Bass Brewers Ltd

Financial Statements 27 September 1997
together with directors' report and report of the auditors

Registered number: 26018

Directors' report

For the 52 week period ended 27 September 1997

The directors present their annual report on the affairs of the Company, together with the financial statements and report of the auditors, for the 52 week period ended 27 September 1997.

Principal activities and business review

The principal activities of the Company consist of brewing, bottling and malting, and the supply of beer, wines and spirits and soft drinks to the tied and free trade.

On 15 March 1996 the brewing, bottling and malting, and supply business of Bass Holdings Limited, the immediate parent company of Bass Brewers Limited, was transferred to the Company. Prior to 15 March 1996, the Company was a dormant company. Accordingly, 1996 comparative figures represent 28 weeks trading.

The directors expect the general level of activity to continue to increase as a result of the companies constant development of new products and increased premiumisation within the product portfolio. Bass Brewers is characterised by its strength as a mature business reflected in the company's substantial operating cash flow.

Results and dividends

The profit of the Company for the period, after taxation, amounted to £50,503k . An interim dividend of £60,000k was paid on 24 September 1997. The directors do not recommend the payment of a final dividend.

Directors and their interests

The following served as directors of the Company during the period:

M Fisher
S E McBride
P S Swinburn
P Thomas
I J G Napier
M D Thomas
R T Winter (appointed 3 February 1997)
J S Holberry (appointed 1 August 1997)
M T Southwell (resigned 3 January 1997)
K Naffah (resigned 3 February 1997)
N H Letchet (resigned 23 June 1997)
A D Portno (resigned 1 October 1997)
A Smith (resigned 1 October 1997)

Directors' report (continued)

The directors and their families had the following interests in the ordinary shares of Bass PLC at 28 September 1996 and 27 September 1997.

Name of director	Name of Company and description of shares, debentures etc.		Fully paid (number of shares etc)		Under option (3) (number of shares etc)			
			1996 or date of appointment	1997	1996 or date of appointment	Granted during period	Exercised during period	1997
M Fisher	Bass Plc Ordinary	Ben (1)	-	-	31,400	8,500	(5,300)	34,600
	shares of 25p	Bepss (2)	498	963	-	-	-	-
S E McBride	Bass Plc Ordinary	Ben (1)	-	-	74,081	1,200	(54,800)	20,481
	shares of 25p	Bepss (2)	-	-	-	-	-	-
P S Swinburn	Bass Plc Ordinary	Ben (1)	978	8,302	50,519	3,078	(1,476)	52,121
	shares of 25p	Bepss (2)	1,687	1,600	-	-	-	-
P Thomas	Bass Plc Ordinary	Ben (1)	-	-	43,620	1,000	(21,000)	23,620
	shares of 25p	Bepss (2)	1,846	1,770	-	-	-	-
M D Thomas	Bass Plc Ordinary	Ben (1)	4,797	5,769	40,327	4,309	(1,126)	43,510
	shares of 25p	Bepss (2)	1,645	1,509	-	-	-	-
R T Winter	Bass Plc Ordinary	Ben (1)	-	-	60,896	2,100	-	62,996
	shares of 25p	Bepss (2)	-	-	-	-	-	
J S Holberry	Bass Plc Ordinary	Ben (1)	-	-	24,775	-	-	24,775
	shares of 25p	Bepss (2)	760	760	-	-	-	-
A Smith	Bass Plc Ordinary	Ben (1)	6,446	7,865	55,584	752	(788)	55,548
	shares of 25p	Bepss (2)	1,759	1,580	-	-	-	-
			20,416	30,118				

(1) Ben = Beneficial

(2) Bepss = Shares held by Trustees under the Bass Employee Profit Share Scheme

(3) Shares held under the Bass Executive Share Option Scheme and the Bass Employee Savings Share Scheme.

Options are exercisable at prices between 367.00p and 852.00p per ordinary shares on dates up to 2005.

The holding of Dr A D Portno and Mr I J G Napier, who are also directors of Bass Plc, is reported in the Bass Plc financial statements.

Contracts and arrangements

No director was materially interested in any contract of significance to the Company's business, other than a service contract.

Fixed assets

Information relating to changes in fixed assets is given in notes 9, 10 and 11 to the financial statements.

In the opinion of the directors there is no material difference between the book and the current value of interests in land and buildings.

Directors' report (continued)

Supplier Payment Policy

The Company agrees payment terms with all of its main suppliers and abides by these terms subject to satisfactory performance by the supplier. Amounts owed to other suppliers are settled on or before the end of the month following receipt of a valid invoice. At 27 September 1997, trade creditors outstanding represented approximately 34 days purchases from suppliers comprising trade creditors.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that all employees be given equal opportunities in respect of training, career development and promotion.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

In addition to widely established arrangements involving briefing group consultancy committees and the publication of Company newspapers, there has been an increasing use of video programmes as part of the general process of employee consultation.

The Group encourages the involvement of employees in the Group's success through share ownership.

All eligible employees are able to participate in the Bass Employee Share Ownership Scheme and the Bass Employee Savings Share Scheme.

It is Company policy that there shall be no discrimination in respect of sex, colour, religion, race, nationality or ethnic origin and that equal opportunity shall be given to all employees.

Post Balance Sheet Event

On 3 November, Bass Brewers Limited agreed, subject to regulatory approval, to acquire Burton Brewery from Carlsberg Tetley.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Ernst & Young as auditors for the ensuing period.

137 High Street
Burton upon Trent
Staffordshire
DE14 1JZ

25 November 1997

By order of the Board,

S Newland
Secretary

Statement of Director's Responsibilities

in relation to financial statements

The following statement, which should be read in conjunction with the Report of the Auditors set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

Following discussions with the Auditors, the Directors consider that, in preparing the financial statements on pages 6 to 23 inclusive, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Bass Brewers Limited

We have audited the financial statements on pages 6 to 23, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 6 to 7.

Respective responsibilities of Directors and auditors

As described on page 4 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. 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 considered 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 27 September 1997 and of its profit for the 52 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
Birmingham

Dated 25 November 1997

ERNST & YOUNG

Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding period, is set out below.

a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets. They have been drawn up to comply with applicable accounting standards.

Group financial statements have not been prepared because the company is a wholly owned subsidiary undertaking of another UK company.

b) Government grants

Grants receivable relating to depreciable assets are credited to a deferred income account and released to revenue over the estimated useful lives of the relevant assets.

c) Investments

Fixed asset investments are stated individually at cost less any provision for permanent diminution in value.

d) Leases

Assets held under finance leases are capitalised in the balance sheet within tangible fixed assets and are depreciated at the appropriate rates. The capital element of future lease payments is included in borrowings. The interest element of the lease obligations is charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.(Further information is given in note 20).

e) Pensions

The Group principally operates two pension plans covering the majority of permanent full time UK employees, both of which are of the defined benefit type. The assets of the plans are held in separate trustee administered funds. The cost of providing these pension benefits, both regular pension cost and variations in regular pension cost, is charged to the profit and loss account over the average expected service lives of current employees. Differences between the amount charged in the profit and loss account and the payment made to the plans are treated as either provisions or prepayments in the balance sheet.

(Further information is given in note 3c).

f) Research and development

Expenditure on research and development is charged to the profit and loss account as incurred.

g) Stocks

Stocks are stated at the lower of cost, including an appropriate element of production overhead cost, and net realisable value.

h) Intangible fixed assets

Intangible fixed assets consist of purchased brands, valued at cost, less provision for permanent dimunition in value.

Accounting policies (continued)

i) Tangible fixed assets and depreciation

(i) Freehold and leasehold properties are stated at cost or valuation, less depreciation where relevant. All other fixed assets are stated at cost.

(ii) Surpluses arising from the professional valuations of properties are taken direct to the revaluation reserve. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account reserve. Any deficit arising from the professional valuation of properties is taken direct to the revaluation reserve to the extent that such deficit is regarded as temporary. Where a permanent diminution in value of an individual property is identified, the deficit is eliminated against any revaluation reserve in respect of that property with any excess being charged to the profit and loss account.

(iii) Freehold land is not depreciated

(iv) Freehold properties are written off over 50 years, from the later of the date of acquisition and latest valuation.

(v) Leasehold properties are written off over 50 years, from the later of the date of acquisition and latest valuation.

(vi) Cost of plant, machinery, fixtures, fittings, tools and equipment (owned or leased) is spread, by equal instalments, over the estimated useful lives of the relevant assets, namely:

Plant and machinery	4 - 20 years
Equipment in retail outlets	3 - 10 years
Information technology equipment	3 - 5 years
Vehicles	3 - 10 years

(vii) Interest payable in respect of certain major projects is capitalised to the extent that it relates to the period prior to the project becoming operational.

j) Taxation

(i) Advance corporation tax on dividends paid or proposed which is expected to be recovered in the future is incorporated in the deferred taxation balance.

(ii) Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future. Where this policy gives rise to a balance which will be offset against future taxation liabilities, this balance is carried forward as a debtor. No liability is considered to arise for deferred taxation in respect of UK industrial buildings allowances as the properties are expected to be used in the business for periods longer than that for which the allowances could be reclaimed on disposal. Similarly, no liability is considered to exist for taxation deferred by UK roll-over relief due to the level of continuing capital investment.

k) Turnover

Turnover represents sales (excluding VAT and similar taxes, trade discounts and intra-group transactions) of goods and services, net of discounts, provided in the normal course of business.

l) Cashflow statement

In accordance with FRS 1 (Revised) these financial statements do not include a cash flow statement as the Company is a wholly owned subsidiary undertaking of Bass PLC whose financial statements for the year to 30 September 1997 include a consolidated cash flow statement.

Profit and Loss Account

For the 52 week period ended 27 September 1997

	Notes	1997 £000	1996 £000
Turnover	1		
Continuing operation:		1,616,647	885,214
Costs and overheads, less other income	2	(1,486,331)	(804,891)
Operating profit			
Continuing operation:		130,316	80,323
Profit/(loss) on sale of fixed assets	4	1,907	(1,887)
Exceptional costs	5	(23,179)	-
Profit on ordinary activities before interest		109,044	78,436
Other interest receivable and similar income		44	254
Interest payable and similar charges	6	(18,462)	(2,503)
Profit on ordinary activities before taxation		90,626	76,187
Tax on profit on ordinary activities	7	(40,123)	(31,470)
Profit on ordinary activities after taxation		50,503	44,717
Dividends	8	(60,000)	(36,000)
Retained (loss)/ profit for the period	19	(9,497)	8,717

Results for 1996 relate to the business acquired from Bass Holdings Limited on 15 March 1996. Accordingly, comparative figures represent 28 weeks trading.

Notes on pages 11 to 23 form an integral part of these financial statements.

Statement of Recognised Gains and Losses

The only recognised gain in the period is the profit after tax of £50,503k

Historical Cost Profits and Losses

There is no difference between the Historical Cost basis of accounting and that adopted in the accounts.

Reconciliation of Movement in Shareholders' Funds

For the 52 week period ended 27 September 1997

	1997 £000	1996 £000
Profit attributable to ordinary shareholders	**50,503**	**44,717**
Ordinary dividends	(60,000)	(36,000)
	(9,497)	8,717
Issue of Ordinary shares	-	599,278
Net (deduction)/addition to shareholders' funds	**(9,497)**	**607,995**
Opening shareholders' funds	608,717	722
Closing shareholders' funds	599,220	608,717

Balance Sheet

	Notes	1997 £000	1996 £000
Fixed assets			
Intangible assets	9	-	27,500
Tangible assets	10	442,405	453,811
Investments	11	290,171	333,094
		732,576	814,405
Current assets			
Stocks	12	91,986	103,114
Debtors	13	459,511	243,632
Cash at bank and in hand		21,365	1,686
		572,862	348,432
Creditors: Amounts falling due within one year	14	(363,376)	(277,563)
Net current assets		209,486	70,869
Total assets less current liabilities		942,062	885,274
Creditors: Amounts falling due after more than one year	15	(326,318)	(270,544)
Provisions for liabilities and charges	17	(16,524)	(6,013)
		599,220	608,717
Capital and reserves			
Equity share capital	18	1,722	1,722
Share premium account	19	598,278	598,278
Profit and loss account	19	(780)	8,717
Shareholders Funds		599,220	608,717

Debtors include amounts recoverable after one year of £16m (1996:£16m) - see note 13

Signed on behalf of the Board

P Thomas
Director

25 November 1997

Notes on pages 11 to 23 form an integral part of these financial statements

Notes to financial statements

1 Segment analysis

Turnover and profit before tax is all attributable to the provision of Branded Drinks through its brewing, bottling and malting, and supply business.

All of the company's business is performed in the United Kingdom.

2 Costs and overheads, less other income

	1997 £000	1996 £000
Raw materials and consumables	477,118	214,103
Excise duty on own products	566,943	362,386
Staff costs (note 3a)	117,358	61,470
Depreciation of tangible fixed assets		
- owned	62,691	32,331
- held under finance leases and hire purchase contracts	3,924	1,726
Maintenance and repairs	19,749	9,563
Advertising costs	23,124	9,510
Other external charges	210,570	134,833
Change in stocks of finished goods and work in progress	10,642	(17,910)
Income from fixed asset investments	(5,788)	(3,121)
	1,486,331	804,891

All the costs, overheads and income relate to continuing activities. Results for 1996 relate to the business acquired from Bass Holdings Limited on 15 March 1996. Accordingly, comparative figures represent 28 weeks trading.

		1997 £000	1996 £000
The following amounts are included above:			
Hire of plant and machinery	- under operating leases	529	280
	- other	3,817	917
Other operating lease rentals		2,244	1,058
Auditors' remuneration	- audit work	160	79
	- non-audit work	11	138
Research and development expenditure		1,764	278

Notes to financial statements (continued)

3 Staff

a) Costs

	1997 £000	1996 £000
Employee costs during the period amounted to:		
Wages and salaries	95,751	50,183
Employee profit share scheme	4,361	2,093
Social security costs	7,385	3,838
Pensions	9,861	5,356
	117,358	61,470

b) Average number of employees

The average number of persons employed by the Company during the period including part time employees was as follows:

	1997 Number	1996 Number
Production	1,801	1,697
Sales	1,299	1,250
Administration	569	688
	3,669	3,635

c) Pensions

Retirement and death benefits are provided for eligible Group employees in the United Kingdom principally by the Bass Employees' Security Plan and the Bass Executive Pension Plan. Members of these plans are contracted out of the State Earnings Related Scheme. The plans are externally funded defined benefit schemes based upon final pay levels. The assets of these plans are mainly held in self-administered trust funds separated from the Group's assets.

The pension costs related to the two principal plans are assessed in accordance with the advice of independent qualified actuaries using the projected method. The latest actuarial valuations of the plans were made as at March 1997 but take into account the removal of tax credits announced subsequently.

As at March 1997, the market value of the combined assets of the plans was £1,692m and the actuarial value of the assets was sufficient to cover 109% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The regular pension cost for the period was £9,861k (1996:£5,356k) with variation from regular pension cost of £nil (1996:£nil).

Notes to financial statements (continued)

3 Staff (continued)

d) Directors' remuneration:

Directors' remuneration was paid in respect of directors of the company as follows:

	1997 £000	1996 £000
Fees as directors	629	298
Other emoluments	54	21
Bonuses	385	127
	1,068	446

The above figures do not include any amount for the value of share options granted to, or held by, the directors. In the period to 27 September 1997, 7 directors exercised share options. All of the directors are members of the Bass Executive Pension Scheme - a defined benefit scheme.

The directors' remuneration shown above included:

	1997 £000	1996 £000
Highest paid director	213	86
Accrued pension at year end	16	11

During the period, the highest paid director exercised 54,800 (1996:nil) options in Bass PLC resulting in a total gain of £175k (1996:£nil).

4 Profit/(loss) on sale of fixed assets

	1997 £000	1996 £000
Property	737	(61)
Other fixed assets	1,029	127
Release/(provision) for permanent diminution in value of assets for sale	141	(1,953)
	1,907	(1,887)

Notes to financial statements (continued)

5 Exceptional costs

	1997 £000	1996 £000
Surplus on disposal of Carlsberg Tetley brands	(1,870)	-
Loss on termination of operations	25,049	-
	23,179	-

Following the regulatory block on the proposed merger with Carlsberg Tetley, Bass PLC Group was required to dispose of all of its interests in that company. The resulting disposal of Carlsberg Tetley brands by Bass Brewers Limited resulted in a net surplus of £1,870k.

Subsequent to the above transaction, the company agreed to acquire a brewery from Carlsberg Tetley and to restructure its brewing operations. The cost of this restructuring programme, which involves the closure of two of the company's existing breweries, is £25,049k.

6 Interest payable and similar charges

	1997 £000	1996 £000
Bank borrowings and other loans	18,462	2,503

Included in the above is the interest element of charges payable under finance leases (and hire purchase contracts) amounting to £396k (1996:£319k).

Included in the above is £16,353k (1996:£1,432k) payable to other Bass PLC Group undertakings.

7 Tax on profit on ordinary activities

	1997 £000	1996 £000
UK Corporation tax - current period at 32%(1996:33%)	41,365	26,857
UK deferred tax	(1,242)	4,613
	40,123	31,470

Had the Company been providing the full amount of potential deferred taxation, the charge for the period would have been increased as follows:

Capital allowances	(4,958)	11,894
Other timing differences	(2,822)	(1,384)
	(7,780)	10,510

Notes to financial statements (continued)

8 Dividends paid and proposed

	1997 £000	1996 £000
Ordinary		
- interim paid of 3,485p (1995 - 2,091p) per share	60,000	36,000
	60,000	36,000

9 Intangible assets

	Brands £000
Cost	
At 28 September 1996	27,500
Disposals (note 5)	(27,500)
At 27 September 1997	-

Notes to financial statements (continued)

10 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost				
At 28 September 1996	84,174	387,784	305,104	777,062
Additions	8,541	28,196	35,833	72,570
Disposals	(106)	(10,418)	(8,183)	(18,707)
Transfers	-	3	(3)	-
At 27 September 1997	92,609	405,565	332,751	830,925
Depreciation				
At 28 September 1996	5,317	193,266	124,668	323,251
Provided in the period	2,836	26,827	36,952	66,615
Provided against provisions	7	-	60	67
Accelerated depreciation-exceptional	2,567	7,118	364	10,049
Disposals	(7)	(5,275)	(6,180)	(11,462)
Transfers	-	-	-	-
At 27 September 1997	10,720	221,936	155,864	388,520
Net book value				
At 28 September 1996	78,857	194,518	180,436	453,811
At 27 September 1997	81,889	183,629	176,887	442,405
At 27 September 1997 the cost of depreciable assets included in the above was:	82,582	405,565	332,751	820,898
The net book value of assets held under finance leases included in the total above was:				
At 28 September 1996	-	-	10,101	10,101
At 27 September 1997	-	-	8,702	8,702

Analysis of properties	Cost £000	Depreciation £000	Net Book Value £000
At 27 September 1997:			
Unlicensed properties	4,031	(234)	3,797
Freehold	75,214	(9,945)	65,269
Leasehold over 50 years	-	-	-
Leasehold under 50 years	3,337	(541)	2,796
Total properties	82,582	(10,720)	71,862

Notes to financial statements (continued)

11 Fixed asset investments

	Subsidiary Undertakings £000	Associated Undertakings £000	Trade Loans and advances £000	Total £000
Cost:				
At 28 September 1996	3,714	495	358,830	363,039
Additions	-	-	37,962	37,962
Disposals	-	-	(81,139)	(81,139)
At 27 September 1997	3,714	495	315,653	319,862
Provision for diminution in value:				
At 28 September 1996	-	-	29,945	29,945
Provided for the period	-	-	9,275	9,275
Eliminated on disposals	-	-	(9,529)	(9,529)
At 27 September 1997	-	-	29,691	29,691
Net book value:				
At 28 September 1996	3,714	495	328,885	333,094
At 27 September 1997	3,714	495	285,962	290,171

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows :-

Name of Company	Country of Registration and Operation	Holding	Proportion of Voting Rights	Nature of Business
Subsidiary undertakings				
Bass and Tennent Sales Limited	England and Wales	Ordinary	100%	Dormant
International Beer Importers Limited	England and Wales	Ordinary	100%	Dormant
Premium Beer Company Limited	England and Wales	Ordinary	100%	Dormant
Associated Undertakings				
Grolsch UK Limited	England and Wales	Ordinary	49%	Supply of Beer

Notes to financial statements (continued)

12 Stocks

	1997 £000	1996 £000
Raw materials	29,614	28,796
Consumable stores	17,915	19,219
Work-in-progress	5,465	5,772
Finished goods	38,992	49,327
	91,986	103,114

The replacement cost of stocks approximates to the value above.

13 Debtors

	1997 £000	1996 £000
Amounts falling due within one year:		
Trade debtors	173,770	163,077
Amounts owed by group undertakings	239,092	43,017
Amounts owed by associated undertakings	2,557	5,846
Other debtors	20,106	4,886
Prepayments and accrued income		
- other	23,986	26,806
	459,511	243,632

Prepayments and accrued income of £15,719k (1996:£15,719k) are due after more than one year.

14 Creditors: Amounts falling due within one year

	1997 £000	1996 £000
Obligations under finance leases and hire purchase contracts (note 16)	3,575	6,189
Bank loans and overdrafts (note 16)	-	5,230
Borrowings (note 16)	888	1,442
Trade creditors	84,257	68,470
Amounts owed to group undertakings	33,185	7,353
Amounts owed to associated undertakings	2,037	743
Other creditors		
- UK corporation tax payable	26,365	17,857
- ACT payable	15,000	9,000
- other taxation and social security	71,907	57,535
- other creditors	14,904	13,548
Accruals and deferred income		
- Pension	8,211	3,134
- Other	103,047	87,062
	363,376	277,563

Bank loans and overdrafts are unsecured

Notes to financial statements (continued)

15 Creditors: Amounts falling due after more than one year

	1997 £000	1996 £000
Obligations under finance leases and hire purchase contracts (note 16)	4,613	3,246
Borrowings (note 16)	16,833	22,485
Holding Company Loans	300,000	240,000
Amounts owed to group undertakings	3,714	3,714
Accruals and deferred income	1,158	1,099
	326,318	270,544

A holding company loan of £240,000k was issued on 24th August 1996 and is repayable in full in 20 years. Interest accrues quarterly at LIBOR + 0.45%. A further loan of £60,000k was issued on 24 September 1997 and is repayable in full on 31 October 1997. No interest accrues on this loan.

16 Borrowings

a) Obligations under finance leases and hire purchase contracts

	1997 £000	1996 £000
Due within 1 year	3,575	6,189
Due within 1-2 years	4,613	3,246
	8,188	9,435

b) Analysis of borrowings by year of repayment

	1997 £000	1996 £000
Due within one year	888	1,442
Due: between one and two years	888	1,572
between two and five years	2,664	5,616
after five years, by instalment	13,281	15,297
Due after more than one year	16,833	22,485
Total borrowings	17,721	23,927

Total borrowings comprise:

	1997 £000	1996 £000
Bank overdrafts and borrowings drawn for 90 days or less	-	-
Other borrowings	17,721	23,927
	17,721	23,927
Amounts repayable by instalments part of which fall due after five years	17,721	23,927

16 Borrowings (continued)
c) Analysis of borrowings

	1997		1996	
	Within one year £000	After one year £000	Within one year £000	After one year £000
Unsecured bank loans and overdrafts:				
Trading Current Accounts	-	-	5,230	-
	-	-	5,230	-
Secured - other loans:				
Bank Interest Differential Scheme	-	499	438	1,871
Pub Purchase Plan	888	16,334	1,004	20,614
Total other loans	888	16,833	1,442	22,485

Bank Interest Differential Scheme Interest is paid at between 1% and 2.5%above bank base rates. Pub Purchase Plan interest is paid at 2.25% above bank base rates.

Individual loans under the Bank Interest Differential Scheme are guaranteed by the company as required. At 27 September 1997, the total amount guaranteed by the company was £223k (1996:£121k).

Pub Purchase Plan and Bank Interest Differential Scheme loans,made direct from banks to customers, are secured on the customer's property to which they relate. In the event of a default in relation to a Pub Purchase Plan loan, the company is liable for the excess of the loan outstanding over 70% of the bricks and mortar value of the pub.

No security is held over the assets of Bass Brewers Limited.

17 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

	1997 £000	1996 £000
Deferred taxation (note 17a)	-	1,242
Reorganisation provisions (note 17b)	15,000	828
Vacant Leasehold Properties Provision (note 17b)	1,524	3,943
	16,524	6,013

Notes to financial statements (continued)

17 Provisions for liabilities and charges (continued)

a) Deferred taxation

Deferred taxation has been provided to the extent that the directors have concluded on the basis of reasonable assumptions and the intentions of management that it is probable that part of the liability will crystallise.

	1997 £000	1996 £000
Excess of tax allowances over book depreciation of fixed assets	-	2,740
Other timing differences related to		
- current assets and liabilities	-	(1,498)
	-	1,242

The movement on deferred taxation comprises:

	1997 £000
At 28 September 1996	1,242
Charged to profit and loss, in respect of	
- capital allowances	(2,740)
- other timing differences	1,498
At 27 September 1997	-

The amounts of unprovided deferred taxation are as follows:

	1997 £000	1996 £000
Excess of tax allowances over book depreciation of fixed assets	65,616	70,574
Other timing differences related to		
- pensions	(2,545)	(933)
- current assets and liabilities	(1,500)	(290)
	61,571	69,351

b) Other provisions

The movement on other provisions comprises:

	Reorganisation provisions £000	Vacant Leasehold Property provisions £000	Total £000
At 28 September 1996	828	3,943	4,771
Profit and loss account	14,863	(275)	14,588
Expenditure	(691)	(2,144)	(2,835)
At 27 September 1997	15,000	1,524	16,524

Notes to financial statements (continued)

18 Called-up share capital

	1997 £000	1996 £000
Authorised,allotted, called-up and fully-paid		
1,721,600 ordinary shares of £1 each	1,722	1,722
100 US$ deferred shares of $1 each	-	-
	1,722	1,722

Movements in ordinary shares during the period:

	Number of shares
At 28 September 1996 and 27 September 1997	1,721,600

19 Reserves

	Share premium account £000	Profit and loss account £000	Total £000
At 28 September 1996	598,278	8,717	606,995
Retained loss for the period	-	(9,497)	(9,497)
At 27 September 1997	598,278	(780)	597,498

20 Contingent liabilities and financial commitments

There are contingent liabilities not provided for in the accounts relating to:	1997 £000	1996 £000
Potential liability in respect of property disposal	200	200
	200	200

The Company has annual commitments under operating leases which expire as follows:

	Properties 1997 £000	Other 1997 £000	Properties 1996 £000	Other 1996 £000
Within 1 year	220	50	10	103
Between 1 and 5 years	93	479	881	329
After 5 years	3,242	-	2,731	-
	3,555	529	3,622	432

Notes to financial statements (continued)

21 Related Party Disclosure

The Company has taken advantage of the exemption in FRS 8 as a wholly owned subsidiary not to disclose details of related party transactions required by the standard.

22 Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Bass Holdings Limited incorporated in the United Kingdom and registered in England and Wales.

The only group in which the results of Bass Brewers Limited and subsidiary undertakings are consolidated is that headed by Bass PLC, incorporated in England and Wales. These accounts are available from Bass PLC registered office at 20 North Audley Street, London, W1Y 1WE.