies continued

Cash flow hedges

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges including hedges of foreign exchange risk on firm commitments.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship. (The Group does not consider credit risk to be material but will monitor on an ongoing basis)
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instruments for all of its hedging relationships.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within administration costs. Amounts accumulated in equity are recycled through the income statement in the period when the hedged item affects profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completing production and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their primary distribution location and condition. This includes direct labour costs and an appropriate share of overheads based on normal operating activity.

Company shares held by employee benefit trusts

Company shares are purchased on behalf of employee benefit trusts to satisfy the liability of various employee share schemes. The amount of the consideration paid, including directly attributable costs, is recognised as a charge in equity. Purchased shares are classified as Company shares held by employee benefit trusts, and presented as a deduction from retained earnings.

Current and deferred income tax

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is charged in the income statement except where it relates to tax on items recognised directly in equity, in which case it is charged to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the consolidated financial statements.

The following temporary differences are not provided for:

- the initial recognition of goodwill
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

Retirement benefit plans
The Group operates two pension schemes as detailed in Note 27. The schemes are generally funded through payments to trustee-administered funds. The Group has both defined benefit and defined contribution plans.

Defined contribution pension plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Obligations for contributions are recognised as an expense in the income statement as they fall due. The Group has no further payment obligations once the contributions have been paid.

Defined benefit pension plans
A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability/surplus recognised in the statement of financial position in respect of defined benefit pension plans is the present value of plan assets less the fair value of the defined benefit obligation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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

The Group's defined benefit plan was closed to future accrual on 1 May 2016.

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

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

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

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

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

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

NOTES TO THE ACCOUNTS CONTINUED

1 Accounting Policies continued

Provisions

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

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

Dividend distributions

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

Share repurchase programme

Any share repurchase programmes would result in the cancellation of repurchased shares and the transfer of the relevant permanent capital into a Capital Redemption Reserve. The Capital Redemption Reserve is included in "Other reserves" within equity. Refer to Note 28.

Alternative performance measures

Alternative performance measures (APMs) are tracked by management to assess the Group's operating performance and to inform financial, strategic and operating decisions. These are therefore presented within the Annual Report and Accounts. Definitions of APMs and reconciliation to GAAP measures can be found in the Glossary on pages 165 to 167.

Key sources of estimation uncertainty

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

The one area of significant judgement which the directors consider could have a material impact upon the financial statements is judgement on whether items are exceptional or not as set out in Note 7.

We have considered climate change and it has not impacted any of our estimates.

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are:

Key source of estimation uncertainty: Retirement benefit obligations

The determination of any defined benefit pension scheme surplus/obligation is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions. The material estimations are those for which a sensitivity analysis is provided in Note 27. The directors consider that those sensitivities provided in Note 27 represent reasonable sensitivities which could occur.

Key source of estimation uncertainty: Sales related rebates and discounts

The Group agrees to pay customers various amounts in the form of sales related rebates and discounts. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management make estimates on an ongoing basis to assess customer performance and sales volume to calculate the total amounts earned to be deducted from revenue. Based on total rebate and discount spend in the year, 3% of spend would need to be omitted to result in a material error in the value of accruals made at year end.

2 Segment reporting

The Group's Executive Committee has been identified as the chief operating decision-maker. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Committee has determined the operating segments based on these reports.

The Executive Committee considers the business from a product perspective. This has led to the operating segments identified in the table below: there has been no change to the segments during the year (after aggregation). The performance of the operating segments is assessed by reference to their gross profit before exceptional items.

Year ended 24 January 2021

	Carbonates & other £m	**Still drinks and water £m**	**Funkin £m**	**Total £m**
Total revenue	**184.3**	**25.7**	**17.0**	**227.0**
Gross profit	**82.6**	**6.1**	**6.1**	**94.8**

Year ended 25 January 2020

	Carbonates & other £m	Still drinks and water £m	Funkin £m	Total £m
Total revenue	196.4	40.1	19.2	255.7
Gross profit	88.6	8.6	8.9	106.1

There are no material intersegment sales. All revenue is in relation to product sales, which is recognised at point in time, upon delivery to the customer.

"Carbonates & other" segment represents income from the sale of carbonates and other soft drink related items.

The gross profit from the segment reporting is stated before exceptional costs.

The gross profit before exceptional items from the segment reporting is reconciled to the total profit before income tax, as shown in the consolidated income statement.

All of the assets and liabilities of the Group are managed by the Executive Committee on a central basis rather than at a segment level. As a result no reconciliation of segment assets and liabilities to the statement of financial position has been disclosed for either of the periods presented.

Included in revenues arising from Carbonates & other, Still drinks and water and Funkin are revenues of approximately £45.6m which arose from sales to the Group's largest customer (2020: £41m). No other single customers contributed 10% or more to the Group's revenue in either 2020 or 2021.

All of the segments included within "Carbonates & other" and "Still drinks and water" meet the aggregation criteria set out in IFRS 8 Operating Segments.

NOTES TO THE ACCOUNTS CONTINUED

2 Segment reporting continued

Geographical information

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

Revenue	2021 £m	2020 £m
UK	**219.0**	244.1
Rest of the world	**8.0**	11.6
	227.0	255.7

The rest of the world revenue includes sales to the Republic of Ireland and wholesale export houses.

All of the assets of the Group are located in the UK.

3 Profit before tax

The following items have been included in arriving at profit before tax before exceptional items:

	2021 £m	2020 £m
Depreciation of property, plant and equipment	**8.9**	8.5
Depreciation of right-of-use assets	**2.9**	3.2
Research and development costs	**1.0**	1.1
Impairment of inventories	**0.2**	0.8
Amortisation of intangible assets	**1.1**	1.3
Cost of inventories charged in cost of sales	**132.2**	150.7
Trade receivables impairment movement	**(0.2)**	0.3
Foreign exchange gains recognised	**(0.2)**	(0.2)
Staff costs (Note 4)	**46.7**	46.7

Included within administration costs (Note 6) is the auditor's remuneration, including expenses for audit and non-audit services.

The cost includes services from the Company's auditor and its associates:

	2021 £000	2020 £000
Statutory audit services		
Fees payable to the auditor of the parent Company and consolidated accounts	**150**	133
Fees payable to the auditor for other services:		
Audit of the Company's subsidiaries pursuant to legislation	**18**	15
Non-audit services		
Audit-related assurance services	**28**	25
Other services	**4**	–

4 Employees and directors

	2021	2020
Average monthly number of people employed by the Group (including executive directors)		
Production and distribution	**638**	733
Administration	**261**	276
	899	1,009

Staff costs for the Group for the year

	2021 £m	2020 £m
Wages and salaries	**38.9**	37.8
Social security costs	**4.5**	4.8
Share-based payments	**0.7**	(0.2)
Pension costs – defined contribution plans	**3.6**	3.8
Pension costs – defined benefit plans	**0.3**	0.5
Furlough income	**(1.3)**	–
	46.7	46.7

The expense incurred in relation to redundancy related items has been shown separately in Note 7.

5 Other income

	2021			2020		
	Before exceptional items £m	Exceptional items* £m	Total £m	Before exceptional items £m	Exceptional items* £m	Total £m
Wind turbine removal	**–**	**–**	**–**	–	1.8	1.8
Rockstar compensation	**–**	**7.6**	**7.6**	–	–	–
Total	**–**	**7.6**	**7.6**	–	1.8	1.8

* Refer to Note 7 for details of exceptional income.

6 Net operating expenses

	2021			2020		
	Before exceptional items £m	Exceptional items* £m	Total £m	Before exceptional items £m	Exceptional items* £m	Total £m
Distribution costs (including selling costs)	**35.7**	**0.5**	**36.2**	42.1	–	42.1
Administration costs	**25.5**	**12.7**	**38.2**	25.9	0.7	26.6
	61.2	**13.2**	**74.4**	68.0	0.7	68.7

* Refer to Note 7.

NOTES TO THE ACCOUNTS CONTINUED

7 Exceptional items

Exceptional items are those that in management's judgement need to be disclosed by virtue of their size and/or nature. In determining whether an event or transaction is exceptional, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence as well as the size and nature of an item both individually and when aggregated with similar items, for example restructuring costs, product development or asset write offs. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a meaningful analysis of our trading results.

Such items are included within the income statement caption to which they relate, and are separately disclosed in the note below. It is believed that separate disclosure of exceptional items further helps investors to understand the performance of the Group.

	2021 £m	2020 £m
Wind turbine removal	–	(1.8)
Simplification and standardisation of operations	–	1.1
Redundancy costs for business reorganisation and restructure	3.1	0.7
Impairment of Strathmore intangible and tangible assets	10.0	–
Funkin goodwill adjustment	1.3	–
Rockstar compensation	(7.6)	–
Total exceptional net charge	**6.8**	–

	2021 £m	2020 £m
Items included in cost of sales		
Redundancy costs for business reorganisation and restructure	1.2	–
Simplification and standardisation of operations	–	1.1
Total included in cost of sales	**1.2**	1.1

	2021 £m	2020 £m
Items included in other income		
Wind turbine removal	–	(1.8)
Rockstar compensation	(7.6)	–
Total included in other income	**(7.6)**	(1.8)

	2021 £m	2020 £m
Items included in administration costs		
Redundancy costs for business reorganisation and restructure	1.4	0.7
Impairment of Strathmore brand	7.0	–
Impairment of Strathmore goodwill	1.9	–
Impairment of Strathmore property, plant and equipment	1.1	–
Funkin goodwill adjustment	1.3	–
Total included in administration costs	**12.7**	0.7

	2021 £m	2020 £m
Items included in distribution and selling costs		
Redundancy costs for business reorganisation and restructure	0.5	–
Total included in distribution and selling costs	**0.5**	–
Total exceptional net charge included in operating expenses	**13.2**	0.7
Total exceptional net charge	**6.8**	–

The tax impact of these charges are shown in Note 9.

During the year ended 24 January 2021 costs of £3.1m were incurred relating to the ongoing change programme within the business which commenced in the year to 25 January 2020. Phase 1 of the programme delivered portfolio simplification actions within Supply and an initial reorganisation and refocusing of our Commercial team. This phase completed in the first half of 2020. Following the announcement of the termination of the Rockstar agreement and taking into account the pandemic, Phase 2 plans were reviewed and updated. This has led to further right-sizing decisions resulting in a number of redundancies across the business, including Strathmore production and Funkin teams where the pandemic restrictions have had the greatest impact.

Strathmore is a highly-regarded premium brand in a structurally low margin bottled water category. The brand is predominantly targeted on the hospitality sector which continues to be significantly challenged by lockdown measures. A review of the outlook for both the brand and the sector highlighted an impairment requirement which has resulted in a write-down of the Strathmore brand £7.0m, goodwill of £1.9m and tangible fixed assets of plant and equipment of £1.1m.

During the year ended 24 January 2021 there was a £1.3m non cash charge to the income statement relating to the Funkin acquisition goodwill.

The early termination of the Rockstar franchise entitled the Group to a one-off contractual termination payment of £7.6m.

In the prior year, a net zero exceptional expense was recognised. This represented the combination of year 1 of the simplification and standardisation programme costs offset by a £1.8m receipt for compensation in relation to the removal of our onsite wind turbine.

8 Finance costs

	2021 £m	2020 £m
Interest payable	**(0.4)**	(0.2)
Lease interest	**(0.1)**	(0.1)
Finance costs relating to defined benefit pension plans (Note 27)	**(0.2)**	(0.3)
	(0.7)	(0.6)

9 Taxation

	2021			2020		
Group	**Before exceptional items £m**	**Exceptional items £m**	**Total £m**	Before exceptional items £m	Exceptional items £m	Total £m
Charge/(credit) to the income statement						
Current tax on profits for the year	**6.4**	**0.8**	**7.2**	7.0	–	7.0
Adjustments in respect of prior years	**(0.5)**	**–**	**(0.5)**	(0.1)	–	(0.1)
Total current tax expense	**5.9**	**0.8**	**6.7**	6.9	–	6.9
Deferred tax						
Origination and reversal of:						
Temporary differences	**0.1**	**(1.9)**	**(1.8)**	0.5	–	0.5
Adjustment for change in corporation tax rate	**2.2**	**–**	**2.2**	–	–	–
Adjustments in respect of prior years	**(0.2)**	**–**	**(0.2)**	0.2	–	0.2
Total deferred tax expense (Note 25)	**2.1**	**(1.9)**	**0.2**	0.7	–	0.7
Total tax expense/(credit)	**8.0**	**(1.1)**	**6.9**	7.6	–	7.6

In addition to the above movements in deferred tax, a deferred tax credit of £0.4m (2020: charge of £0.3m) has been recognised in other comprehensive income and a debit of £0.2m (2020: a debit of £0.2m) has been taken directly to reserves (Note 25).

NOTES TO THE ACCOUNTS CONTINUED

9 Taxation continued

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

	2021 £m	2021 %	2020 £m	2020 %
Profit before tax	**26.0**		37.4	
Tax at 19.0% (2019: 19.0%)	**4.9**	**19.0**	7.1	19.0
Tax effects of:				
Items that are not deductible/(chargeable) in determining taxable profit	**0.6**	**2.3**	0.5	1.3
Current tax adjustment in respect of prior years	**(0.5)**	**(1.9)**	(0.1)	(0.3)
Deferred tax adjustment in respect of prior years	**(0.2)**	**(0.8)**	0.2	0.5
Deferred tax adjustment in respect of change in corporation tax rates	**2.2**	**8.5**	–	–
Other differences	**(0.1)**	**(0.3)**	(0.1)	(0.3)
Total tax expense	**6.9**	**26.8**	7.6	20.3

The weighted average tax rate was 26.8% (2020: 20.3%).

In March 2020, the UK government announced that the corporation tax rate would remain at 19% effective from 1 April 2020 (previously 17%) which was substantively enacted on 17 March 2020. The impact of this was a one-off increase to the deferred tax charge of £2.2m.

10 Earnings per share

Basic earnings per share has been calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of shares in issue during the year, excluding shares held by the employee share scheme trusts.

	2021	2020
Profit attributable to equity holders of the Company (£m)	**19.1**	29.8
Weighted average number of ordinary shares in issue	**111,171,047**	112,452,517
Basic earnings per share (pence)	**17.18**	26.50

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year. The number of shares as calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2021	2020
Profit attributable to equity holders of the Company (£m)	**19.1**	29.8
Weighted average number of ordinary shares in issue	**111,171,047**	112,452,517
Adjustment for dilutive effect of share options	**140,959**	57,931
Diluted weighted average number of ordinary shares in issue	**111,312,006**	112,510,448
Diluted earnings per share (pence)	**17.16**	26.49

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

	2021	2020
Profit attributable to equity holders of the Company before exceptional items (£m)	**24.8**	29.8
Weighted average number of ordinary shares in issue	**111,171,047**	112,452,517
Basic earnings per share before exceptional items (pence)	**22.31**	26.50

This measure has been included in the financial statements as it provides a closer guide to the underlying financial performance as the calculation excludes the effect of exceptional items.

11 Dividends

Dividends paid in the financial year were as follows:

	2021 per share	2020 per share	2021 £m	2020 £m
Final dividend	–	12.74p	–	14.5
Interim dividend paid	–	4.00p	–	4.5
	–	16.74p	–	19.0

In April 2020, given the unprecedented circumstances arising from COVID-19, we communicated our decision to temporarily suspend dividend payments, one of a number of important actions we took to conserve cash and maintain balance sheet flexibility. However, we remain committed to recommence dividend payments during the course of this financial year ending January 2022.

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

	2021 per share	2020 per share
Final dividend	–	–
Interim dividend paid	–	4.00p
	–	4.00p

12 Intangible assets

Group	Goodwill £m	Brands £m	Customer relationships £m	Water rights £m	Software development costs £m	Total £m
Cost						
At 26 January 2019	39.0	57.1	3.9	0.7	11.9	112.6
At 25 January 2020	39.0	57.1	3.9	0.7	11.9	112.6
Disposals	–	–	–	–	(0.1)	(0.1)
At 24 January 2021	**39.0**	**57.1**	**3.9**	**0.7**	**11.8**	**112.5**
Amortisation and impairment losses						
At 26 January 2019	0.4	0.3	3.7	0.7	4.4	9.5
Amortisation for the year	–	–	0.1	–	1.2	1.3
At 25 January 2020	0.4	0.3	3.8	0.7	5.6	10.8
Amortisation for the year	–	–	–	–	1.1	1.1
Disposals	–	–	–	–	(0.1)	(0.1)
Impairment for the year	1.9	7.0	–	–	–	8.9
Funkin goodwill adjustment	1.3	–	–	–	–	1.3
At 24 January 2021	**3.6**	**7.3**	**3.8**	**0.7**	**6.6**	**22.0**
Carrying amounts						
At 24 January 2021	**35.4**	**49.8**	**0.1**	**–**	**5.2**	**90.5**
At 25 January 2020	38.6	56.8	0.1	–	6.3	101.8

The goodwill and brands recognised relate primarily to the acquisition of the Strathmore Water business, Rubicon Drinks Limited and Funkin Limited. The software development costs represent internally generated software development costs and third party consultancy costs incurred in relation to the Business Process Redesign project implemented in 2015.

During the year ended 24 January 2021 there was a £1.3m charge to the income statement relating to the Funkin acquisition goodwill.

NOTES TO THE ACCOUNTS CONTINUED

12 Intangible assets continued

The opening customer relationships balance represents intangible assets recognised on the acquisition of the Strathmore Water business, Rubicon Drinks Limited and Funkin Limited. The amortisation charge represents the spreading of the cost over the assets' expected useful lives. The Strathmore and Rubicon customer relationships are fully amortised. The Funkin asset has four years remaining.

These amortisation periods have been reviewed at the statement of financial position date and remain appropriate.

The amortisation costs for the year to 24 January 2021 have been included in the income statement as administration costs.

Company	Goodwill £m	Brands £m	Customer relationships £m	Water rights £m	Software development costs £m	Total £m
Cost						
At 26 January 2019	1.9	7.3	1.0	0.7	11.9	22.8
At 25 January 2020	1.9	7.3	1.0	0.7	11.9	22.8
Disposals	–	–	–	–	(0.1)	(0.1)
At 24 January 2021	**1.9**	**7.3**	**1.0**	**0.7**	**11.8**	**22.7**
Amortisation and impairment losses						
At 26 January 2019	–	0.3	1.0	0.7	4.4	6.4
Amortisation for the year	–	–	–	–	1.2	1.2
At 25 January 2020	–	0.3	1.0	0.7	5.6	7.6
Amortisation for the year	–	–	–	–	1.2	1.2
Disposals	–	–	–	–	(0.1)	(0.1)
Impairment for the year	1.9	7.0	–	–	–	8.9
At 24 January 2021	**1.9**	**7.3**	**1.0**	**0.7**	**6.7**	**17.6**
Carrying amounts						
At 24 January 2021	–	–	–	–	**5.1**	**5.1**
At 25 January 2020	1.9	7.0	–	–	6.3	15.2

The goodwill and brands recognised in the Company relate to the acquisition of the Strathmore Water business. The software development costs represent internally generated software development costs and third party consultancy costs incurred in relation to the Business Process Redesign project.

Impairment tests for goodwill and brands
For impairment testing, goodwill and brands are allocated to the cash-generating unit (CGU) representing the lowest level at which goodwill is monitored for internal management purposes. The Group tests whether there has been any impairment of intangible assets on an annual basis or when there is an indication of impairment. The recoverable amount of a CGU is based on value in use calculations. These calculations use pre-tax cash flow projections based on financial forecasts approved by management which cover a five-year period. Cash flows beyond five years are extrapolated using the growth rates and other key assumptions noted below.

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

At 24 January 2021	Goodwill £m	Brands £m	Customer relationships £m	Total £m
Rubicon operating unit	**21.0**	**43.0**	**–**	**64.0**
Funkin operating unit	**14.4**	**6.8**	**0.1**	**21.3**
Strathmore operating unit	**–**	**–**	**–**	**–**
Total	**35.4**	**49.8**	**0.1**	**85.3**

At 25 January 2020	Goodwill £m	Brands £m	Customer relationships £m	Total £m
Rubicon operating unit	21.0	43.0	–	64.0
Funkin operating unit	15.7	6.8	0.1	22.6
Strathmore operating unit	1.9	7.0	–	8.9
Total	38.6	56.8	0.1	95.5

Key assumptions

	2021		2020	
	Growth rate %	Discount rate %	Growth rate %	Discount rate %
Rubicon operating unit	**2.0**	**11.5**	2.5	11.1
Funkin operating unit	**2.0**	**11.5**	2.5	11.1
Strathmore operating unit	**–**	**11.5**	2.5	11.1

Strathmore is a highly regarded premium brand in a structurally low margin bottled water category. The brand is predominantly targeted on the hospitality sector which continues to be significantly challenged by lockdown measures. A review of the outlook for both the brand and the sector concluded that no volume growth is forecast in the short or long term, highlighting an impairment requirement. The impairment review has resulted in a write-down of the Strathmore brand £7.0m, goodwill of £1.9m and tangible fixed assets of plant and equipment of £1.1m. This impairment is included in the "Still drinks and water" segment in Note 2.

Key assumptions used in value in use calculations
The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Volume growth rates – reflect management expectations of volume growth based on growth achieved to date, current strategy and expected market trends and will vary according to each CGU.

Marginal contribution – being revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Marginal contribution is based on approved financial budgets. Key assumptions are made within these budgets about pricing, discounts and costs based on historical data, current strategy and expected market trends.

Advertising and promotional spend – financial budgets approved by management are used to determine the value assigned to advertising and promotional spend. This is based on planned spend for year one and strategic intent thereafter.

Raw materials price, production and distribution costs, selling costs and other overhead inflation – based on approved financial budgets which incorporate current material coverage, current strategy and expected market trends.

NOTES TO THE ACCOUNTS CONTINUED

12 Intangible assets continued

The discount rate reflects management's estimate of pre-tax cost of capital adjusted for the specific risks impacting on each operating unit. The estimated pre-tax cost of capital is based on guidance provided by an independent third party to the Group.

Sensitivity analysis was carried out on the above calculations to review possible levels of impairment under a range of different assumptions, e.g. adjusting discount rates. At a pre-tax rate of 12%, or a reduction in long-term growth of 1%, none of the CGUs were impaired (other than Strathmore). Whilst cash flow projections used within the impairment reviews are subject to inherent uncertainty, changes within reason to the key assumptions applied in assessing the value in use calculation would not result in a change in the impairment conclusions reached.

13 Property, plant and equipment

Group	Land and buildings Freehold £m	Land and buildings Long leasehold £m	Plant, equipment and vehicles £m	Assets under construction £m	Total £m
Cost or deemed cost					
As at 26 January 2019	62.2	0.4	91.6	8.3	162.5
Additions	–	–	4.6	9.9	14.5
Transfer from assets under construction	0.2	–	3.7	(3.9)	–
Disposals	–	–	(1.1)	–	(1.1)
At 25 January 2020	62.4	0.4	98.8	14.3	175.9
Additions	–	–	3.8	2.1	5.9
Transfer from assets under construction	3.2	–	10.6	(13.8)	–
Transfer to available for sale assets	(0.8)	–	–	–	(0.8)
Disposals	–	–	(3.3)	–	(3.3)
At 24 January 2021	**64.8**	**0.4**	**109.9**	**2.6**	**177.7**
Depreciation					
At 26 January 2019	6.1	0.4	60.7	–	67.2
Amount charged for year	0.6	–	7.9	–	8.5
Disposals	–	–	(1.0)	–	(1.0)
At 25 January 2020	6.7	0.4	67.6	–	74.7
Amount charged for year	0.7	–	8.2	–	8.9
Impairment	0.4	–	0.7	–	1.1
Transfer to available for sale assets	(0.4)	–	–	–	(0.4)
Disposals	–	–	(3.0)	–	(3.0)
At 24 January 2021	**7.4**	**0.4**	**73.5**	**–**	**81.3**
Net book value					
As at 24 January 2021	**57.4**	**–**	**36.4**	**2.6**	**96.4**
As at 25 January 2020	55.7	–	31.2	14.3	101.2

The Strathmore Water business was tested for impairment resulting in the impairment of land and buildings of £0.4m and plant and equipment of £0.7m. Further details are included in Note 12.

Company	Land and buildings Freehold* £m	Long leasehold* £m	Plant, equipment and vehicles £m	Assets under construction £m	Total £m
Cost or deemed cost					
At 26 January 2019	62.5	0.3	90.9	8.3	162.0
Transfers*	(23.2)	23.2	–	–	–
Additions	–	–	4.5	10.0	14.5
Transfer from assets under construction	0.2	–	3.7	(3.9)	–
Transfer to right-of-use assets	–	(23.2)	–	–	(23.2)
Disposals	–	–	(1.0)	–	(1.0)
At 25 January 2020	39.5	0.3	98.1	14.4	152.3
Additions	–	–	3.7	2.1	5.8
Transfer from assets under construction	3.2	–	10.6	(13.8)	–
Transfer to available for sale assets	(0.8)	–	–	–	(0.8)
Disposals	–	–	(3.3)	–	(3.3)
At 24 January 2021	**41.9**	**0.3**	**109.1**	**2.7**	**154.0**
Depreciation					
At 26 January 2019	6.4	0.3	60.1	–	66.8
Transfers*	(3.4)	3.4	–	–	–
Amount charged for year	0.6	–	7.8	–	8.4
Transfer to right-of-use assets	–	(3.4)	–	–	(3.4)
Disposals	–	–	(1.0)	–	(1.0)
At 25 January 2020	3.6	0.3	66.9	–	70.8
Amount charged for year	0.4	–	8.2	–	8.6
Impairment	0.4	–	0.7	–	1.1
Transfer to available for sale assets	(0.4)	–	–	–	(0.4)
Disposals	–	–	(3.0)	–	(3.0)
At 24 January 2021	**4.0**	**0.3**	**72.8**	**–**	**77.1**
Net book value					
As at 24 January 2021	**37.9**	**–**	**36.3**	**2.7**	**76.9**
As at 25 January 2020	35.9	–	31.2	14.4	81.5

* Amounts previously held as freehold have been reclassified to leasehold recognising this is where they should have been classified in prior periods.

At 24 January 2021, the Group and the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £0.8m (2020: £1.7m).

NOTES TO THE ACCOUNTS CONTINUED

14 Leases

This note provides information for leases where the Group is a lessee. The Group is not a lessor.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Right-of-use assets				
Buildings	**1.1**	1.6	**19.3**	20.6
Plant, equipment and vehicles	**1.4**	6.0	**2.2**	6.0
	2.5	7.6	**21.5**	26.6
Lease liabilities				
Current	**1.1**	3.2	**2.2**	4.3
Non-current	**1.4**	4.7	**18.4**	22.2
	2.5	7.9	**20.6**	26.5

Company only right-of-use assets and lease liabilities relate to assets leased under the asset-backed funding arrangements as outlined in Note 27.

Additions to the right-of-use assets during 2021 were £0.8m (2020: £1.9m) for the Group and £0.8m (2020: £1.9m) for the Company. In December 2020 one of the leases ceased resulting in a £3.0m reduction in the value of right-of-use assets. There was a corresponding reduction in lease creditors.

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2021 £m	2020 £m
Depreciation charge of right-of-use assets		
Buildings	**0.4**	0.2
Plant, equipment and vehicles	**2.5**	3.0
	2.9	3.2
Interest expense (including finance cost)	**0.1**	0.1
Expense related to short-term leases (included in cost of goods sold and administrative expenses)	**0.2**	0.5

The total cash outflow for leases in 2020 was £3.2m (2019: £3.3m).

At 24 January 2021 the Group has no commitments for short-term leases.

There are no expenses in relation to variable lease payments not included in the measurement of the lease liabilities or income from sub-leasing right-of-use assets.

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 10 years, but may have extension options as described in (iv) opposite.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However for leases for real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:
- Where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases
- Makes adjustments specific to the lease, e.g. term, country, currency and security

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(iv) Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options are exercisable only by the Group and not by the respective lessor.

(v) Residual value guarantees
To optimise lease costs during the contract period the Group sometimes provides residual value guarantees in relation to equipment leases.

The Group initially estimates and recognises amounts expected to be paid under residual value guarantee as part of the lease liability. Typically the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Group does not expect to pay anything under the guarantees.

NOTES TO THE ACCOUNTS CONTINUED

15 Derivative financial instruments

Derivative financial liabilities	2021 £m	2020 £m
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Foreign currency forward contracts	**0.1**	0.1

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated purchase transactions out to 18 months. For inventory purchases this is hedged on a sliding scale basis where the nearer the time of the purchase, the greater the amount hedged will be. Capital purchases will be hedged in full.

On transition to IFRS 9 all derivatives qualified for hedge accounting under IAS 39 and IFRS 9 and so were treated as continuing hedges.

For the hedges of highly probable forecast purchases, as the critical terms (i.e. the notional amount, life and underlying contracts) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. The Group assesses the ineffectiveness by comparing past changes in the fair value of the foreign exchange forward contracts with changes in the fair value of a hypothetical derivative.

The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. This is not considered to be material to the Group. No other sources of ineffectiveness emerged from these hedge relationships.

The following table details the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Foreign currency forward contract assets and liabilities are presented in the line "Derivative financial instruments" (either as assets or as liabilities) within the statement of financial position. All of the currency forward contracts are designated as cash flow hedges.

	Average exchange rate		Notional value: Foreign currency		Notional value: Local currency		Carrying amount of the hedging instruments liabilities	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Buy EUR								
Less than 3 months	**1.11**	1.15	**2.3**	2.2	**2.1**	1.9	**–**	(0.1)
3 to 6 months	**1.09**	1.17	**1.9**	1.9	**1.7**	1.6	**–**	–
6 to 12 months	**1.08**	1.16	**2.4**	0.6	**2.2**	0.5	**(0.1)**	–
over 12 months	**1.08**	1.16	**0.1**	0.1	**0.1**	0.1	**–**	–
Buy USD								
Less than 3 months	**1.32**	1.31	**0.1**	0.7	**0.1**	0.6	**–**	–
6 to 12 months	**1.36**	1.32	**1.1**	0.1	**0.8**	–	**–**	–
							(0.1)	(0.1)

Group and Company
Fair value hierarchies 1 to 3 are based on the degree to which fair value is observable:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data

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

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

Group At 24 January 2021	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Non-current				
Loan receivable from associate*	–	1.0	–	1.0
Financial assets – Current				
Trade receivables	–	35.6	–	35.6
Cash and cash equivalents	–	52.9	–	52.9
	–	88.5	–	88.5
Financial liabilities				
Bank borrowings	–	–	2.9	2.9
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Lease liabilities	–	–	2.5	2.5
Trade payables	–	–	7.3	7.3
	0.1	–	12.7	12.8

Group At 25 January 2020	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets				
Trade receivables	–	55.1	–	55.1
Cash and cash equivalents	–	10.9	–	10.9
	–	66.0	–	66.0
Financial liabilities				
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Lease liabilities	–	–	7.9	7.9
Trade payables	–	–	14.3	14.3
	0.1	–	22.2	22.3

* The loan receivable from associate was provided on 30 November 2020. The earliest repayment date of the loan is 2023.

NOTES TO THE ACCOUNTS CONTINUED

15 Derivative financial instruments continued

Company At 24 January 2021	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Non-current				
Loan receivable from associate	–	1.0	–	1.0
Financial assets – Current				
Trade and other receivables and amounts due from subsidiary companies	–	31.2	–	31.2
Cash and cash equivalents	–	48.1	–	48.1
	–	79.3	–	79.3
Financial liabilities				
Bank borrowings	–	–	2.9	2.9
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Lease liabilities	–	–	20.6	20.6
Trade payables and amounts due to other subsidiary companies	–	–	12.8	12.8
	0.1	–	36.3	36.4

Company At 25 January 2020	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets				
Trade and other receivables and amounts due from subsidiary companies	–	51.8	–	51.8
Cash and cash equivalents	–	7.2	–	7.2
	–	59.0	–	59.0
Financial liabilities				
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Lease liabilities	–	–	26.5	26.5
Trade payables and amounts due to other subsidiary companies	–	–	17.6	17.6
	0.1	–	44.1	44.2

All financial instruments at fair value sit within Level 2 of the fair value hierarchy.

Cash and cash equivalents held by the Group have an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

The fair value of the current trade and other receivables and the current trade and other payables approximates to their book value as none of the balances are interest-bearing.

The cumulative amount of gains and losses on effective hedging instruments are held within the cash flow hedge reserve in "Other reserves".

16 Investment in subsidiaries

	Company 2021 £m	2020 £m
Opening and closing investment in subsidiaries	84.1	84.1

During the year to 24 January 2021 the following dormant subsidiary company was dissolved:

Taut (UK) Limited

During the year to 24 January 2021 a new subsidiary was formed in the Republic of Ireland being A.G. Barr (Ireland) Limited in which the Company has a 1 Euro investment.

The principal subsidiaries are as follows:

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

A.G. BARR p.l.c. holds 100% of the equity and votes of the subsidiaries. The subsidiaries have the same year end as A.G. BARR p.l.c. and have been included in the Group consolidation. The companies listed are the trading subsidiaries. Refer to Note 31 for a full list of subsidiary companies.

17 Investment in associates

In June 2019 the Group made a £1m investment in Elegantly Spirited Limited acquiring a 20% stake in the business. In November 2020, a £1m loan was provided as disclosed in Note 15.

The following entities have been included in the consolidated financial statements using the equity method:

		% of ownership interest		Carrying amount	
Name of entity	Country of incorporation and principal place of business	**2021 %**	2020 %	**2021 £m**	2020 £m
Elegantly Spirited Limited	UK	**20**	20	**0.8**	0.9

The primary business of Elegantly Spirited Limited is a brand builder, marketing and selling a range of zero proof distilled spirits. This investment is consistent with our strategy of building a branded portfolio of products across both alcohol and non-alcohol beverages. The investment is not considered a material associate and therefore disclosures are limited to the section below.

Aggregate information of associates that are not individually material

	2021 £m	2020 £m
Carrying amount of individually immaterial associates	**0.8**	0.9
Aggregate amounts of the Group's share of:		
Loss from continuing operations	**(0.1)**	(0.1)
Total comprehensive income	**(0.1)**	(0.1)

	2021 £m	2020 £m
Opening balance at start of year	**0.9**	–
Investment made in the period	**–**	1.0
Share of operating losses	**(0.1)**	(0.1)
Closing balance at end of year	**0.8**	0.9

NOTES TO THE ACCOUNTS CONTINUED

18 Cash and cash equivalents

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Cash and cash equivalents	**52.9**	10.9	**48.1**	7.2

Cash and cash equivalents in the table above are included in the cash flow statements.

19 Inventories

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Materials	**8.0**	7.3	**8.0**	7.3
Finished goods	**11.3**	11.0	**9.0**	9.0
	19.3	18.3	**17.0**	16.3

20 Trade and other receivables

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Trade receivables	**35.7**	55.4	**31.5**	52.1
Less: loss allowance	**(0.1)**	(0.3)	**(0.1)**	(0.3)
Trade receivables – net	**35.6**	55.1	**31.4**	51.8
Prepayments	**2.0**	2.1	**1.8**	1.7
Amounts due by subsidiary companies	**–**	–	**1.2**	0.5
	37.6	57.2	**34.4**	54.0

Trade receivables

The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience on the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 34.7% against all receivables over 90 days past due in the year because historic experience has indicated that these receivables are generally not recoverable. In the prior year a 91.3% loss allowance was made against all receivables over 90 days past due based on historical experience at that time.

The level of loss allowance has reduced over the year as a result of a reduction in the expected credit loss for more than 90 days and a reduction in the level of debt outstanding over 90 days.

The Group writes off a trade receivable when there is information that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceeding. None of the trade receivables that have been written off are subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base. The figures in the table below are exclusive of VAT.

The Group's and Company's most significant customer, a UK major customer, accounts for £6.9m of the trade receivables carrying amount at 24 January 2021 (25 January 2020: £9.0m).

Group – 24 January 2021	Trade receivables – days past due Not past due £m	<30 £m	31-60 £m	61-90 £m	>90 £m	Total £m
Expected credit loss rate	**0.2%**	**1.38%**	**4.3%**	**12.1%**	**34.7%**	
Expected total gross carrying amount at default	**24.9**	**2.1**	**0.7**	**0.7**	**0.5**	
Lifetime ECL	**–**	**–**	**–**	**–**	**0.1**	**0.1**

Group – 25 January 2020	Trade receivables – days past due Not past due £m	<30 £m	31-60 £m	61-90 £m	>90 £m	Total £m
Expected credit loss rate	0.2%	0.8%	8.7%	3.9%	91.3%	
Expected total gross carrying amount at default	43.1	2.1	0.5	–	0.2	
Lifetime ECL	0.1	–	–	–	0.2	0.3

Company – 24 January 2021	Trade receivables – days past due Not past due £m	<30 £m	31-60 £m	61-90 £m	>90 £m	Total £m
Expected credit loss rate	**0.2%**	**5.4%**	**55.2%**	**76.9%**	**87.2%**	
Expected total gross carrying amount at default	**24.8**	**0.4**	**–**	**0.1**	**0.2**	
Lifetime ECL	**–**	**–**	**–**	**–**	**0.1**	**0.1**

Company – 25 January 2020	Trade receivables – days past due Not past due £m	<30 £m	31-60 £m	61-90 £m	>90 £m	Total £m
Expected credit loss rate	0.2%	3.6%	66.7%	89.2%	95.5%	
Expected total gross carrying amount at default	42.3	0.4	–	–	0.2	
Lifetime ECL	0.1	–	–	–	0.2	0.3

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The maximum exposure for both the Group and the Company to credit risk for trade receivables at the reporting date by type of customer was:

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Other customers	**34.6**	52.5	**30.4**	49.2
Direct sales customers	**1.1**	2.9	**1.1**	2.9
Total	**35.7**	55.4	**31.5**	52.1

NOTES TO THE ACCOUNTS CONTINUED

20 Trade and other receivables continued

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

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
UK Sterling	**37.4**	56.3	**34.3**	53.3
Euro	**0.2**	0.8	**0.1**	0.7
US Dollar	**–**	0.1	**–**	–
	37.6	57.2	**34.4**	54.0

21 Assets held for sale

The property related to the distribution depot at Sheffield has been presented as held for sale following the closure of the site in March 2020. This asset has been sold post year-end.

22 Loans and other borrowings

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Current				
Bank borrowings	**2.9**	–	**2.9**	–
Lease liabilities	**1.1**	3.2	**2.2**	4.3
Non-current				
Lease liabilities	**1.4**	4.7	**18.4**	22.2
Total borrowings	**5.4**	7.9	**23.5**	26.5

All of the Group's borrowings are denominated in UK Sterling.

During the year to 27 January 2018 the Group entered into three revolving credit facilities over periods of three to five years with Royal Bank of Scotland plc, Bank of Scotland plc and HSBC Bank plc. These facilities provided £60m of Sterling debt facilities. After subsequent negotiations in March 2019 and March 2020, these facilities will be reduced to £20m in February 2022, with that facility due to expire in February 2025. The full facilities were drawn in March 2020 as a precautionary step as a COVID-19 response and were fully repaid in September 2020.

A total arrangement fee of £0.1m (2020: £0.2m) was incurred and is being amortised over the life of the loan facilities.

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

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

The maturity analysis of the lease liabilities are shown in the table below:

	Group Lease liabilities 2021 £m	Company Lease liabilities 2021 £m
Less than one year	**1.1**	**2.2**
One to two years	**0.8**	**2.0**
Two to three years	**0.4**	**1.9**
Three to four years	**0.2**	**1.7**
Four to five years	**–**	**1.5**
Later than five years	**–**	**16.8**
	2.5	**26.1**
Less: Unearned interest	**–**	**(5.5)**
	2.5	**20.6**

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Bank borrowings	**2.9**	–	**2.9**	–
Lease liability payable within one year	**1.1**	3.2	**2.2**	4.3
Current loans and other borrowings disclosed in the statement of financial position	**4.0**	3.2	**5.1**	4.3

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Lease liability payable after more than one year	**1.4**	4.7	**18.4**	22.2
Non-current loans and other borrowings disclosed in the statement of financial position	**1.4**	4.7	**18.4**	22.2

The movements in the Group borrowings are analysed as follows:

	2021 £m	2020 £m
Opening borrowings balance	**7.9**	–
Adjustment on transition to IFRS 16	**–**	9.4
Net lease movements	**(5.4)**	(1.5)
Bank overdraft utilised	**2.9**	–
Borrowings made	**60.0**	29.5
Repayments of borrowings	**(60.0)**	(29.5)
Closing borrowings balance	**5.4**	7.9

Reconciliation to net funds:

	2021 £m	2020 £m
Closing borrowings balance	**(5.4)**	(7.9)
Cash and cash equivalents (Note 18)	**52.9**	10.9
Net funds	**47.5**	3.0

The undrawn facilities at 24 January 2021 were as follows:

	Total facility £m	**Drawn £m**	**Undrawn £m**
Revolving credit facility – three years, expires February 2022	**20.0**	**–**	**20.0**
Revolving credit facility – three years, expires February 2022	**20.0**	**–**	**20.0**
Revolving credit facility – five years, expires February 2025	**20.0**	**–**	**20.0**
Overdraft	**5.0**	**2.9**	**2.1**
	65.0	**2.9**	**62.1**

NOTES TO THE ACCOUNTS CONTINUED

22 Loans and other borrowings continued

The undrawn facilities as at 25 January 2020 were as follows:

	Total facility £m	Drawn £m	Undrawn £m
Revolving credit facility – three years, expires February 2022	20.0	–	20.0
Revolving credit facility – three years, expires February 2022	20.0	–	20.0
Revolving credit facility – five years, expires February 2024	20.0	–	20.0
Overdraft	5.0	–	5.0
	65.0	–	65.0

23 Trade and other payables

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Trade payables	**7.3**	14.3	**5.2**	12.9
Other taxes and social security costs	**7.2**	7.9	**7.2**	7.9
Accruals	**28.9**	30.2	**27.1**	28.8
Amounts due to subsidiary companies	**–**	–	**7.6**	4.7
	43.4	52.4	**47.1**	54.3
Non-current	**–**	–	**–**	–
Current	**43.4**	52.4	**47.1**	54.3
	43.4	52.4	**47.1**	54.3

The tables below analyse the Group and Company's financial liabilities into the relevant maturity groupings based on the remaining period to the contractual maturity date as at the statement of financial position date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

Group As at 24 January 2021	**Trade payables £m**	**Financial instruments £m**	**Total £m**
0 to 6 months	**7.3**	**–**	**7.3**
	7.3	**–**	**7.3**

As at 25 January 2020	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	14.3	–	14.3
	14.3	–	14.3

As trade payables are not interest bearing, their fair value is taken to be the book value.

Disclosures relating to borrowings are included in Note 22.

Company At 24 January 2021	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	**5.2**	**7.6**	**12.8**
	5.2	**7.6**	**12.8**

At 25 January 2020	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	12.9	4.7	17.6
	12.9	4.7	17.6

As trade payables are not interest-bearing, their fair value is taken to be the book value.

Disclosures relating to borrowings are included in Note 22.

The table below details changes in the Group and Company's liabilities arising from financing activities, including both cash and non-cash changes.

Group	25 January 2020 £m	New leases £m	Financing cash flows £m	Leases terminated £m	24 January 2021 £m
Lease liabilities (Note 14)	7.9	0.8	(6.1)	(3.0)	**2.5**
Total liabilities from financing activities	7.9	0.8	(6.1)	(3.0)	**2.5**

24 Provisions

Group and Company	2021 £m	2020 £m
Opening provision	**1.2**	0.4
Provision created during the year	**3.0**	1.4
Provision utilised during the year	**(2.3)**	(0.6)
Closing provision	**1.9**	1.2

The closing provision primarily relates to redundancy costs for business reorganisation, chiller and vendor disposal, and for any known obligations for substantial repairs and supplier related commitments. The majority of the provisions are expected to be utilised within 12 months.

The prior year closing provision relates to simplification and standardisation of operations and redundancy costs for business reorganisation and restructure as disclosed in Note 7 together with an obligation for substantial repairs.

NOTES TO THE ACCOUNTS CONTINUED

25 Deferred tax assets and liabilities

Group	Share-based payments £m	Foreign exchange contract hedge £m	Total deferred tax asset £m	Retirement benefit obligations £m	Share-based payments £m	Accelerated tax depreciation £m	Total deferred tax liability £m	Net deferred tax liability £m
At 26 January 2019	0.1	0.1	0.2	(1.2)	–	(12.3)	(13.5)	(13.3)
Charge to the income statement (Note 9)	–	–	–	(0.3)	(0.1)	(0.3)	(0.7)	(0.7)
Charge to other comprehensive income	(0.1)	–	(0.1)	(0.2)	–	–	(0.2)	(0.3)
Credit to other reserves	–	–	–	–	(0.2)	–	(0.2)	(0.2)
At 25 January 2020	–	0.1	0.1	(1.7)	(0.3)	(12.6)	(14.6)	(14.5)
(Credit)/charge to the income statement (Note 9)	**–**	**–**	**–**	**(1.1)**	**0.1**	**0.8**	**(0.2)**	**(0.2)**
Charge to other comprehensive income	**–**	**–**	**–**	**0.4**	**–**	**–**	**0.4**	**0.4**
Credit to other reserves	**–**	**(0.1)**	**(0.1)**	**–**	**(0.2)**	**–**	**(0.2)**	**(0.3)**
At 24 January 2021	**–**	**–**	**–**	**(2.4)**	**(0.4)**	**(11.8)**	**(14.6)**	**(14.6)**

Company	Share-based payments £m	Foreign exchange contract hedge £m	Total deferred tax asset £m	Retirement benefit obligations £m	Share-based payments £m	Accelerated tax depreciation £m	Total deferred tax liability £m	Net deferred tax liability £m
At 26 January 2019	0.1	0.1	0.2	(1.2)	–	(3.8)	(5.0)	(4.8)
(Charge)/credit to the income statement	–	–	–	(0.3)	(0.1)	(0.2)	(0.6)	(0.6)
Charge to other comprehensive income	(0.1)	–	(0.1)	(0.2)	–	–	(0.2)	(0.3)
Credit to other reserves	–	–	–	–	(0.2)	–	(0.2)	(0.2)
At 25 January 2020	–	0.1	0.1	(1.7)	(0.3)	(4.0)	(6.0)	(5.9)
(Charge)/credit to the income statement	**–**	**–**	**–**	**(1.1)**	**0.1**	**1.6**	**0.6**	**0.6**
Charge to other comprehensive income	**–**	**–**	**–**	**0.4**	**–**	**–**	**0.4**	**0.4**
Credit to other reserves	**–**	**(0.1)**	**(0.1)**	**–**	**(0.2)**	**–**	**(0.2)**	**(0.3)**
At 24 January 2021	**–**	**–**	**–**	**(2.4)**	**(0.4)**	**(2.4)**	**(5.2)**	**(5.2)**

No deferred tax asset is recognised in the statement of financial position for unused capital losses within the Company of £4.0m (2020: £4.0m).

26 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Board has delegated its responsibility for the Group's overall financial risk programme to the Treasury and Commodity Committee; this risk programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out in accordance with policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close cooperation with the Group's business units. The Board provides guidance on overall market risk management, including use of derivative financial instruments and investment of excess liquidity.

In addition the Treasury and Commodity Committee deals with a range of other treasury matters, details of which are provided in the Corporate Governance Report.

Market risk

Foreign exchange risk

The Group operates internationally. The Group primarily buys and sells in Sterling but does make purchases and sales denominated in US Dollars and Euros. Due to the hedging arrangements that have been in place for the year ended 24 January 2021, if Sterling had weakened/strengthened by 10% against the US Dollar or Euro, with all other variables held constant, there would have been an immaterial effect on post-tax profit (year ended 25 January 2020: immaterial impact on post-tax profit).

The Group periodically enters into option contracts to purchase foreign currencies for known purchases where the value and volume of trading purchases is known. The Treasury and Commodity Committee assesses whether hedge accounting should be applied for each forward option contract.

Price risk

The Group is not exposed to equity securities price risk because no such investments are held by the Group other than within Pension Scheme assets.

The Group purchases a wide range of commodities in the ordinary course of business. Exposure to changes in the market price of certain of these commodities, including sugar, plastic, aluminium and mango, is managed through the use of forward physical supply contracts, primarily to convert floating or indexed prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the Group's risk policies and is continually monitored by the Treasury and Commodity Committee. Commodity derivatives also provide a way to meet customers' pricing requirements whilst achieving a price structure consistent with the Group's overall pricing strategy.

All of the Group's commodity derivatives are treated as "own use" contracts, which are outside the scope of IFRS 9, since they are both entered into, and continue to be held, for the purposes of the Group's ordinary operations, and are not net settled (the Group takes physical delivery of the commodity concerned). "Own use" contracts do not require accounting entries until the commodity purchase actually crystallises.

The majority of the Group's forward physical contracts and commodity derivatives have original maturities of less than one year.

As all of the commodity contracts qualify for the "own use" treatment, no sensitivity analysis has been carried out.

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates.

For the year ended 24 January 2021, if interest rates on Sterling-denominated borrowings at that date had been 0.5% higher/lower, with all other variables held constant, there would have been an immaterial change in the post-tax profit for the year (year ended 25 January 2020: immaterial impact on post-tax profit).

NOTES TO THE ACCOUNTS CONTINUED

26 Financial risk management continued

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to major and direct to store customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. If major customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control processes assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set by senior management based on internal or external ratings. The utilisation of credit limits is regularly monitored. Sales to direct to store customers are largely settled in cash in order to manage credit risk from smaller, independent stores.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining sufficient cash reserves and the availability of borrowing facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. This is carried out at a Group level and involves projecting forward cash flows and considering the level of liquid assets necessary to meet excesses of expenditure relative to income.

A liquidity analysis is included in Note 22.

Capital risk management

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

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

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

The Group monitors existing equity in issuance on the basis of the net debt/EBITDA (before exceptional items) ratio. Net debt is calculated as being the net of cash and cash equivalents, interest-bearing loans and borrowings. The net debt position is discussed in the Financial Review on pages 36 to 42. The net debt/EBITDA (before exceptional items) ratio enables the Group to plan its capital requirements in the medium term. The Group uses this measure to provide useful information to financial institutions and investors. The Group believes that the current net debt/EBITDA (before exceptional items) ratio together with existing shares in issuance provides a secure capital structure with a strong level of financial flexibility to enable the Group to take advantage of opportunities that may arise.

For the year ended 24 January 2021, there was a net cash surplus of £47.5m (year ended 25 January 2020: net cash surplus of £3.0m) with cash and cash equivalent balances of £52.9m and bank borrowings of £2.9m (year ended 25 January 2020: cash and cash equivalents balance of £10.9m).

The Group monitors capital efficiency on the basis of the return on capital employed ratio (ROCE). In the financial year ended 24 January 2021, ROCE remained strong at 16.0% (2020: 16.1%).

27 Retirement benefit obligations

During the year the Company operated two pension schemes, the A.G. BARR p.l.c. (2005) Defined Contribution Scheme and the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The latter is a funded defined benefit scheme based on final salary which also includes a defined contribution section for the pension provision of the new executive entrants. Under the defined benefit scheme, the employees are entitled to retirement benefits based on final pensionable pay. No other post-retirement benefits are provided.

Defined benefit scheme: Actuarial valuation

The assets of the schemes are held separately from those of the Company and are invested in managed funds. A full valuation of the defined benefit scheme was conducted as at 5 April 2020 using the attained age method and an indicative deficit of £7.3m was determined at that date subject to the finalisation of the valuation process which will inform the deficit recovery plan to be agreed with the Trustees.

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

Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the Company and the board of trustees. The board of trustees is composed of representatives from the Company scheme members and an independent trustee in accordance with the plan's rules. Allan Martin joined the board of trustees as independent chairman on 1 February 2020.

Defined benefit scheme: IAS 19 information

The full actuarial valuation carried out at 5 April 2020 was updated to 24 January 2021 by a qualified independent actuary.

The valuation used for the defined benefit schemes has been based on market conditions as at the Company year end.

The amounts recognised in the statement of financial position are as follows:

	Group		Company	
Group and Company	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Present value of funded obligations	**(123.9)**	(127.3)	**(123.9)**	(127.3)
Fair value of scheme assets	**116.0**	116.8	**116.0**	116.8
Deficit recognised under IAS 19	**(7.9)**	(10.5)	**(7.9)**	(10.5)
Company contribution made to pension scheme in the year to 26 January 2014	**–**	–	**16.8**	17.5
(Deficit)/surplus recognised in the statement of financial position	**(7.9)**	(10.5)	**8.9**	7.0

NOTES TO THE ACCOUNTS CONTINUED

27 Retirement benefit obligations continued

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

Group and Company	Fair value of plan assets £m	Present value of obligation £m	Total £m
At 25 January 2020	116.8	(127.3)	(10.5)
Current and past service cost	–	(0.1)	(0.1)
Interest income/(expense)	1.8	(2.0)	(0.2)
Total cost recognised in income statement	1.8	(2.1)	(0.3)
Remeasurements			
– changes in demographic assumptions	–	5.1	5.1
– changes in financial assumptions	–	(5.9)	(5.9)
– experience	–	0.4	0.4
– actuarial return on assets excluding amounts recognised in net interest	1.0	–	1.0
Total remeasurements recognised in other comprehensive income	1.0	(0.4)	0.6
Cashflows			
Employer contributions	2.3	–	2.3
Benefits paid	(5.9)	5.9	–
Total cash outflow	(3.6)	5.9	2.3
At 24 January 2021	116.0	(123.9)	(7.9)

This table excludes the Company contribution made to the pension scheme through the asset backed funding arrangement as described below and reconciled in the table above.

On 1 May 2016 the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme was closed to future accrual following a negotiated agreement between the Company and the board of trustees.

The Company made a £1.0m contribution to the scheme in May 2016, 2017, 2018, 2019 and 2020 and will make a further contribution of £0.8m in May 2021.

The movement in the defined benefit obligation in the year to 25 January 2020 was as follows:

Group and Company	Fair value of plan assets £m	Present value of obligation £m	Total £m
At 26 January 2019	101.6	(115.1)	(13.5)
Current service cost	–	(0.2)	(0.2)
Interest income/(expense)	2.7	(3.0)	(0.3)
Total cost recognised in income statement	2.7	(3.2)	(0.5)
Remeasurements			
– changes in demographic assumptions	–	1.7	1.7
– changes in financial assumptions	–	(17.7)	(17.7)
– experience	–	0.8	0.8
– actuarial return on assets excluding amounts recognised in net interest	16.4	–	16.4
Total remeasurements recognised in other comprehensive income	16.4	(15.2)	1.2
Cashflows			
Employer contributions	2.3	–	2.3
Benefits paid	(6.2)	6.2	–
Total cash outflow	(3.9)	6.2	2.3
At 25 January 2020	116.8	(127.3)	(10.5)

In the year to 26 January 2019 an exceptional charge of £0.7m was included for the past service cost in respect of the equalisation of guaranteed minimum pensions (GMP) benefits. This related to a 26 October 2018 High Court judgement involving Lloyds Banking Group's defined benefit pension schemes. The judgement concluded that the schemes should equalise pension benefits for men and women in relation to GMP benefits. The judgement has implications for many pension schemes, including the A.G. Barr defined benefit schemes. The £0.7m expense reflected the best estimate of the effect on our reported pension liabilities. Following a 20 November 2020 ruling regarding equalisation in relation to transfer payments that may have been made going back to 1990 a further £54k has been provided in relation to these liabilities and is included in the current and past service costs in the table above.

This table excludes the Company contribution made to the pension scheme through the asset-backed funding arrangement as described below and reconciled in the table above.

Asset-backed funding arrangement

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

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

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

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

NOTES TO THE ACCOUNTS CONTINUED

27 Retirement benefit obligations continued

A "structured entity" is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate only to administrative tasks and the relevant activities are directed by means of contractual arrangements. As outlined above, during a prior year, certain freehold properties were transferred to a limited Partnership (a structured entity) established by the Group, the main purpose of which is to lease these properties to a Group company and, as a result, to provide the Group's pension scheme with a distribution of profits in the Partnership.

The distribution is subject to discretion exercisable by the Group in certain circumstances; however, given that the Group has the ability to control the limited Partnership by making an additional contribution into the Scheme, it is the view of the directors that the Group controls the limited Partnership and therefore it is treated as a consolidated entity.

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

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

As part of the funding arrangement the Company made a one off payment to the Pension Scheme of £20.4m to allow it to invest in the Partnership and in prior years this has been treated as a reduction in the carrying value of the retirement benefit obligation.

As the Partnership results are consolidated within the Group results no balances are recognised in the consolidated statement of financial position.

Financial assumptions

	2021	2020
Discount rate	**1.4%**	1.7%
Inflation assumption	**2.9%**	3.0%

Mortality assumptions

	2021	2020
Average future life expectancy (in years) for a male pensioner aged 65	**22**	23
Average future life expectancy (in years) for a female pensioner aged 65	**23**	24
Average future life expectancy (in years) at age 65 for a male non-pensioner aged 45	**23**	24
Average future life expectancy (in years) at age 65 for a female non-pensioner aged 45	**25**	26

The mortality tables adopted in finalising the fair value of the liabilities are the 2019 VITA tables based on the member's year of birth. This assumes that the expected age at death for males is 87 to 88 and for females is 88 to 90 depending on their age at 24 January 2021.

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

	2021		2020	
	Quoted* £m	Unquoted £m	Quoted* £m	Unquoted £m
Equities	**31.4**	**–**	29.1	–
Bonds	**20.8**	**–**	21.4	–
Debt	**6.8**	**–**	7.1	–
Cash	**–**	**6.4**	–	4.4
Buy-in policy	**–**	**50.6**	–	54.8
Total market value of scheme assets	**59.0**	**57.0**	57.6	59.2

* Quoted prices for identical assets or liabilities in active markets.

Sensitivity review

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

Year ended 24 January 2021	Change in assumption	Impact on overall liabilities
Discount rate	Increase/decrease by 0.5%	Decreases/increases liabilities by £11.8m
Rate of inflation	Increase/decrease by 0.5%	Increases/decreases liabilities by £4.9m
Life expectancy	Increase/decrease by 1 year	Increases/decreases liabilities by £5.0m

Year ended 25 January 2020	Change in assumption	Impact on overall liabilities
Discount rate	Increase/decrease by 0.5%	Decreases/increases liabilities by £12.5m
Rate of inflation	Increase/decrease by 0.5%	Increases/decreases liabilities by £5.1m
Life expectancy	Increase/decrease by 1 year	Increases/decreases liabilities by £4.7m

Methods and assumptions used in preparing the sensitivity analyses

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

Risks to which the Scheme exposes the Company

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

– Asset volatility

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

The Trustees have made a number of steps to control the level of investment risk within the Scheme. The Trustee and the Company agreed in April 2016 to purchase an annuity policy with Canada Life to cover all future pension payments to certain members of the Scheme. This policy was purchased at a cost of £34.7m and secures the total amount of future pension payments for 100 of the Scheme's pensioner members. A second annuity contract was purchased with Canada Life in September 2019 at a cost of £22.7m and secures the total amount of future pension payments for 82 of the Scheme's pensioner members. The Trustees will continue to review the risk exposures in light of the longer-term objectives of the Scheme.

– Changes in bond yields

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

– Inflation risk

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

– Life expectancy

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

Policy for recognising gains and losses

The Company recognises actuarial gains and losses immediately, through the remeasurement of the net defined benefit liability.

NOTES TO THE ACCOUNTS CONTINUED

27 Retirement benefit obligations continued

Asset-liability matching strategies used by the Scheme or the Company

The Scheme does not currently use any specific asset-liability matching strategies. The Trustees' current investment strategy, having consulted with the Company, is to invest c.40% of the Scheme's assets in a mix of equities and diversifying return seeking assets, with the balance in long dated gilts and corporate bonds, in order to strike a balance between:

- maximising the returns on the Scheme's assets; and
- minimising the risks associated with the lower than expected returns on the Scheme's assets.

Description of funding arrangements and funding policy that affect future contributions

The Schedule of Contributions dated March 2018 sets out the current contributions payable by the Company to the Scheme to eliminate the Scheme deficit. This is in addition to the rental income stream from the asset-backed funding arrangement which is a commitment which will offset the requirement for future deficit contributions.

Expected contributions over the next accounting period

A.G. BARR p.l.c. expects to contribute £0.8m to the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme for the year to 30 January 2022 in respect of commitments in relation to the Schedule of Contributions, and the Scheme expects to receive further contributions of approximately £1.3m from the asset-backed funding arrangement in which the Scheme holds an interest.

The weighted average duration of the defined benefit obligation is 18 years.

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

	Less than one year	One to two years	Two to five years	Greater than five years
Proportion of total pension benefits to be paid as at 5 April 2020	**2%**	**2%**	**7%**	**89%**
Proportion of total pension benefits to be paid as at 5 April 2019	2%	2%	5%	91%

Note the above disclosure is given as at the date of the last signed financial statements for the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme, and for the comparative year.

Defined contribution scheme

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

	2021 £m	2020 £m
Defined contribution costs	**3.6**	3.8

28 Share capital

	2021		2020	
Group and Company	Shares	£m	Shares	£m
Authorised, issued and fully paid	**112,028,871**	**4.7**	112,028,871	4.7

The Company has one class of ordinary shares which carry no right to fixed income. The shares have a nominal value of 4 1/6 pence.

During the year to 24 January 2021 the Company's employee benefit trusts purchased 47,061 shares (2020: 191,794) shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 24 January 2021 the shares held by the Company's employee benefit trusts represented 871,660 (2020: 844,151) shares at a purchased cost of £5.2m (2020: £5.1m).

Share repurchase programme

During the year ended 27 January 2018 the Group commenced a share repurchase programme of up to £30m, which was completed within 24 months as expected in the year to 25 January 2020. A total of 1,915,772 shares have been repurchased and cancelled, at a cost of £11.5m. The permanent capital has been replaced through the creation of a Capital Redemption Reserve, which is included in "Other reserves" within equity. The nominal value of the shares repurchased at 24 January 2021 is £79,824.

The cash flow hedge reserve is also included in "Other reserves" in equity and records the effective portion of movements in the fair value of forward foreign exchange contracts that have been designated as part of a cash flow hedge relationship.

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

29 Share-based payments

As disclosed in the Directors' Remuneration Report the Group runs a number of share award plans and share option plans:

- Savings Related Share Option Scheme which is open to all employees
- LTIP and ESOS options which are granted to directors
- AESOP awards that are available to all employees

Share-based payment costs and related deferred and current tax charges are recognised within the share option reserve.

Savings Related Share Option Scheme (SAYE)

All SAYEs outstanding at 24 January 2021 and 25 January 2020 have no performance criteria attached other than the requirement for the employee to remain in the employment of the Company and to continue contributing to the plan. Options granted under the SAYE must be exercised within six months of the relevant award vesting date.

The SAYE is open to all qualifying employees in employment at the date of inception of the scheme. Options are normally exercisable after three or five years from the date of grant. The price at which options are offered is not less than 80% of the average of the middle-market price of the five dealing days immediately preceding the date of invitation.

The movements in the number of share options outstanding and their related weighted average exercise prices determined using the Black-Scholes valuation model are as follows:

	2021		2020	
	Options	**Average exercise price in pence per share**	Options	Average exercise price in pence per share
At start of the year	**726,367**	**610p**	688,179	585p
Granted in the year	**499,393**	**428p**	137,630	745p
Forfeited	**(329,755)**	**538p**	(94,064)	623p
Exercised	**–**	**–p**	(5,378)	567p
At end of the year	**896,005**	**535p**	726,367	610p

The weighted average fair value of the share awards made during the period was determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	**SAYE 3 June 2020**
Number of share awards granted	**499,343**
Share price at date of grant	**476 p**
Contractual life in years	**3**
Dividend yield	**3.64%**
Expected outcome of meeting performance criteria (at grant date)	**70%**
Fair value determined at grant date	**91 p**

NOTES TO THE ACCOUNTS CONTINUED

29 Share-based payments continued

None of the options listed above were exercisable at the respective year end dates. The outstanding options at the year end had exercise prices of £5.67, £6.20, £7.45 and £4.28 (2020: £5.67, £6.20 and £7.45).

The weighted average share price on the dates that options were exercised in the year to 24 January 2021 was £nil as no shares were exercised.

The weighted average remaining contractual life of the outstanding share options at the year end is two years (2020: two years).

LTIP

During the year, an award of shares was made to the executive directors as disclosed in the Directors' Remuneration Report.

The weighted average fair value of the share awards made during the period was determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	LTIP 2 November 2020
Number of share awards granted	296,292
Share price at date of grant	476p
Contractual life in years	3
Dividend yield	0%
Expected outcome of meeting performance criteria (at grant date)	50%
Fair value determined at grant date	476p

Certain employees (not directors) are eligible to participate in the employee bonus scheme where the value of the bonus earned is payable in shares in the year ended 24 January 2021 as noted below:

Date of grant	Bonus shares 24 January 2021
Value of bonus earned	£0.8m
Number of share awards granted	168,701
Share price at date of grant	487p
Expected outcome of meeting performance criteria (at grant date)	100%
Fair value determined at grant date	487p

AESOP

As described in the Directors' Remuneration Report, there are two elements to the AESOP.

The partnership share element provides that for every two shares (year to 25 January 2020: two shares) that a participant purchases in A.G. BARR p.l.c., up to a maximum contribution of £150 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual. There are various rules as to the period of time that the shares must be held in trust but after five years, the shares can be released tax free to the participant.

The second element of free shares allows participants to receive shares to the value of a common percentage of their earnings, related to the performance of the Group. The maximum value of the annual award is £3,600 and the shares awarded are held in trust for five years.

Under the terms of the AESOP rules, any award of free shares to employees is made by the Trustee of the AESOP subject to the Company's consent.

30 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Company and related parties are as follows:

	Purchase of goods and services	
	2021 £m	2020 £m
Rubicon Drinks Limited	**3.8**	4.2

The amounts disclosed in the table below are the amounts owed to and due from subsidiary companies that are trading subsidiaries.

The balances are unsecured and are due on demand. The difference between the total of these balances and the amounts disclosed as amounts due by (Note 20) and to subsidiary companies (Note 23) are balances due by and due to dormant subsidiary companies.

	Amounts owed by related parties		Amounts due to related parties	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Rubicon Drinks Limited	**–**	–	**8.6**	5.6
Funkin Limited	**1.2**	0.5	**–**	–

The amounts disclosed in the table below are the amounts owed from investments in associates. The balance is an interest-free equity convertible loan note.

	Amounts due by related parties	
	2021 £m	2020 £m
Loans to associates		
Loans advanced	**1.0**	–
Closing balance	**1.0**	–

Compensation of key management personnel

The remuneration of the executive directors, non-executive directors and other key members of management (the Executive Committee) during the year was as follows:

	2021 £m	2020 £m
Salaries and short-term benefits	**2.2**	3.1
Post employment benefits	**0.4**	0.5
	2.6	3.6

The Directors' Remuneration Report can be found on pages 71 to 98.

Retirement benefit plans

The Group's retirement benefit plans are administered by an independent third-party service provider. During the year the service provider charged the Group £0.4m (2020: £0.4m) for administration services in respect of the retirement benefit plans. At the year end £nil (2020: £nil) was outstanding to the service provider on behalf of the retirement benefit plans.

NOTES TO THE ACCOUNTS CONTINUED

31 Subsidiaries

The Group's subsidiaries at 24 January 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Address	Ownership interest held by the Group 2021 %	2020 %	Principal activities
Funkin Limited	UK	Milton Keynes	**100**	100	Distribution and selling of cocktail solutions
Funkin USA Limited	USA	Milton Keynes	**100**	100	Distribution and selling of cocktail solutions
Rubicon Drinks Limited	UK	Milton Keynes	**100**	100	Manufacturing, distribution and selling of exotic soft drinks
A.G. BARR Capital Partner Limited	UK	Milton Keynes	**100**	100	Investment holding company
A.G. BARR General Partner Limited	UK	Cumbernauld	**100**	100	Investment holding company
A.G. BARR Pension Trustee Limited	UK	Cumbernauld	**100**	100	Investment holding company
A.G. BARR Scottish Limited Partnership	UK	Cumbernauld	**100**	100	Investment holding company
Robert Barr Limited	UK	Cumbernauld	**100**	100	Non-trading entity
Mandora St Clements Limited	UK	Milton Keynes	**100**	100	Non-trading entity
Tizer Limited	UK	Milton Keynes	**100**	100	Non-trading entity
A.G. BARR (Ireland) Limited	Republic of Ireland	Dublin	**100**	–	Non-trading entity

The full address for Cumbernauld is: Westfield House, 4 Mollins Road, Cumbernauld, Scotland, G68 9HD.

The full address for Milton Keynes is: Crossley Drive, Magna Park, Milton Keynes, England, MK17 8FL.

32 Subsequent events

There have been no events that have a material impact on the Group after the balance sheet date.

GLOSSARY

Non-GAAP measures are provided because they are tracked by management to assess the Group's operating performance and to inform financial, strategic and operating decisions.

Definition of non-GAAP measures used are provided below:

Capital expenditure is a non-GAAP measure and is defined as the cash purchases of property, plant and equipment and is disclosed in the consolidated cash flow statement.

EBITDA is a non-GAAP measure and is defined as operating profit before exceptional items, depreciation and amortisation.

EBITDA margin is a non-GAAP measure and is calculated as EBITDA divided by revenue.

Basic earnings per share before exceptional items is a non-GAAP measure calculated by dividing profit attributable to equity holders before exceptional items by the weighted average number of shares in issue.

Expansionary capex is a non-GAAP measure and is defined as the purchase of property, plant and equipment that is not the normal replacement of property, plant and equipment that has come to the end of its useful life. Maintenance capex is a non-GAAP measure and is defined as the purchase of property, plant and equipment that is the normal replacement of property, plant and equipment that has come to the end of its useful life. Expansionary capex and maintenance capex add together to the value of purchase of property, plant and equipment that appears in the consolidated cash flow statement.

Free cash flow is a non-GAAP measure and is defined as the net cash flow as per the cash flow statement excluding the movements in borrowings, expansionary capex, the net cash flow on the purchase and sale of shares by employee benefit trusts, dividend payments and non-cash exceptional items.

Gross margin is a non-GAAP measure calculated by dividing gross profit by revenue.

Market capitalisation is a non-GAAP measure and is defined as the closing share price at the end of a reporting period multiplied by the number of issued and fully paid shares of the Company.

Net cash at bank is a non-GAAP measure and is defined as the net of cash and cash equivalents and loans and other borrowings as shown in the statement of financial position.

Net funds is a non-GAAP measure and is defined as cash and cash equivalents less lease liabilities.

Operating margin is a non-GAAP measure calculated by dividing operating profit by revenue.

Operating margin before exceptional items is a non-GAAP measure calculated by dividing operating profit before exceptional items by revenue.

Operating profit before exceptional items is a non-GAAP measure calculated as operating profit less any exceptional items. This figure appears on the income statement.

Profit before tax and exceptional items is a non-GAAP measure calculated as profit before tax less any exceptional items. This figure appears on the income statement.

Revenue growth is a non-GAAP measure calculated as the difference in revenue between two reporting periods divided by the revenue of the earlier reporting period.

Return on capital employed (ROCE) is a non-GAAP measure and is defined as profit before tax and exceptional items as a percentage of invested capital. Invested capital is a non-GAAP measure defined as period end non-current plus current assets less current liabilities excluding all balances relating to any provisions, financial instruments, interest-bearing liabilities and cash or cash equivalents.

RECONCILIATION OF NON-GAAP MEASURES

Gross margin

	2021 £m	2020 £m
Revenue	**227.0**	255.7
Reported gross profit	**93.6**	105.0
Gross margin	**41.2%**	41.1%

Gross margin before exceptional items

	2021 £m	2020 £m
Revenue	**227.0**	255.7
Gross profit before exceptional items	**94.8**	106.1
Gross margin before exceptional items	**41.8%**	41.5%

Operating margin

	2021 £m	2020 £m
Revenue	**227.0**	255.7
Reported operating profit	**26.8**	38.1
Operating margin	**11.8%**	14.9%

Operating margin before exceptional items

	2021 £m	2020 £m
Revenue	**227.0**	255.7
Operating profit before exceptional items	**33.6**	38.1
Operating margin before exceptional items	**14.8%**	14.9%

EBITDA

	2021 £m	2020 £m
Operating profit before exceptional items	**33.6**	38.1
Depreciation and amortisation	**12.9**	13.0
EBITDA	**46.5**	51.1

EBITDA margin

	2021 £m	2020 £m
Revenue	**227.0**	255.7
EBITDA	**46.5**	51.1
EBITDA margin	**20.5%**	20.0%

Expansionary capex

	2021 £m	2020 £m
Expansionary capex	**0.3**	0.3
Maintenance capex	**6.8**	14.5
Capex per cash flow statement	**7.1**	14.8

ROCE

	2021 £m	2020 £m
Profit before tax	**26.0**	37.4
Exceptional items	**6.8**	–
Profit before tax and exceptional items	**32.8**	37.4
Intangible assets	**90.5**	101.8
Property, plant and equipment	**96.4**	101.2
Right-of-use assets	**2.5**	7.6
Investment in associates	**0.8**	0.9
Inventories	**19.3**	18.3
Trade and other receivables	**37.6**	57.2
Asset held for sale	**0.4**	–
Current tax	**0.7**	(3.0)
Trade and other payables	**(43.4)**	(52.4)
Invested capital	**204.8**	231.6
ROCE	**16.0%**	16.1%

Net cash at bank

	2021 £m	2020 £m
Cash and cash equivalents	**52.9**	10.9
Loans and other borrowings	**(2.9)**	–
Net cash at bank	**50.0**	10.9

NOTICE OF ANNUAL GENERAL MEETING

THE FOLLOWING INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any matter referred to in this document or as to the action you should take, you should seek your own personal financial advice from: (i) a stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom; or (ii) another appropriately authorised independent financial adviser if you are not resident in the United Kingdom.

If you have sold or otherwise transferred all of your shares in A.G. BARR p.l.c., please pass this document, together with the accompanying documents (except the accompanying personalised form of proxy), as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice of the one hundred and seventeenth Annual General Meeting of A.G. Barr p.l.c. to be held at Westfield House, 4 Mollins Road, Cumbernauld G68 9HD on Friday 28 May 2021 at 12.00p.m. is set out on pages 172 to 176 of this document.

In light of ongoing Government restrictions in response to the Coronavirus (COVID-19) outbreak in the United Kingdom, shareholders will not be allowed entry to the Annual General Meeting and we are encouraging shareholders to vote in advance using their proxy form. Further details of how to do this are on pages 174 to 176. We continue to monitor closely the ongoing impact of the Coronavirus (COVID-19) outbreak. If it is necessary to provide you with further information about the Annual General Meeting, or to notify you about any alternative arrangements, we will do so on our website (www.agbarr.co.uk), by announcement on a Regulatory Information Service and, where appropriate, by individual communication with shareholders.

Dear Shareholder

Notice of Annual General Meeting

The Annual General Meeting (the "**AGM**") of A.G. Barr p.l.c. (the "**Company**") will be held at Westfield House, 4 Mollins Road, Cumbernauld G68 9HD on **Friday 28 May 2021 at 12:00p.m.**

Coronavirus (COVID-19)

In response to the Coronavirus outbreak, the Scottish Government has continued to legally restrict the ability of individuals engaging in non-essential travel and attending public gatherings, save where essential for work purposes. Consistent with the situation last year, these laws mean that this year's AGM cannot be held in its usual format.

Having taken legal advice, the board of directors (the "**Board**") has concluded that, in these exceptional circumstances and to ensure shareholders comply with legal requirements currently in place, they should not be permitted to attend this year's AGM. Shareholders are being requested to have regard to their own safety and that of others and not travel to the AGM.

While these restrictions mean that the Company cannot hold the AGM in its usual format, we are still legally required to hold our AGM and we intend to do so using the essential work purposes exemption. This requires shareholder attendance at the AGM to be limited to only the minimum two shareholders required to form a quorum under our Articles of Association. We will meet the quorum requirements by the attendance of a Director and the Company Secretary.

We continue to monitor closely the ongoing impact of the Coronavirus outbreak. If it is necessary to provide you with further information about the AGM, or to notify you about any alternative arrangements, we will do so on our website (www.agbarr.co.uk), by announcement on a Regulatory Information Service and, where appropriate, by individual communication with shareholders.

Although shareholders will not be able to attend the AGM in person, they will still be able to ensure their votes are counted by submitting their proxies in advance, either online or by post. Shareholders will also be able to submit questions in advance of the AGM. Details of how to vote and submit questions in advance of the AGM can be found on pages 174 to 176.

In order that proxy votes are fully reflected in the voting on the resolutions, voting on all resolutions set out in the Notice of AGM will take place by way of a poll. Every vote cast by way of proxy will be reflected in the poll. The results of the poll will be announced by Regulatory Information Service and posted on the Company's website as soon as practicable following the AGM.

Resolutions

The following paragraphs provide an explanation of the resolutions to be considered at the AGM. Resolutions 1 to 13 (inclusive) will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 14 and 15 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Receive and approve the reports and accounts

Shareholders are being asked to receive and approve the audited accounts of the group and the Company (as audited by Deloitte LLP) for the year ended 24 January 2021 together with the associated reports of the directors and auditor (the "**2021 Annual Report and Accounts**").

Resolution 2 – Directors' remuneration

The directors' remuneration report is divided into three parts: the annual statement by the chairman of the remuneration committee, the directors' remuneration policy and the directors' remuneration report.

- The annual statement by the chairman of the remuneration committee (which is set out on pages 71 to 73 of the 2021 Annual Report and Accounts) provides a summary of the directors' remuneration policy and the directors' remuneration report.
- The directors' remuneration policy (which is set out on pages 87 to 98 of the 2021 Annual Report and Accounts) sets out the Company's future policy on directors' remuneration.
- The directors' remuneration report (which is set out on pages 74 to 86 of the 2021 Annual Report and Accounts) gives details of the payments and share awards made to the directors in connection with their and the Company's performance during the year ended 24 January 2021. It also details how the Company's policy on directors' remuneration will be operated in the coming year.

This Resolution invites shareholders to approve the annual statement by the chairman of the remuneration committee and the directors' remuneration report (other than the part containing the directors' remuneration policy which was approved at the annual general meeting of the Company held in 2020 and which it is expected will not be voted on until the annual general meeting to be held in 2023) for the year ended 24 January 2021. This Resolution is an advisory vote and will not affect the way in which the Company's remuneration policy has been implemented. Each year, shareholders will be given an advisory vote on the implementation of the directors' remuneration policy in relation to the payments and share awards made to directors during the year under review.

Resolutions 3 to 11 inclusive – Re-election of directors

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

Biographical details of the directors are set out on pages 52 to 53 of the 2021 Annual Report and Accounts. The Board has confirmed that, following formal performance evaluation, all of the directors continue to perform effectively and demonstrate commitment to their roles. The Board therefore unanimously recommends the proposed re-election of the directors.

Resolution 12 – Re-appointment of auditor

The Company is required to appoint an auditor at each general meeting at which accounts are presented to shareholders and Deloitte LLP have indicated their willingness to continue in office. Accordingly, shareholders are being asked to approve the re-appointment of Deloitte LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the audit and risk committee of the Board to fix their remuneration.

Resolution 13 – Authority to allot shares

The directors may not allot shares in the Company unless authorised to do so by shareholders in general meeting. Sub-paragraph (a) of Resolution 13, if passed, will authorise the directors to allot shares having an aggregate nominal value of up to £1,555,956.54, representing approximately one third of the Company's issued share capital as at 21 April 2021 (being the latest practicable date prior to the publication of this document). The directors have no present intention to exercise this authority.

In line with guidance issued by the Investment Association, sub-paragraph (b) of Resolution 13, if passed, will authorise the directors to allot additional shares in connection with a rights issue having an aggregate nominal value of up to £1,555,956.54, representing approximately one third of the Company's issued share capital as at 21 April 2021 (being the latest practicable date prior to the publication of this document). The directors have no present intention to exercise the authority sought under sub-paragraph (b) of Resolution 13. However, if such authority is obtained, it will give the Company greater flexibility to allot additional shares for the purpose of a pre-emptive rights issue. This authority will be used when the directors consider it to be in the best interests of shareholders.

The authorities sought under Resolution 13 will expire on the earlier of 31 July 2022 (being the latest date by which the Company must hold its annual general meeting in 2022) and the conclusion of the annual general meeting of the Company held in 2022.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

Resolution 14 – Disapplication of statutory pre-emption rights

If the directors wish to allot new shares for cash, the Companies Act 2006 states that the shares must be offered first to existing shareholders in proportion to their existing shareholdings. For legal, regulatory and practical reasons, it might not be possible or desirable for shares allotted by means of a pre-emptive offer to be offered to certain shareholders, particularly those resident overseas. Furthermore, it might, in some circumstances, be in the Company's interests for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders. To enable this to be done, shareholders' statutory pre-emption rights must be disapplied. Accordingly, Resolution 14, if passed, will empower the directors to allot a limited number of new equity securities without shareholders' statutory pre-emption rights applying to such allotment. The authority conferred by Resolution 14 would also cover the sale of treasury shares for cash.

Sub-paragraph (a) of Resolution 14 will, if passed, confer authority on the directors to make any arrangements which may be necessary to deal with any legal, regulatory or practical problems arising on a rights issue, an open offer or any other pre-emptive offer in favour of ordinary shareholders, for example, by excluding certain overseas shareholders from such issue or offer.

Sub-paragraph (b) of Resolution 14 will, if passed, disapply shareholders' statutory pre-emption rights by empowering the directors to allot equity securities for cash on a non pre-emptive basis but only new equity securities having a maximum aggregate nominal value of £233,393.48, representing approximately 5% of the Company's issued share capital as at 21 April 2021 (being the latest practicable date prior to the publication of this document).

The authority sought under Resolution 14 will expire on the earlier of 31 July 2022 (being the latest date by which the Company must hold an annual general meeting in 2022) and the conclusion of the annual general meeting of the Company held in 2022.

Resolution 15 – Purchase of own shares

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

Resolution 15, if passed, will give the Company the authority to purchase any of its own issued ordinary shares at a price of not less than an amount equal to the nominal value of an ordinary share and not more than the higher of: (i) 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five dealing days before any purchase is made; and (ii) the higher of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

The authority will enable the purchase of up to a maximum of 11,202,887 ordinary shares, representing approximately 10% of the Company's issued ordinary share capital as at the date of the AGM, and will expire on the earlier of 31 July 2022 (being the latest date by which the Company must hold an annual general meeting in 2022) and the conclusion of the annual general meeting of the Company held in 2022.

The directors will only exercise this buy back authority after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall position of the Company. Purchases would be financed out of distributable profits and shares purchased would either be cancelled (and the number of shares in issue reduced accordingly) or held as treasury shares.

The Company operates two share option schemes under which awards may be satisfied by the allotment or transfer of ordinary shares to a scheme participant. However, in practice, the Company has always satisfied awards to participants by the transfer of ordinary shares from the trustee of each of the schemes.

As at 21 April 2021 (being the latest practicable date prior to the publication of this document), options had been granted over 1,320,474 ordinary shares (the "**Option Shares**") representing approximately 1.17% of the Company's issued share capital at that date. If the authority to purchase the Company's ordinary shares (as described in Resolution 15) were exercised in full, the Option Shares would have represented approximately 1.30% of the Company's issued share capital as at 21 April 2021. As at 21 April 2021, the Company did not hold any treasury shares.

Recommendations

The Board considers that each of the resolutions to be put to the AGM is in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends that shareholders vote in favour of each of the resolutions to be put to the AGM, as the directors intend to do in respect of their own shareholdings in the Company.

John R. Nicolson
Chairman

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and seventeenth annual general meeting of A.G. BARR p.l.c. (the "**Company**") will be held at Westfield House, 4 Mollins Road, Cumbernauld G68 9HD on **Friday 28 May 2021 at 12:00p.m.** to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 13 (inclusive) will be proposed as ordinary resolutions and Resolutions 14 and 15 will be proposed as special resolutions. Voting on each of the resolutions will be conducted by way of a poll.

1. To receive and approve the audited accounts of the group and the Company for the year ended 24 January 2021 together with the directors' and auditor's reports thereon.

2. To receive and approve the annual statement by the chairman of the remuneration committee and the directors' remuneration report as set out on pages 71 to 73 and pages 74 to 86 respectively of the Company's annual report and accounts for the year ended 24 January 2021.

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

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

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

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

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

8. To re-elect Ms Susan Verity Barratt as a director of the Company.

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

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

11. To re-elect Mr Nicholas Barry Edward Wharton as a director of the Company.

12. To re-appoint Deloitte LLP as the Company's auditor, to hold office until the conclusion of the next general meeting at which accounts are laid, and to authorise the audit and risk committee of the board of directors of the Company to fix their remuneration.

13. THAT the board of directors of the Company (the "**Board**") be and it is hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "**2006 Act**") to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company:
    (a) up to an aggregate nominal amount of £1,555,956.54; and
    (b) up to a further aggregate nominal amount of £1,555,956.54 provided that: (i) they are equity securities (within the meaning of section 560 of the 2006 Act); and (ii) they are offered by way of a rights issue in favour of the holders of shares (excluding the Company in its capacity as a holder of treasury shares) on the register of members of the Company on a date fixed by the Board where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of shares held by them on that date subject to such exclusions or other arrangements as the Board deem necessary or expedient to deal with: (i) equity securities representing fractional entitlements; (ii) treasury shares; and / or (iii) legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever,

    provided that this authority shall expire on the earlier of 31 July 2022 and the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

14. THAT, subject to the passing of resolution 13 set out in the notice of the annual general meeting of the Company convened for 28 May 2021 ("**Resolution 13**"), the board of directors of the Company (the "**Board**") be and it is hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the "**2006 Act**"), to allot equity securities (within the meaning of section 560 of the 2006 Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of 4 1/6 pence each in the capital of the Company ("**Ordinary Shares**")), wholly for cash either pursuant to the authority conferred on them by Resolution 13 or by way of a sale of treasury shares (within the meaning of section 560(3) of the 2006 Act) as if section 561(1) of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to:
    (a) the allotment of equity securities, for cash, in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary Shares (excluding the Company in its capacity as a holder of treasury shares) on the register of members of the Company on a date fixed by the Board where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of Ordinary Shares held by them on that date subject to such exclusions or other arrangements in connection with the rights issue, open offer or other offer as the Board deem necessary or expedient to deal with: (i) equity securities representing fractional entitlements; (ii) treasury shares; and / or (iii) legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever; and
    (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £233,393.48,

    provided that this authority shall expire on the earlier of 31 July 2022 and the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of this authority and the Board may allot equity securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired.

15. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "**2006 Act**") to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of 4 1/6 pence each in the capital of the Company ("**Ordinary Shares**"), on such terms and in such manner that the directors think fit, provided that:
    (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 11,202,887;
    (b) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to the higher of: (i) 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five dealing days immediately preceding the day on which the Ordinary Share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;
    (c) the minimum price which may be paid for an Ordinary Share is an amount equal to its nominal value (in each case exclusive of associated expenses);
    (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of 31 July 2022 and the conclusion of the next annual general meeting of the Company after the passing of this resolution, but a contract to purchase Ordinary Shares may be made before such expiry which will or may be completed wholly or partly thereafter, and a purchase of Ordinary Shares may be made in pursuance of any such contract; and
    (e) an Ordinary Share so purchased shall be cancelled or, if the directors so determine and subject to the provisions of applicable laws or regulations of the Financial Conduct Authority, held as a treasury share.

By order of the Board

Julie Barr
Company Secretary
27 April 2021

Registered Office
A.G. BARR p.l.c., Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD. Registered in Scotland SC005653.

Shareholders should also read the notes to this Notice of Annual General Meeting which are set out on pages 174 to 176 of this document. Those notes provide further information about shareholders' entitlement to vote at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

NOTES

1. Attending the Annual General Meeting in person

Although in normal circumstances members are encouraged to attend the Annual General Meeting ("**AGM**") in person, in light of the current Scottish Government restrictions on non-essential travel and attending public gatherings, members are requested not to attend the AGM in person and those arriving at the venue will not be permitted access to the AGM. If these arrangements change, members will be notified by the Company publishing details on its website (www.agbarr.co.uk), by announcement on a Regulatory Information Service and, where appropriate, by individual communication with shareholders via Regulatory Information Service.

2. Appointment of a proxy

Members are encouraged to appoint the Chairman as his/her proxy to vote on his/her behalf. If members seek to appoint another individual as his/her proxy, such individual shall not be admitted to the AGM and therefore such members' votes will not be counted in the vote. To be validly appointed, a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form.

Members can use multiple proxy forms to instruct the Chairman to vote in a different manner in respect of different shares. Members cannot use multiple proxy forms in respect of the same share(s). If a member wishes to use more than one proxy form they can photocopy the proxy form received or request additional proxy forms from Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA. A member may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the "Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" the resolution.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint a proxy under the procedures set out in these notes and should read note 7 below.

3. Appointment of a proxy using a proxy form or electronically

A proxy form for use in connection with the AGM is enclosed. To be valid, any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA, or submitted electronically at www.sharevote.co.uk at least 48 hours before the time of the AGM or any adjournment of that meeting.

If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.

4. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to: www.euroclear.com. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA19) no later than 48 hours before the time of the AGM or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Appointment of a proxy by joint holders
In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. Corporate Representatives
Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s). Please note, however, the restrictions on attendance at the AGM in light of the ongoing COVID-19 restrictions. In light of these restrictions, corporate members are encouraged to appoint the Chairman of the AGM as their proxy and to provide voting instructions in advance of the AGM.

7. Entitlement to vote
To be entitled to vote at the AGM (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.30 p.m. on 26 May 2021 (or, if the AGM is adjourned, at 6.30 p.m. on the day two days prior to the adjourned meeting). Any changes to the Company's register of members after the relevant deadline will be disregarded in determining the rights of any person to vote at the AGM. As a result of Government restrictions in response to the Coronavirus outbreak attendance at the AGM will be restricted to the minimum number of shareholders (being a Director and the Company Secretary) necessary to form a quorum for the meeting.

8. Nominated persons
Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "**2006 Act**") to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

9. Website giving information regarding the AGM
Information regarding the AGM, including information required by section 311A of the 2006 Act, and a copy of this notice of AGM is available from www.agbarr.co.uk.

10. Audit concerns
Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

11. Voting rights
As at 21 April 2021 (being the latest practicable date prior to the publication of this document), the Company's issued share capital consisted of 112,028,871 ordinary shares of 4 1/6 pence each, carrying one vote each. As at 21 April 2021, the Company did not hold any treasury shares. Therefore, the total voting rights in the Company as at 21 April 2021 were 112,028,871 votes.

12. Shareholder questions
Shareholders have the right to ask questions related to the business of the meeting. Shareholders can submit questions related to the business of the meeting by email to agm2021@agbarr.co.uk. Answers to shareholder questions will be sent to individual shareholders as soon as practically possible after the AGM.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

13. Voting at the AGM
Shareholders are able to vote in advance of the meeting using their proxy form enclosed. The proxy form covers all resolutions to be proposed at the AGM.

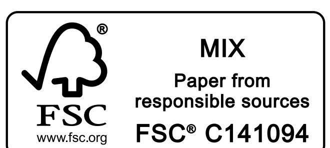
Shareholders are being encouraged to submit their votes as early as possible and by no later than 48 hours before the time of the AGM. Votes can be submitted either by returning the proxy form in the post (postage is pre-paid), or online by following the instructions set out on the proxy form.

Shareholders must vote in advance of the meeting as there is no functionality which allows them to vote during the meeting itself and are not permitted to attend in line with Scottish Government restrictions in response to the Coronavirus outbreak.

Voting on all resolutions at the AGM will be conducted by way of a poll. The results of the poll will be announced to the London Stock Exchange as soon as possible after the conclusion of the AGM and will be published on our website.

14. Further questions and communication
Members who have any general queries about the AGM should contact the Company Secretarial Department by email to: companysecretarialdepartment@agbarr.co.uk.

Members may not use any electronic address provided in this document or in any related documents (including the accompanying proxy form) to communicate with the Company for any purpose other than those expressly stated.



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