



SOFT DRINKS

THE REAL ALTERNATIVE



CONTENTS

Chairman's Statement	1-2
Chief Executive's Statement	3-4
Operating & Financial Review	5-12
25 Years Service Awards	13
UK Operations	14
Corporate Social Responsibility	15-16
Notice of Meeting	17
Board of Directors	18
Directors' Report	19-20
Statement on Corporate Governance	21-22
Directors' Remuneration Report	23-28
Independent Auditors' Report	29
Consolidated Profit and Loss Account	30
Balance Sheets	31
Cash Flow Statement	32
Accounting Policies and Notes to the Accounts	33-44
Review of the Trading Results	45
Notes	46-47





SOFT DRINKS

The Real Alternative

CHAIRMAN'S STATEMENT

Review of results

I am pleased to report that profit on ordinary activities before taxation was £13.8 million for the 53 weeks to January 2004 – an increase of 13% over the previous 52 weeks. Tight control of costs throughout the year enabled us to maintain the improvement in margins achieved during the first half of the year even though the marketplace became somewhat softer subsequent to the excellent summer. Turnover for the year to January 2004 was 4½% higher than the previous 52 week figure.

Earnings per share on issued share capital were 49.90p for the year to January 2004 compared with 43.78p for the previous year. This was after charging £800K for additional pension contributions during the period. It is anticipated that in future this increase will become c. £1½ million until the next valuation.

Your directors are pleased that the improvement in earnings per share together with the company's strong cash position has enabled them to recommend an increased final dividend of 17p per share to give a total dividend of 25.5p for the year, an increase of 10.4% on the previous year.



People

Our Boardroom has seen a number of changes during the last twelve months. As indicated in my statement with our first half year's results Jim Dawson left our employment in May 2003 after a total of twenty-one years service, of which eleven were as a director, and he was therefore very much part of our progress during that period of time. In November we were pleased to welcome Jonathan Kemp who was appointed commercial director with responsibility for all sales and marketing areas. Jonathan joined us from Procter and Gamble where he had gained ten years' experience within a variety of their consumer products areas.

In June Ronnie Hanna, most recently chief executive of Bett p.l.c., joined the Board as a non-executive director in anticipation of the retirement at the end of November of John Goodwin after ten years' service. John was our first independent non-executive director and we are considerably indebted to him for the wise counsel which he has so willingly given us over these years.

The last change to report to you involved responsibilities as opposed to personnel. Roger White has already made a substantial contribution to the company since he joined as managing director some nineteen months ago and I was very pleased therefore that the Board agreed that he should become chief executive with effect from 1st February 2004. I will remain chairman of the company but plan that this will gradually become a part-time role.

The excellent results of our last financial year were achieved through the skills, hard work and enthusiasm of all our employees and I would like to thank each one of them, on behalf of shareholders, for their own particular contribution.

Corporate governance

The revised Combined Code on corporate governance which stemmed from the Higgs and Smith reports will apply to our new financial year to January 2005. We will make the necessary changes to our previous corporate governance arrangements to enable us to comply with the amended aspects of the revised Code which are appropriate to a company of our particular size and structure.

Prospects

Forecasts for the UK soft drinks industry continue to anticipate long term growth. The current anxiety surrounding health issues in the UK is likely to continue to affect consumer trends with diet carbonates, still drinks and water products capturing a greater share of the total market compared with traditional sugar sweetened carbonates. We will maximise these newer areas of opportunity across the portfolio without losing focus on the traditional products in our range.

Our balance sheet at end January 2004 shows a cash balance of £25 million a substantial year-on-year increase, partly due to the excellent trading performance but also reflecting a lower than normal investment in fixed tangible assets during the last twelve months. A review of our existing operating structure is likely, however, to lead in the near term to investment plans which will require substantial capital expenditures as we continue to improve the future efficiencies and the potential of our business.

The annual general meeting to be held on 24th May will be the 100th since the formation of what was then A.G.BARR & Company Limited – an offshoot of the original soft drinks business which Andrew Barr's father started in Falkirk in 1875. It is of course a matter of pride to contemplate the progress which has been achieved by these once small operations over such an extended period of time but the greater satisfaction is our current confidence that we can continue into A.G.BARR's second century the successful development of an independent business to the ongoing benefit of all our stakeholders.



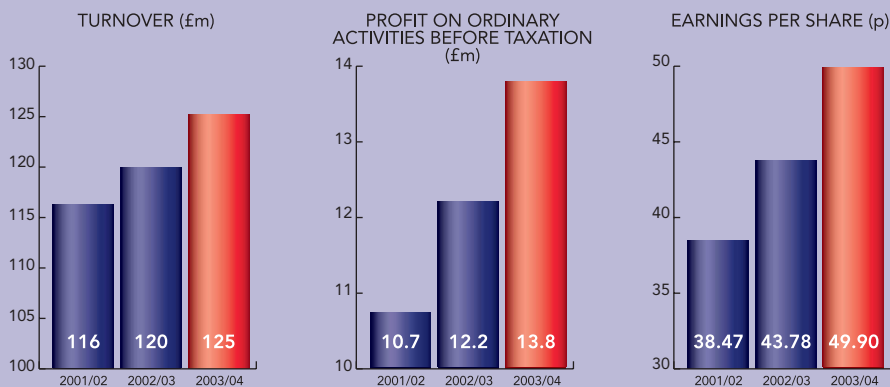
Robin Barr, Chairman.

“...we can continue into A.G.BARR's second century the successful development of an independent business to the ongoing benefit of all our stakeholders...”

CHIEF EXECUTIVE'S STATEMENT

The strong financial performance of A.G.BARR p.l.c. in 2003/2004 was accompanied by a number of significant changes throughout the organisation designed to provide a strong platform for further profitable growth.

Sales growth in 03/04 of 4½%, including the benefit of the 53rd week, although a little disappointing reflects our focus on the improvement of operating margins. Throughout the year a process of optimisation and continuous improvement was implemented across our total operation which delivered increased margins and improved operating efficiencies. As a result the financial performance of the business has significantly improved.



The soft drinks category has been an exciting market to be part of in the last twelve months. Undoubtedly the benefits of excellent summer weather have buoyed demand for almost all forms of liquid refreshment and with the significant innovation in the category consumers have not been short of choice.

We at Barr have benefited from the favourable market conditions but we chose to focus our energies on driving value into our core business through our trading activity rather than chasing volume at the expense of margin. We have also continued throughout last year to invest heavily in the marketing and development of our core brands on which our future success is dependent.

Further consolidation of our customer base has gathered momentum over the course of last year. We have, as far as possible, anticipated changes in both ownership and trading strategies amongst our major customers ensuring that we continue to provide a strong commercial and service offering to all customers. Our balance of trade across the varied channels we supply has not materially altered – even under the pressure of this continued retail consolidation. Our ability to access consumers through multiple channels remains a key strength of Barr Soft Drinks.

The political and social landscape has never been more difficult for all food and drink manufacturers. The health and personal wellbeing debate has raged throughout the year. While this has not impacted our business in the short term we are taking all possible steps to ensure we are fit to meet the future challenges that changes in society and consumer preference and habit may bring.

Capital spend, as indicated by the chairman in his remarks has at £3.3 million been low compared to recent years. This reflects both the quality of our existing asset base and our ability to maximise its use. This reduced spend does not however signal any change in the asset investment strategy of the company which has seen continued heavy capital investment for growth and efficiency over many years. We are now planning for further growth which will require significant capital investment in both capacity and efficiency throughout our manufacturing and supply chain.



“...Over the last year we have focused our efforts on building a strong platform for future business growth...”

Our financial performance in 03/04 reflects the underlying strength of the business in particular its people, brands, physical assets and its customer reach through each of the different routes to market. Having reviewed each of these major areas of operation we have identified the priorities to drive our future profitable growth in the UK soft drinks market.

Our strategy focused on growth in soft drinks remains consistent. We will continue to grow our portfolio of alternative soft drink brands organically across the UK but will now turn more focus to growth through innovation and the possible addition of appropriate new brands and products to our strong portfolio.

To deliver this growth strategy over the coming years we will be seeking improvements and progress in the following five key strategic areas


- Core brands and markets development
- Portfolio development/innovation
- Route to market development
- Partnerships
- Efficient operations

Plans have now commenced in all of these areas and we have already enjoyed early success in our drive to improve service and efficiency throughout our supply chain, the benefits of which have been evident in 03/04 financial performance. We have also made some significant steps in refocusing and restructuring our commercial team which will improve our commercial delivery and critically, our focus on innovation.

Finally, people have always been important in Barr, but now more than ever we are looking to leverage the capability and enthusiasm of the whole enterprise behind our growth objectives and plans.

Our performance in 03/04 has delivered strong financial results. Margins have now returned to acceptable levels and cash is available to drive growth in volumes and efficiency.

I am confident that our plans for 04/05 will, by building on our previous years' strengths, continue to deliver improvements in business performance in what is an exciting and challenging market.



Roger A.White, Chief Executive.



Financial performance

As reported in September 2003 in the interim statement, margin improvements and favourable weather conditions in the summer trading period have provided the base for the company's full year (53 weeks) results of turnover up over 4% at £125.2m (2003 – £120.0m) and profit on ordinary activities before taxation up 13% at £13.8m (2003 – £12.2m).

This year's excellent financial performance reflects the drive to return operating margins to acceptable levels and progress in value improvement is well on track having been achieved this year in a very competitive market.

Increased selling prices across the portfolio in the early part of the year ensured that, despite steep rises in material costs and continued inflation in overhead areas such as insurance and pensions, margins were improved. The combination of price increases plus the drive to ensure that the correct range of products is being sold through the right channels, using the most appropriate promotional activity, has continued to yield on-going margin improvements. This improvement in product and channel mix will be an on-going feature of our commercial strategy as we go forward.

Throughout the financial year operating costs were well controlled across the business. Notable progress was made as a consequence of our initial activities designed to create a single unified and efficient supply chain across the company as a whole. These supply chain initiatives will provide improved visibility, better planning, lower stock levels and improved fleet and crew utilisation. They will also significantly increase our overall operating efficiency and our flexibility in the market place to ensure our customers continue to receive industry-leading service.



“...We have in the last year further strengthened our links with key suppliers in our continuing effort to improve efficiencies and reduce costs...”



Improving efficiency

Within the operational area, investment in technology played an important part in both manufacturing and supply chain efficiency improvements. The introduction of improved central planning technology has allowed us to begin the process of optimising our total operation. Further operational savings are expected in the future as the single supply chain approach is simplified and developed.

To improve efficiency and reduce production line changeover times much of our range of 500ml bottles has been redesigned. This small change has driven operational efficiency across the business without sacrificing customer and consumer choices. Over the past year cardboard trays have also been removed from most of our packs of PET bottles, saving over 1,000 tonnes of cardboard in the process. Improved bottle designs on our PET packs have reduced bottle weight by up to 12% and saved over 500 tonnes of PET per annum.

We spend over £45 million per annum on raw materials and services for our factories. With such a large proportion of our turnover being spent in this area, it is key that we have quality suppliers who provide cost effective materials. We have in the last year further strengthened our links with key suppliers in our continuing effort to improve efficiencies and reduce costs.

The delivery of improved financial performance is also due to the fact our organisation has been strengthened and developed in a number of key areas. In addition to developing a unified supply chain, our commercial team has been restructured. This has created a more dynamic and flexible organisation to ensure the company is completely focused on its consumers and customers.



“...We are one of the few grocery supply companies who have successfully maintained this powerful selling system – something we are extremely proud of...”



Selling

Sales plans throughout the year were focused on driving value growth across our portfolio. The company continued to invest in the marketing of its key brands. Investment in traditional media communication such as TV and outdoor posters was complemented by our activities in “new media channels”, such as text-messaging and the internet, reflecting our efforts to communicate across multiple channels with our key consumers.

Significant effort and resource have also gone into the development of our smaller but strongly emerging brands, such as Findlays Natural Mineral Water and also our partnership with UnileverBestfoods through Lipton Ice Tea. The full benefit of this investment is clearly aimed at future years; however performance for both these brands was excellent, achieving 25% and 88% volume growth year on year respectively.

Summer weather conditions did have a positive impact on our sales performance across the whole portfolio. However, unlike many of our competitors, we did not fully exploit the promotional volume opportunities available during the summer. We chose instead to follow our value growth plans – at times at the expense of potential volume gains.



According to customers, service levels were exemplary – even during the periods of highest demand in the summer our manufacturing and supply chain performed well above industry standard levels.

New customer acquisition targets were also exceeded during the year and we now supply 32,000 outlets direct with our core range, extending our reach deeper into the southern half of the UK.

Our trade channel balance remains relatively stable although the landscape into which we supply has seen significant change in the last twelve months. Continued consolidation in all areas of the retail trade – from superstores through to the impulse market – dominated the headlines. However the breadth of our route-to-market capability and wide range of customers stands us in good stead to meet the challenges of the changes we face in this fast-moving market.

Much of our efforts were focused throughout 03/04 on growing our business in the high-performing multiple retailers through both product distribution gains and the development of in-store feature and display of our key brands. In parallel to this, our Direct Store Delivery (DSD) business has grown successfully throughout the UK. We are one of the few grocery supply companies who have successfully maintained this powerful selling system – something we are extremely proud of. DSD gives us direct, face-to-face, contact with our 32,000 impulse customers almost every week and its success is due to the efforts and dedication of all those Barr employees involved throughout the UK.



“...Our brands continue to perform well across all territories, in particular IRN-BRU, which is at the heart of our business...”



Building brands

Our brands continue to perform well across all territories, in particular **IRN-BRU**, which is at the heart of our business. IRN-BRU continues to show its fundamental strength as a brand capable of competing with the best – and winning. Launched 103 years ago, IRN-BRU has the ability to entice and engage consumers everywhere it is sold and offers a real carbonate alternative both north and south of the border. We were delighted when the Scottish Grocer magazine reported IRN-BRU the number 1 grocery brand in Scotland once again.

However, the potential for growth is still huge, with some seven out of every 10 households buying ‘other flavoured carbonates’ and yet only one in every ten households in England and Wales buying IRN-BRU. We will drive the availability of IRN-BRU throughout the UK, continuing to develop the brand and steadily increasing the marketing spend we devote to this key part of the business.

IRN-BRU has also consolidated its position this year in the Russian market, outstripping many of the key global brands in the market in growth terms during the last year in what was a market plagued by very poor summer weather. We are now looking to other Eastern European countries to replicate this successful business model.

The emergence of Diet IRN-BRU as an important part of our portfolio is no accident. Diet IRN-BRU offers those consumers who are either bored with diet cola or with more adventurous tastes an exciting and flavoursome diet alternative. This is something we will continue to develop to meet the growing market need.

However, we are not a one-brand company and will look to increase the pace by which we grow our other core brands.



Tizer was relaunched using The 'itz a red thing' campaign last November, supported by heavyweight advertising and in-store promotions. There was an immediate impact, with our Q4 Tizer business outperforming the total other flavoured carbonates market. We will build on this success in 2004 through the launch of Tizer Colourz, a totally different range of flavours from Tizer – done in a way only Tizer can do.

Our Barr branded flavour range of returnable glass bottles and cans is a firm favourite in Scotland and as an example Barr Lemonade is a £1 million brand north of the border. We have performed well with this range in the last year and will be focusing increased resources behind the category development of this unique and growing branded range.

Both Orangina and Lipton Ice Tea increased sales significantly last year. Lipton Ice Tea was enjoyed by 1 million households across the country and UnileverBestfoods continues to strongly support this key growth brand. As previously indicated impulse sales dramatically increased with improved product presence across the trade complemented by a significant above the line spend.

To meet the expected future increase in demand for our fast-growing Findlays Natural Mineral Water, drilling started at our site in East Lothian last December to provide an additional supply of water through a new purpose built borehole. Initial flow rates from the borehole are ahead of expectations and will double existing capacity. This will allow us to continue to develop our successful Water Cooler business which has grown by a further 46% last year. The Findlays brand will also receive a full make over and relaunch in 2004 to reinforce its quality and premium status in this fast growing market.



Our business in own label and contract packing marginally declined in absolute terms and now accounts for less than 4% of our total sales value.

The food and drink industry in the UK and, in fact, across the world has had a difficult year; the many issues associated with health and diet have come increasingly to the fore. A.G.BARR continues to act responsibly in the face of changing consumer demands and preferences. We offer a broad choice of differing products and encourage sensible consumption as well as balanced diets and exercise as part of a healthy life. Despite the media hype, we have successfully worked with increasing numbers of local authorities and schools across the whole country, helping them to offer the products and service of their choice without the requirement to stamp our brands or corporate identity at the point of purchase.

The further development of our portfolio of core brands will see innovation play a more important role than in our recent past. We will develop our offering through our core brands giving our consumers what they want, where they want it, but will avoid the temptation to overstretch our brands or our range.



“...The further development of our portfolio of core brands will see innovation play a more important role than in our recent past...”



We will seek to increase our portfolio share of non-carbonates, but we will look to do so by following our strategy of offering some real alternatives rather than by copying other products.

The development of people throughout the business in all job roles will underpin all of our growth plans. Training provision, which is receiving significantly higher profile and spend, will in future be focused behind our corporate growth objectives. We aim to also gradually align performance goals to reward structures to recognise performance as well as loyalty. Our ultimate aim is to ensure our whole team has the direction, skills and tools to achieve their full potential in our business.

04/05 will undoubtedly bring many challenges to the team across A.G.BARR as we build on our strong foundations and our proud history. We aim to meet these challenges, with a simple strategy, capable and experienced people, high quality brands and desire to win in our key markets on our terms.

25 YEARS SERVICE AWARDS

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



Catherine Scott,
Clerk,
Mansfield.



Alan Rollason,
Service Driver,
Wednesbury.



Gary Robb,
Driver Salesman,
Glasgow Retail.



John Corcoran,
Transport Co-ordinator,
Cumbernauld.



Barry Gilman,
Production Operator,
Atherton.



Paul Weaver,
Machine Operator,
Mansfield.



Peter McCubbin,
Driver Salesman,
Wishaw.



Lynn Tyler,
Assistant Planning
& Materials Officer,
Mansfield.



John Crawford,
Driver Salesman,
Wishaw.



David Lamont,
HGV Driver,
Scottish Distribution.



James Lyall,
Driver Salesman,
Edinburgh.

UK OPERATIONS



We have 350,000 sq.ft of warehousing.

We have 183 delivery vehicles and we travel 6.1 million miles.



FALKIRK
DISTRIBUTION DEPOT

CUMBERNAULD
GLASS/PET FACTORY

KIRKCALDY
SALES BRANCH

GLASGOW
HEAD OFFICE/DISTRIBUTION

EDINBURGH
SALES BRANCH

IRVINE
SALES BRANCH

PITCOX
FINDLAYS WATER FACTORY

WISHAW
SALES BRANCH



All our cans are aluminium and can be effectively recycled.

We employ c 950 people.



NEWCASTLE
SALES BRANCH

ATHERTON
GLASS/CAN FACTORY

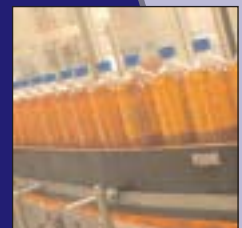
SHEFFIELD
SALES BRANCH

MOSTON
SALES BRANCH

MANSFIELD
PET FACTORY

WEDNESBURY
SALES BRANCH

We have achieved an energy reduction of 18% since 2000. We spend over £45 million on raw materials and services for our factories.



BRISTOL
DISTRIBUTION DEPOT

WALTHAMSTOW
SALES BRANCH



Our Direct Store Delivery business makes 700,000 deliveries per year.

We move 58 million cases per year via our own transport fleet.



CORPORATE SOCIAL RESPONSIBILITY

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

Health and safety

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

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

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

In the year to January 2004 a disappointing nineteen accidents were reportable to the Health and Safety Executive (HSE). By the nature of our business the main causes of accidents are manual handling and slips, trips and falls, some of which happen off our sites in the course of product delivery. All accidents are thoroughly investigated to enable appropriate corrective action to be taken and initiatives are being planned this year to provide an additional focus on accident prevention.

The group operates an annual health and safety action plan to facilitate continuous improvement. Local and group safety committees conduct monthly, quarterly and annual reviews of safety performance against this plan. A comprehensive annual health, safety and security audit system has been introduced for use initially in our factories and main warehouses to identify and address, where necessary, improvements in these areas of operation. The board of directors requires implementation of agreed safe working practices throughout the group ensuring that the practices in place meet, as a minimum, our legal responsibilities and performance is reviewed on a quarterly basis.

Environment

Policy

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

Strategy

Managing key environmental issues; monitoring and evaluating impacts such as energy consumption, packaging design and effluent discharge.

Setting and reviewing environmental targets locally and within our business goals.

Setting plans to achieve targets.

Considering the environmental impact when making investment decisions.

Achieving and maintaining the British standard BS EN ISO 14001.



Sustainability

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

Programme

Following last year's success with certification to the internationally accepted environmental management system – BS EN ISO 14001 – at our Atherton factory, our two other main factories at Cumbernauld and Mansfield have now been submitted to external assessment and achieved the same status. Although there are compliance costs, there are also benefits, both current and long term from the better control this approach affords us. The increased awareness of our use of resources is an environmentally responsible approach but it is also proving to be financially beneficial. We have continued our factory-based energy-saving initiatives and are on track to qualify again at the end of 2004 for a further two years' climate change levy rebate.

The European Union's Integrated Pollution Prevention and Control Directive has been issued in the UK as the Pollution Prevention and Control (PPC) Regulations, making it compulsory for us to apply for PPC permits to the Environmental Agencies. Our three main factories now fall within the revised regulations. Resources are being focused on meeting the application date early in 2005 and our planned approach of first registering for the Climate Change Levy rebate scheme and then achieving the BS EN ISO 14001 will ensure that much of the data required for the PPC Regulations will already be available. There will be an on-going requirement to comply with European-derived 'best available techniques' in our manufacturing sites as conditions of the permits.

Procurement

Close dialogue with our main suppliers and regular auditing of their control processes continue to identify areas for improvement in their performance and reduction of waste. We continue to require our suppliers to maintain the GM-free status of our raw materials.

Employees

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

For other employment matters see the directors' report on page 19.

Community

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



KIRKCALDY BRANCH RECEIVING 2 YEARS ACCIDENT FREE AWARD

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundredth Annual General Meeting of the company will be held at the offices of Baker Tilly, Breckenridge House, 274 Sauchiehall Street, Glasgow on Monday, 24th May, 2004 at 11.00 a.m.

Agenda

1. To receive and adopt the audited accounts of the group for the year ended 31st January, 2004 together with the reports of the directors and auditors thereon.
2. To receive and approve the directors' remuneration report for 2004.
3. To declare a final dividend for 2004.
4. To re-elect the retiring directors I.F. Greenock and A.A. Bibby.
5. To confirm the appointment of J.D. Kemp and R.G. Hanna as directors of the company.
6. To re-appoint the auditors and to authorise the directors to fix their remuneration.
7. To transact any other competent business.

By order of the board,



I.F. Greenock, C.A.

Secretary.

23rd April, 2004

Notes

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

BOARD OF DIRECTORS



1. W. ROBIN G. BARR, C.A.

Joined the company in 1960.
Appointed director in 1964 and chairman in 1978.
Aged 66.

2. ROGER A. WHITE, M.A. (Hons)

Joined the company in 2002 as managing director.
Appointed chief executive in 2004.
Aged 39.

3. JONATHAN D. KEMP, B.A. (Hons)

Joined the company as commercial director in 2003.
Aged 32.

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

Joined the company in 1977. Appointed operations director
in 1985.
Aged 52.

5. IAIN F. GREENOCK, C.A.

Joined the company in 1975. Appointed secretary in 1995,
financial director in 1998.
Aged 56.

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

Joined the company as a non-executive director in 1999.
Currently non-executive chairman of Swallowfield plc and a
non-executive director of Fuller Smith & Turner P.L.C.
Aged 60.

7. RONALD G. HANNA, C.A

Joined the company as a non-executive director in 2003.
Formerly chief executive of Bett p.l.c. Current chairman of
Glasgow Investment Trust and a director of Edinburgh High
Income Trust.
Aged 61.

Registered Office
1306 Gallowgate,
Glasgow,
G31 4DS.

Secretary
Iain F. Greenock, C.A.

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

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

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

REGISTERED IN SCOTLAND NO. 5653

DIRECTORS' REPORT

for the year ended 31st January, 2004

Results and dividends

The profit on ordinary activities after tax as shown in the consolidated profit and loss account amounted to £9.712m (2003 – £8.520m).

The directors recommend that this be distributed as follows:

Dividends	£000
Interim dividend paid 24th October, 2003, 8.50p per share (2003 – 7.35p)	1,654
Final dividend proposed 17.00p per share (2003 – 15.75p)	3,309
Total dividends 25.50p per share (2003 – 23.10p)	4,963
Retained profit for the year	4,749
	9,712

If approved the proposed final dividend will be posted on 9th June, 2004.

Activities of the group

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

A review of trading during the year and future prospects is contained in the statements of the chairman and the chief executive on pages 1 to 4.

Fixed assets

The directors are of the opinion that the market value of properties at 31st January, 2004 was in excess of their book value.

Employee involvement

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

The directors are committed to the principle of employee share participation through the Profit Linked Share Plan, the Savings Related Share Option Scheme, the Performance Related Share Scheme, the Long Service Award Scheme, the All-Employee Share Ownership Plan and the Long Term Incentive Plan (2003).

Employment of disabled persons

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

Payment policy and practice

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

At 31st January, 2004 trade creditors represented approximately 39 days purchases based on the average daily amount invoiced by suppliers during the year.

Directors

The directors of the company, together with biographical notes are shown on page 18. All the directors were in office throughout the year with the exception of R.G. Hanna and J.D. Kemp who were appointed on 19th June and 10th November, 2003 respectively and whose appointments fall due to be confirmed. R.G. Hanna has a three year fixed term contract and J.D. Kemp has a service contract which is terminable on one year's notice. J.E. Dawson resigned on 27th May, 2003 and J.M. Goodwin retired on 17th November, 2003.

The directors retiring by rotation are I.F. Greenock and A.A. Bibby, who being eligible, offer themselves for re-election. Both directors have service contracts which are terminable on two years' notice.

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

Interests in share capital

In addition to the directors' shareholdings detailed in the directors' remuneration report on page 28, the directors have been notified of the following shareholdings in excess of 3% of the issued share capital as at 31st January, 2004:

Caledonia Investments PLC	1,785,000 shares (9.17%)
Finsbury Growth Trust PLC	780,114 shares (4.01%)

Share value

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

Auditors

Baker Tilly has agreed to offer itself for re-election as auditor of the company.

Close company

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

Directors' responsibilities

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

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

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

On behalf of the board,



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

1306 Gallowgate, Glasgow G31 4DS.

13th April, 2004.

STATEMENT ON CORPORATE GOVERNANCE

Application of the principles of the Combined Code

The board

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

One third of the board members are non-executive directors both of whom are considered by the board to be independent. J.S. Espey is the senior non-executive director.

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

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

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

- the remuneration committee whose composition is set out on page 23;
- the audit committee which is comprised of R.G. Hanna as chairman and J.S. Espey. The board, in setting up the committee, considered the recommendation that the committee should number three, but felt that for a company of our size it was more important to establish a fully independent non-executive membership as recommended in the revised Combined Code; and
- the nominations committee which has responsibility for nominating, for approval by the board, candidates for appointment to the board. It is chaired by W.R.G. Barr. Its other members are J.S. Espey and R.G. Hanna. Appropriate training is provided to new members of the board.

Details of directors' remuneration are given in the directors' remuneration report on pages 23 to 28.

Relations with shareholders

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

Internal control

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

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

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

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

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

Going concern

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

Compliance with Combined Code

With the exceptions set out below, the company complied during the year to 31st January, 2004 with the provisions set out in section 1 of the Combined Code appended to the Listing Rules of the Financial Services Authority:

- The chairman was also chief executive. With effect from 1st February, 2004 a separate chief executive was appointed.
- For the reasons set out in the directors' remuneration report on page 25, notice periods in the executive directors' service contracts were for periods up to two years dependent on length of service.
- The audit committee comprised only two members.

DIRECTORS' REMUNERATION REPORT

for the year ended 31st January, 2004

The remuneration committee

The remuneration committee comprised:

J.S. Espey, (Chairman)

R.G. Hanna

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

The policy and objectives

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

Executive directors' remuneration

(i) Basic salary and benefits

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

(ii) Share and bonus schemes

(a) Profit Linked Share Plan (PLSP)

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

The allocation of shares in respect of the year ended 26th January, 2002 was the final distribution under this scheme. These shares will be released on the third anniversary of the award.

(b) All-Employee Share Ownership Plan (AESOP)

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

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

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

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

(c) Savings Related Share Option Scheme (SAYE)

The 1995 Savings Related Share Option Scheme is an Inland Revenue approved scheme available to all employees including executive directors and is based on a five year savings contract which provides an option to purchase shares after five years at a discounted price fixed at the time the contract is taken out or earlier as provided by the scheme rules.

(d) Executive Share Option Scheme (ESOP)

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

(e) Performance Related Share Scheme (PRSS)

The purpose of this scheme was to reward executive directors and other senior employees for achieving above average performance in the profits of the group which would also benefit shareholders. The final award under this scheme was provided for the year to 25th January, 2003 and the scheme has been replaced by the Ltip (2003) at (g) below.

Subject to the discretion of the remuneration committee, participants were awarded bonuses following an increase in earnings per share of at least 2½% above Retail Price Index providing the executive was still in the employment of the company at the end of the scheme year. The annual bonus value awarded to a participant in respect of a scheme year was on a sliding scale commencing at 8⅓% and could not exceed 50% of the executive's annual base salary.

The bonuses are released as follows:

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

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

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

(f) Annual performance bonus

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

(g) Long Term Incentive Plan (2003) (Ltip)

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

The year to 31st January, 2004 forms the first of the periods of three years which includes the year of calculation for potentially paying an award. An estimate has been provided in this year's figures.

(iii) Elements of remuneration

- Basic salary and benefits.
- Performance related components. In the year to 31st January, 2004 these were the free share element of the AESOP at (b) above, the annual performance bonus at (f) above and the Ltip at (g) above

The balance of these elements is intended to align executives' longer term interests with those of shareholders. In 2004 the performance related elements of the remuneration package amounted to 15.7% of the total. In 2003, this was 22.9% of the total.

(iv) Pension rights

Under the terms of their service contracts, executive directors are members of the A.G.BARR p.l.c. Executive Pension Scheme which during the year was altered to include a defined contribution section and to close the defined benefit section to new entrants with effect from 14th August, 2003.

The defined benefit section (four executive directors) provides pensions for directors of up to 2.22% of pensionable pay for each year of pensionable service completed up to the normal retirement date of 63. Where required, pension on salary in excess of the earnings cap imposed by the Inland Revenue is provided on an unfunded unapproved basis. Executive directors dismissed for reasons other than gross misconduct are entitled under their contract of employment to have their deferred pension adjusted to allow for the increase in the Retail Price Index between the date of leaving the company and normal retirement date. Any difference between the benefit in the contract of employment and that provided by the pension scheme will be met by the company.

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

(v) Service contracts

The service contracts of four executive directors provide for a period of notice of one year increasing to two years after four years' service as a director. This has been the situation for over thirty years. The latest issued director's service contract provides for a one year period of notice. Directors are required to give six months' notice of termination.

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

Share price performance



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

Directors' remuneration	2004	<i>2003</i>
	£000	<i>£000</i>
Salaries and benefits	793	645
All-Employee Share Ownership Plan free shares	9	–
Profit Linked Share Plan	–	14
Annual performance bonus	164	–
Performance Related Share Scheme:		
– cash bonus	–	63
– deferred shares	–	128
Pension contributions – defined contribution scheme	4	–
Fees to non-executive directors	60	44
Payment in lieu of notice and termination payment	244	–
Ex-gratia payment	28	–
	1,302	894

The Profit Linked Share Plan and All-Employee Share Ownership Plan free shares are shown when appropriated whereas the Performance Related Share Scheme and Long Term Incentive Plan (2003) deferred shares are accruals for the relevant reporting period.

The remuneration of the executive directors was as follows:

	W.R.G. Barr	R.A. White	A.A. Bibby	J.E. Dawson*	I.F. Greenock	J.D. Kemp**
	£000	£000	£000	£000	£000	£000
Salary	201	219	132	82	130	29
AESOP free share allocation	3	–	3	–	3	–
Annual performance bonus	–	59	35	–	35	35
Contributions under defined contribution scheme	–	–	–	–	–	4
Payment in lieu of notice and termination payment	–	–	–	244	–	–
Ex-gratia payment	–	–	–	28	–	–
12 months to 31st January, 2004	204	278	170	354	168	68
<i>12 months to 25th January, 2003</i>	<i>252</i>	<i>139</i>	<i>157</i>	<i>154</i>	<i>148</i>	
Long Term Incentive Plan (2003):						
– estimated value of bonus shares						
12 months to 31st January, 2004	–	16	10	–	10	10
Performance Related Share Scheme:						
– estimated value of matching shares						
<i>12 months to 25th January, 2003</i>	<i>31</i>	<i>34</i>	<i>21</i>	<i>21</i>	<i>21</i>	
Directors' pensions						
Accrued annual pension at 31st January, 2004	138	6	62	58	66	
Increase in accrued annual pension after indexation	8	5	6	3	2	
Transfer value of increase in accrued pension at 31st January, 2004	159	22	71	38	17	
<i>Transfer value of increase in accrued pension at 25th January, 2003</i>	<i>151</i>	<i>2</i>	<i>23</i>	<i>28</i>	<i>120</i>	

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

*J.E. Dawson resigned 27th May, 2003

**J.D. Kemp appointed 10th November, 2003.

Directors' interests

	Plan	Options as at 25.01.03	Awards vesting during the year	Awards lapsing during the year	Awards made during the year	Outstanding awards as at 31.01.04	Date of award	Share price on date of award (pence)	Performance period end		
W.R.G. Barr	(a)	6,362	–	–	–	6,362	16.04.03	488.30	25.01.03		
		6,197	–	–	–	6,197	19.04.01	462.10	27.01.01		
		5,220	–	–	–	5,220	23.04.99	447.00	30.01.99		
		9,313	9,313	–	–	–	07.01.98	451.00	25.10.97		
	(b)	6,362	–	–	–	6,362	16.04.03	488.30	25.01.03		
		6,197	–	–	–	6,197	19.04.01	462.10	27.01.01		
		5,220	–	–	–	5,220	23.04.99	447.00	30.01.99		
		9,313	9,313	–	–	–	07.01.98	451.00	25.10.97		
Total		54,184	18,626	–	–	35,558					
R.A. White	(a)	6,997	–	–	–	6,997	16.04.03	488.30	25.01.03		
	(b)	6,997	–	–	–	6,997	16.04.03	488.30	25.01.03		
	(c)	–	–	–	2,593	2,593	Note	543.50	28.01.06		
	Total		13,994	–	–	2,593	16,587				
A.A. Bibby	(a)	4,171	–	–	–	4,171	16.04.03	488.30	25.01.03		
		4,065	–	–	–	4,065	19.04.01	462.10	27.01.01		
		3,527	–	–	–	3,527	23.04.99	447.00	30.01.99		
		6,282	6,282	–	–	–	07.01.98	451.00	25.10.97		
	(b)	4,171	–	–	–	4,171	16.04.03	488.30	25.01.03		
		4,065	–	–	–	4,065	19.04.01	462.10	27.01.01		
		3,527	–	–	–	3,527	23.04.99	447.00	30.01.99		
		6,282	6,282	–	–	–	07.01.98	451.00	25.10.97		
	(c)	–	–	–	1,546	1,546	Note	543.50	28.01.06		
		Total		36,090	12,564	–	1,546	25,072			
		I.F. Greenock	(a)	4,171	–	–	–	4,171	16.04.03	488.30	25.01.03
				3,638	–	–	–	3,638	19.04.01	462.10	27.01.01
2,983	–			–	–	2,983	23.04.99	447.00	30.01.99		
2,350	2,350			–	–	–	07.01.98	451.00	25.10.97		
(b)	4,171		–	–	–	4,171	16.04.03	488.30	25.01.03		
	3,638		–	–	–	3,638	19.04.01	462.10	27.01.01		
	2,983		–	–	–	2,983	23.04.99	447.00	30.01.99		
	2,350		2,350	–	–	–	07.01.98	451.00	25.10.97		
(c)	–		–	–	1,546	1,546	Note	543.50	28.01.06		
	Total			26,284	4,700	–	1,546	23,130			
	J.D. Kemp		(c)	–	–	–	1,546	1,546	Note	543.50	28.01.06

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

Note Refer to Directors' Remuneration Report on page 24

The final award under the Performance Related Share Scheme was for the year ended 25th January, 2003.

Directors' share options

The options of the executive directors at 31st January, 2004 over the ordinary share capital of the company were as undernoted for which nil has been paid.

	Options as at 25.01.03	Options granted during the year	Options exercised during the year	Options lapsed during the year	Options as at 31.01.04	Exercise price (pence)	Market price at date of exercise (pence)	Date from which exercisable	Expiry date
W.R.G. Barr	27,500	–	–	–	27,500	378	–	24.01.98	24.01.05
A.A. Bibby	20,000	–	(20,000)	–	–	378	622	24.01.98	24.01.05
	5,701	–	–	–	5,701	296	–	01.06.05	01.12.05
J.E. Dawson	20,000	–	(20,000)	–	–	378	587	24.01.98	24.01.05
	5,701	–	(3,277)	(2,424)	–	296	570	01.06.05	01.12.05
I.F. Greenock	1,200	–	–	–	1,200	378	–	16.02.98	16.02.05
	3,420	–	–	–	3,420	296	–	01.06.05	01.12.05
	1,955	–	–	–	1,955	336	–	01.12.07	01.06.08

The share price as at 31st January, 2004 was 662.5p and the highest and lowest prices during the year were 662.5p and 412p respectively.

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

	2004	2003
Executive directors		
W.R.G. Barr	1,203,469	1,191,744
R.A. White	3,159	3,000
A.A. Bibby	77,983	57,363
I.F. Greenock	16,492	12,370
J.D. Kemp	3,000	
Non-executive directors		
J.S. Espey	4,000	4,000
R.G. Hanna	25,000	

I.F. Greenock has non-beneficial interests in 1,092,822 shares (2003 – 1,266,030 shares) under trusteeships of various employee share schemes. W.R.G. Barr has non-beneficial interests in 1,684,768 shares (2003 – 1,685,968 shares) as trustee of a charitable trust and several family trusts.

There have been the following changes notified in the directors' shareholdings between 31st January, 2004 and 5th April, 2004: I.F. Greenock an increase in beneficial holding of 48 shares and a reduction in non-beneficial holding of 2,625 shares, R.A. White an increase in beneficial holding of 49 shares, A.A. Bibby an increase in beneficial holding of 48 shares and W.R.G. Barr a reduction in non-beneficial holding of 950 shares.

Non-executive directors

Fees

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

	2004	2003
J.M. Goodwin (retired 17th November, 2003)	20	22
J.S. Espey	24	22
R.G. Hanna (appointed 19th June, 2003)	16	
	<u>60</u>	<u>44</u>

Service contracts

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

Information subject to audit

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

On behalf of the board,



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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accounts on pages 30 to 44 of A.G.BARR p.l.c. for the year ended 31st January, 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described on page 28 as having been audited.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the directors' report on page 20.

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

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

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

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the chairman's statement, the chief executive's statement, the operating and financial review, the directors' report, the statement on corporate governance and the unaudited part of the directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31st January, 2004 and of the group profit for the year then ended and;
- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.



Baker Tilly,
Registered Auditors,
Chartered Accountants.
Glasgow.
13th April, 2004.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st January, 2004

	Notes	2004 £000	2003 £000
Turnover	2	125,235	120,005
Cost of sales		65,777	63,404
Gross profit		59,458	56,601
Net operating expenses	3	46,260	44,728
Operating profit	4	13,198	11,873
Interest received	7	599	340
Profit on ordinary activities before tax		13,797	12,213
Tax on profit on ordinary activities	8	4,085	3,693
Profit on ordinary activities after tax		9,712	8,520
Dividends	9	4,963	4,496
Retained profit for the year	22	4,749	4,024
Earnings per share on issued share capital	10	49.90p	43.78p
Basic earnings per share	10	51.98p	45.36p
Fully diluted earnings per share	10	49.33p	43.20p

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

BALANCE SHEETS

as at 31st January, 2004

	Notes	GROUP		COMPANY	
		2004 £000	2003 £000	2004 £000	2003 £000
Fixed assets					
Tangible assets	11	39,545	42,255	39,018	41,685
Investment in subsidiaries	12	–	–	205	205
		<u>39,545</u>	<u>42,255</u>	<u>39,223</u>	<u>41,890</u>
Current assets					
Stocks	13	10,418	12,185	10,285	12,093
Debtors	14	20,126	20,269	19,720	19,972
Investment	15	2,750	3,092	2,750	3,092
Cash at bank		24,937	15,545	24,824	15,432
		<u>58,231</u>	<u>51,091</u>	<u>57,579</u>	<u>50,589</u>
Creditors: Due within one year	16	<u>27,225</u>	<u>27,282</u>	<u>27,522</u>	<u>27,435</u>
Net current assets		<u>31,006</u>	<u>23,809</u>	<u>30,057</u>	<u>23,154</u>
Total assets less current liabilities		<u>70,551</u>	<u>66,064</u>	<u>69,280</u>	<u>65,044</u>
Provisions for liabilities and charges					
Deferred credit	18				
Deferred tax	19	628	636	628	636
	20	4,757	5,011	4,745	5,011
		<u>5,385</u>	<u>5,647</u>	<u>5,373</u>	<u>5,647</u>
		<u>65,166</u>	<u>60,417</u>	<u>63,907</u>	<u>59,397</u>
Capital and reserves					
Called up share capital	21	4,865	4,865	4,865	4,865
Share premium account	22	905	905	905	905
Profit and loss account	22	59,396	54,647	58,137	53,627
		<u>65,166</u>	<u>60,417</u>	<u>63,907</u>	<u>59,397</u>

The accounts on pages 30 to 44 were approved by the board on 13th April, 2004.



W.R.G. Barr
Director.



I.F. Greenock
Director.

CASH FLOW STATEMENT

for the year ended 31st January, 2004

	Note	2004		2003	
		£000	£000	£000	£000
Net cash inflow from operating activities	25		20,417		19,737
Returns on investment and servicing of finance					
Interest received		603		352	
Interest paid		(4)		(12)	
		<hr/>		<hr/>	
Net cash inflow from returns on investments and servicing of finance			599		340
Tax					
Corporation tax paid			(3,873)		(3,349)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(3,306)		(5,411)	
Sale of tangible fixed assets		274		328	
		<hr/>		<hr/>	
			(3,032)		(5,083)
			<hr/>		<hr/>
			14,111		11,645
Dividends paid			(4,720)		(4,204)
			<hr/>		<hr/>
Increase in cash			9,391		7,441
			<hr/> <hr/>		<hr/> <hr/>

ACCOUNTING POLICIES

The accounts set out on pages 30 to 44 have been prepared in accordance with applicable accounting standards using the historical cost convention modified to include certain freehold and leasehold land and buildings at valuation.

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

NOTES TO THE ACCOUNTS

1. Basis of consolidation

The group accounts consist of a consolidation of the accounts of the company and its subsidiaries, all of which are wholly owned. All the accounts are for the 53 weeks ended 31st January, 2004 (2003 – 52 weeks).

The company has not presented its own profit and loss account, as permitted by Section 230 of the Companies Act, 1985.

2. Turnover

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

The figure for turnover includes exports of £591,000 (2003 – £560,000) which are not considered sufficiently significant to warrant allocation to the geographical markets involved.

3. Net operating expenses

	2004 £000	2003 £000
Distribution costs	28,494	28,590
Administrative expenses	17,766	16,138
	<u>46,260</u>	<u>44,728</u>

4. Operating profit

	2004 £000	2003 £000
Operating profit is arrived at after charging:		
Depreciation of fixed assets (note 11)	5,960	6,019
Audit fees	91	88
Non-audit fees paid to auditors	65	41
	<u></u>	<u></u>

5. Employees

	2004	2003
The average number of persons employed including directors was:	946	951
	<u></u>	<u></u>
	£000	£000
Wages and salaries	21,742	20,009
Social security costs	1,871	1,519
Pension contributions (note 6)	2,655	1,884
	<u>26,268</u>	<u>23,412</u>

At 31st January, 2004, 502 employees held options over 933,776 ordinary shares under the A.G.BARR p.l.c. 1995 Savings Related Share Option Scheme.

6. Pension schemes

During the year the company operated five pension schemes, three of which were closed to new employees, the works and the staff pension schemes with effect from 4th March, 2002 and the executive pension scheme defined benefit section with effect from 14th August, 2003. On 14th August, 2003 the company created a defined contribution section within the executive pension scheme which is now the vehicle for pension provision for new executive entrants. The A.G.BARR p.l.c. (2002) Pension and Life Assurance Scheme is a money purchase pension scheme which was introduced by the company in 2002 to replace the staff and works pension schemes. The scheme for works employees is an insured money purchase arrangement while the previous schemes for executives and staff provide benefits based on final pensionable pay. The fifth scheme is a stakeholder pension scheme arrangement. The assets of the schemes are held separately from those of the company and are invested in managed funds.

Contributions to the final salary schemes are charged to the profit and loss account, so as to spread the cost of pensions over employees' working lives with the company in accordance with SSAP 24. The contributions to the final salary schemes are determined by a qualified actuary on the basis of triennial valuations. Full valuations of these schemes were conducted as at 1st November, 2002 using the attained age method.

The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and to the rates of increase in pay and pensions. It was assumed that the investment return would be 2.75% per annum higher than the growth in pensionable pay and 1.5% per annum higher than the increase in pensions accruing up to November 2000 and 4.25% per annum higher for pensions accruing thereafter in both the executive and staff schemes. The deficit as at 1st November, 2002 determined using the above assumptions, was £10,949,000.

The valuation used for the two defined benefit schemes for FRS 17 disclosures has been based on market conditions as at the company year end. To satisfy this, the full actuarial valuation carried out at 1st November, 2002 was updated to 31st January, 2004 by a qualified independent actuary.

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

	2004	2003	2002
Rate of increase in salaries	4.00%	3.85%	3.85%
Rate of increase of pensions in payment	2.75%	2.35%	2.35%
Discount rate	5.50%	5.40%	5.75%
Inflation assumption	2.75%	2.35%	2.35%

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

	2004	2003	2002
Equities	7.40%	6.90%	7.50%
Bonds	4.50%	3.90%	5.75%
Cash	3.25%	3.50%	4.50%
Property	7.40%	6.90%	7.50%
Total market value of assets	£000	£000	£000
	24,413	17,289	21,789
Actuarial value of liability	(49,152)	(43,098)	(35,571)
Deficit in the schemes	(18,085)	(19,864)	(7,723)
Related deferred tax asset	5,426	5,959	2,317
Net pension liability	(12,659)	(13,905)	(5,406)

The pension charges in the accounts were £418,000 (2003 – £395,000) (money purchase schemes) plus £2,237,000 (2003 – £1,489,000) (final salary schemes).

6. Pension schemes (continued)

If the defined benefit pension schemes had been accounted for under FRS 17 the following amounts would have been recorded in the profit and loss account and the statement of total recognised gains and losses for the year ended 31st January, 2004.

	2004 £000	2003 £000
Analysis of the amount chargeable to operating profit		
Service cost	1,190	1,106
Past service cost	–	–
Total operating charge	<u>1,190</u>	<u>1,106</u>
Analysis of net return on pension scheme		
Expected return on pension scheme assets	1,471	1,980
Interest on pension liabilities	(2,381)	(2,059)
Net return	<u>(910)</u>	<u>(79)</u>
Analysis of amount recognisable in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on assets	4,967	(6,992)
Experience gains and losses on liabilities	(1,186)	(309)
Changes in assumptions	(1,943)	(4,691)
Actuarial gain/(loss) recognisable in STRGL	<u>1,838</u>	<u>(11,992)</u>
Movement in deficit during the year		
Deficit in scheme at beginning of year	(19,864)	(7,723)
Movement in year:		
Current service cost	(1,190)	(1,106)
Contributions	2,041	1,036
Net return	(910)	(79)
Actuarial gain/(loss)	1,838	(11,992)
Deficit in scheme at end of year	<u>(18,085)</u>	<u>(19,864)</u>
History of experience gains and losses		
Difference between expected and actual return on scheme assets (£000)	4,967	(6,992)
Percentage of scheme assets	16%	(30%)
Experience gains and losses on scheme liabilities (£000)	(1,186)	(309)
Percentage of scheme liabilities	(2%)	(1%)
Total amount recognisable in statement of total recognised gains and losses (£000)	1,838	(11,992)
Percentage of scheme assets/(liabilities)	4%	(28%)

7. Interest	2004	2003
	£000	£000
Paid: On bank overdrafts	(4)	(12)
Received	603	352
	<u>599</u>	<u>340</u>
8. Tax on profit on ordinary activities	2004	2003
	£000	£000
Corporation tax on profits of the year	4,339	3,615
Adjustments in respect of prior years	–	(2)
Total current corporation tax	<u>4,339</u>	<u>3,613</u>
Deferred tax transfer	(239)	50
(Over)/Under provision prior years	(15)	30
	<u>4,085</u>	<u>3,693</u>
Reconciliation of tax charge:		
Profit on ordinary activities before tax	<u>13,797</u>	<u>12,213</u>
Tax at 30% thereon	4,139	3,664
Effects of:		
Expenses not deductible for tax purposes	–	22
Difference between capital allowances for the period and depreciation charged	240	(40)
Losses of subsidiary now utilised	(9)	(16)
Difference in tax rates	(31)	(15)
Adjustments to tax charge in respect of previous periods	–	(2)
Current tax charge for period	<u>4,339</u>	<u>3,613</u>
9. Dividends	2004	2003
	£000	£000
Interim paid 24th October, 2003 (8.50p per share)	1,654	1,431
Proposed final payable 10th June, 2004 (17.00p per share)	3,309	3,065
	<u>4,963</u>	<u>4,496</u>

10. Earnings per share

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

	2004	2003
	£000	£000
Net profit attributable to shareholders		
Earnings – basic	9,712	8,520
Dividends received (note 15)	(213)	(173)
	<u>9,499</u>	<u>8,347</u>
Earnings – diluted		
	<u>9,499</u>	<u>8,347</u>
	Number	<i>Number</i>
Weighted average number of shares in issue		
Issued share capital	19,461,463	19,461,463
Shares held (note 15)	(772,955)	(754,610)
Weighting adjustment	(4,825)	73,900
	<u>18,683,683</u>	<u>18,780,753</u>
Basic		
Calculation adjustments:		
Executive share options	8,721	10,605
Savings related share option scheme	387,712	297,674
Performance related share scheme:		
Deferred shares	86,990	114,794
Matching shares	86,990	114,794
	<u>19,254,096</u>	<u>19,318,620</u>
Fully diluted		
	<u>19,254,096</u>	<u>19,318,620</u>

11. Fixed tangible assets

GROUP	Land & buildings		Plant, equipment & vehicles £000	Total £000
	Freehold £000	Long leasehold £000		
Cost or valuation				
At 25th January, 2003	24,116	230	76,669	101,015
Additions	30	–	3,405	3,435
Disposals	–	–	(2,070)	(2,070)
At 31st January, 2004	24,146	230	78,004	102,380
Depreciation				
At 25th January, 2003	3,738	102	54,920	58,760
Amount charged	274	9	5,677	5,960
Disposals	–	–	(1,885)	(1,885)
At 31st January, 2004	4,012	111	58,712	62,835
Net book value				
At 31st January, 2004	20,134	119	19,292	39,545
At 25th January, 2003	20,378	128	21,749	42,255
COMPANY				
Cost or valuation				
At 25th January, 2003	24,116	79	75,501	99,696
Additions	30	–	3,236	3,266
Disposals	–	–	(1,941)	(1,941)
At 31st January, 2004	24,146	79	76,796	101,021
Depreciation				
At 25th January, 2003	3,738	48	54,225	58,011
Amount charged	274	9	5,508	5,791
Disposals	–	–	(1,799)	(1,799)
At 31st January, 2004	4,012	57	57,934	62,003
Net book value				
At 31st January, 2004	20,134	22	18,862	39,018
At 25th January, 2003	20,378	31	21,276	41,685
GROUP AND COMPANY				
For the land and buildings at valuation made in 1970:				
Net book value				
At 31st January, 2004		71	38	109
At 25th January, 2003		71	38	109

11. Fixed tangible assets (continued)

Historical cost value for the land and buildings at valuation:

	Freehold £000	Long leasehold £000	Total £000
Historical cost at 31st January, 2004	28	20	48
Accumulated depreciation at 31st January, 2004	15	12	27
Net historical cost value at 31st January, 2004	13	8	21
<i>Net historical cost value at 25th January, 2003</i>	<i>13</i>	<i>8</i>	<i>21</i>

Depreciation

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

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

12. Investment in subsidiaries

	COMPANY	
	2004 £000	2003 £000
Subsidiaries		
Cost as at 25th January, 2003	3,287	3,287
Additions	–	–
Amounts written off	(990)	(990)
Amounts due to subsidiaries	(2,092)	(2,092)
At 31st January, 2004	205	205

Principal operating subsidiaries

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

All subsidiaries are wholly owned.

13. Stocks

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

	GROUP		COMPANY	
	2004 £000	2003 £000	2004 £000	2003 £000
Returnable containers	830	886	830	886
Materials	1,636	1,887	1,503	1,795
Finished goods	7,952	9,412	7,952	9,412
	10,418	12,185	10,285	12,093

14. Debtors	GROUP		COMPANY	
	2004 £000	2003 £000	2004 £000	2003 £000
Trade debtors	17,423	17,130	17,423	17,130
Other debtors	513	546	133	161
Prepayments and accrued income	1,978	2,112	1,935	2,112
Plant deposits	212	347	212	347
Amounts due by subsidiary companies	–	–	17	88
Pension scheme prepayment	–	134	–	134
	<u>20,126</u>	<u>20,269</u>	<u>19,720</u>	<u>19,972</u>

15. Investment	GROUP		COMPANY	
	2004 £000	2003 £000	2004 £000	2003 £000
Shares in A.G.BARR p.l.c.				
At 25th January, 2003	3,092	2,623	3,092	2,623
Shares purchased	163	1,123	163	1,123
Options exercised	(489)	(657)	(489)	(657)
Adjustment in value of opening shares	(16)	3	(16)	3
At 31st January, 2004	<u>2,750</u>	<u>3,092</u>	<u>2,750</u>	<u>3,092</u>

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

The Savings Related Benefit Trust, which was set up to hold shares for the SAYE, has purchased shares relating to two offers made under the SAYE. At 31st January, 2004 the trust held 430,902 ordinary shares in A.G.BARR p.l.c. at the first exercise price of 296p and 342,053 ordinary shares at the second exercise price of 336p. The shares held by the trust were purchased at an average price of 399p per share. The difference between the purchase and exercise prices is being written off by the company to the Profit and Loss Account over the life of the options.

The General Employee Benefit Trust, which was set up to hold shares for the PRSS, has purchased shares to satisfy the awards made for deferred shares under the PRSS. At 31st January, 2004 the trust held 62,000 shares which have been valued at cost.

The trusts have waived their rights to £213,000 in respect of dividends paid during the year and to future dividends until such time as the shares are transferred to the employees.

16. Creditors: Due within one year	GROUP		COMPANY	
	2004 £000	2003 £000	2004 £000	2003 £000
Bank overdraft	17	16	–	–
Trade creditors	5,706	7,538	5,706	7,538
Current corporation tax	2,445	1,980	2,407	1,961
Other taxes and social security costs	1,909	2,036	1,906	2,034
Accruals	13,840	12,647	13,794	12,602
Proposed dividend	3,308	3,065	3,308	3,065
Amounts due to subsidiary companies	–	–	401	235
	<u>27,225</u>	<u>27,282</u>	<u>27,522</u>	<u>27,435</u>

17. Financial instruments

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

Liquidity and funding risk

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

Foreign exchange risk

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

Financial assets

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

	GROUP		COMPANY	
	2004 £000	2003 £000	2004 £000	2003 £000
Cash at bank and on hand	<u>24,937</u>	<u>15,545</u>	<u>24,824</u>	<u>15,432</u>

Financial liabilities

The financial liabilities of the group and company were:

Bank overdraft	<u>17</u>	<u>16</u>	<u>-</u>	<u>-</u>
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18. Provisions for liabilities and charges

	GROUP		COMPANY	
	Deferred credit £000	Deferred tax £000	Deferred credit £000	Deferred tax £000
At 25th January, 2003	636	5,011	636	5,011
Profit and loss account	<u>(8)</u>	<u>(254)</u>	<u>(8)</u>	<u>(266)</u>
At 31st January, 2004	<u>628</u>	<u>4,757</u>	<u>628</u>	<u>4,745</u>

19. Deferred credit

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

20. Deferred tax

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

The provision made in the accounts is set out below.

	GROUP		COMPANY	
	2004	2003	2004	2003
	£000	£000	£000	£000
Attributable to timing differences between capital allowances granted for tax purposes and depreciation written off in the accounts	4,956	4,996	4,944	4,996
Other timing differences	(199)	15	(199)	15
	<u>4,757</u>	<u>5,011</u>	<u>4,745</u>	<u>5,011</u>

21. Share capital

Ordinary shares of 25p each

Authorised: 24,000,000 (2003 – 24,000,000)

	2004	2003
	£	£
Authorised: 24,000,000 (2003 – 24,000,000)	<u>6,000,000</u>	<u>6,000,000</u>
Issued and fully paid: 19,461,463 (2003 – 19,461,463)	<u>4,865,366</u>	<u>4,865,366</u>

At 31st January, 2004 options were exercisable over 28,700 ordinary shares under the Executive Share Option Plan at an exercise price of 378p per share at exercise dates between 1998 and 2005. Options were exercisable over 933,776 ordinary shares under the Savings Related Share Option Scheme at dates up to 2007 at exercise prices of 296p and 336p per share with an average of 318p per share.

22. Reserves

	Share premium account	Profit and loss account
	£000	£000
GROUP		
At 25th January, 2003	905	54,647
Retained earnings	–	4,749
At 31st January, 2004	<u>905</u>	<u>59,396</u>
COMPANY		
At 25th January, 2003	905	53,627
Retained earnings	–	4,510
At 31st January, 2004	<u>905</u>	<u>58,137</u>

23. Reconciliation of movements in shareholders' funds

	GROUP		COMPANY	
	2004 £000	2003 £000	2004 £000	2003 £000
Profit on ordinary activities after tax	9,712	8,520	9,473	8,408
Dividends	(4,963)	(4,496)	(4,963)	(4,496)
Net addition to shareholders' funds	4,749	4,024	4,510	3,912
Shareholders' funds brought forward	60,417	56,393	59,397	55,485
Shareholders' funds at 31st January, 2004	65,166	60,417	63,907	59,397

24. Capital commitments

	GROUP		COMPANY	
	2004 £000	2003 £000	2004 £000	2003 £000
Contracted (includes plant deposits (note 14))	1,999	1,203	1,999	1,203

25. Net cash inflow from operating activities

	2004 £000	2003 £000
Operating profit	13,198	11,873
Depreciation	5,960	6,019
(Gain)/loss on sale of tangible fixed assets	(89)	44
Government grants written back	(8)	(9)
Decrease/(increase) in stocks	1,766	(649)
(Increase) in debtors	(126)	(228)
Decrease/(increase) in investment	342	(469)
(Decrease)/increase in creditors	(760)	3,147
Pension provision release	134	9
	20,417	19,737

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

	2004	2003
	£000	£000
Increase in cash in the year	9,391	7,441
Net funds at 25th January, 2003	15,529	8,088
Net funds at 31st January, 2004	24,920	15,529

27. Analysis of changes in net funds

	At 25.01.03 £000	Cash flows £000	At 31.01.04 £000
Cash in hand and at bank	15,545	9,392	24,937
Overdrafts	(16)	(1)	(17)
Total	<u>15,529</u>	<u>9,391</u>	<u>24,920</u>

REVIEW OF THE TRADING RESULTS

	2004	2003	2002	2001	2000
	£000	£000	£000	£000	£000
Turnover	125,235	120,005	116,261	111,878	109,995
Operating profit	13,198	11,873	10,487	13,697	12,210
Interest	599	340	253	225	(114)
Profit on ordinary activities before tax	13,797	12,213	10,740	13,922	12,096
Tax on profit on ordinary activities	4,085	3,693	3,254	4,159	3,451
Profit on ordinary activities after tax	9,712	8,520	7,486	9,763	8,645
Dividends	4,963	4,496	4,202	4,200	3,813
Retained profit for the year	4,749	4,024	3,284	5,563	4,832
Earnings per share on issued share capital	49.90p	43.78p	38.47p	50.17p	44.42p
Dividend per share	25.50p	23.10p	21.60p	21.60p	19.60p

The Earnings per share on issued share capital for each period has been calculated to reflect the shares in issue at 31st January, 2004.

NOTES

NOTES





SOFT DRINKS

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