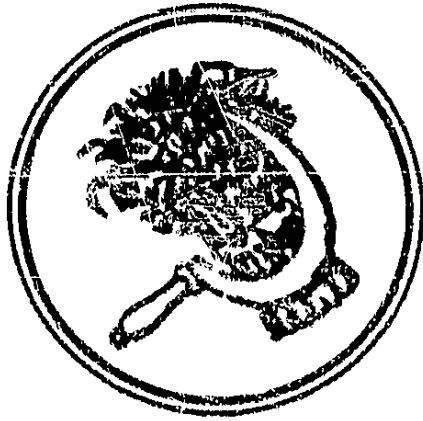


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THE HEAVYTREE BREWERY PLC

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Directors' Report and
Statement of Accounts
Year Ended 31st October 1985



ANNUAL REPORT AND ACCOUNTS

TABLE OF CONTENTS

	<i>Page</i>
Directors and Other Information	4
Notice of Meeting	5
Chairman's Statement	6
Directors' Report	7
Review of Profits and Dividends	11
Auditors' Report	12
Consolidated Profit and Loss Account	13
Consolidated Balance Sheet	14
Company Balance Sheet	15
Source and Application of Funds	16
Notes to the Accounts	17

The Heavitree Brewery PLC

DIRECTORS

W P Tucker *Chairman and Managing Director*

E H P Tucker

L Wood

Mrs E M Pease-Watkin

Mrs S M Duncan

SECRETARY AND REGISTERED OFFICE

C J B Dummett

The Heavitree Brewery PLC

Trood Lane

Matford

Exeter

EX2 8YP

BANKERS

National Westminster Bank PLC *Heavitree Exeter*

SOLICITORS

Ford, Simey & Ford *Exeter*

S J Berwin & Co *London*

AUDITORS

Ernst & Whinney *Exeter*

REGISTRAR

National Westminster Bank PLC

PO Box No 82

37 Broad Street

Bristol

BS99 7NH

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Ninety-Sixth Annual General Meeting of The Heavitree Brewery PLC will be held at the Marlborough Room, The Imperial Hotel, Exeter on Tuesday 25th March 1986 at 11.30 a.m. to transact the following business:

Ordinary Business

- 1 To receive and, if thought fit, adopt the Accounts of the Company for the year ended 31st October 1985, and the Report of the Directors thereon.
- 2 To declare final dividends on the Ordinary shares and the 'A' Limited Voting Ordinary shares.
- 3 To re-elect E H P Tucker as a director of the Company.
- 4 To re-appoint Messrs Ernst & Whinney as auditors of the Company for the period prescribed by Section 384(1) of the Companies Act 1985.
- 5 To authorise the Directors to determine the remuneration of the auditors.

Special Business

To consider and, if thought fit, pass the following Resolutions, of which Resolution 7 will be proposed as a Special Resolution:

- 6 THAT the authority conferred upon the Directors by Article 11(B) of the Company's Articles of Association (authority to allot, and to make offers or agreements to allot, relevant securities up to an aggregate nominal amount of £250,487) be hereby renewed for the period ending on the date of the Company's Annual General Meeting in 1987.
- 7 THAT the power conferred upon the Directors by Article 11(C) of the Company's Articles of Association (power to allot, or make offers or agreements to allot, equity securities as if Section 89 of the Companies Act 1985 did not apply to any such allotment) be hereby renewed for the period ending on the date of the Company's Annual General Meeting in 1987.
- 8 THAT the Company be hereby authorised to purchase up to an aggregate of 80,539 Ordinary Shares of 25p each and/or 162,270 'A' Limited Voting Ordinary Shares of 25p each in the capital of the Company at not more than £15 per share and not less than 25p per share (in each case exclusive of expenses) AND THAT the authority conferred by this Resolution shall expire on the date of the Company's Annual General Meeting in 1987 (except in relation to the purchase of shares the contract for which was concluded before such date and might be executed wholly or partly after such date).

By Order of the Board

C J B Dummett
Secretary

Trocod Lane
Matford

Exeter EX2 8YP

28th February 1986

NOTES.

- 1 Any Member entitled to attend and vote at the above Meeting may appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
- 2 Only holders of Ordinary Shares and 'A' Limited Voting Ordinary Shares are entitled to attend and vote at the Meeting. On a poll the Ordinary Shares carry one vote for every £1 in nominal amount and the 'A' Limited Voting Ordinary Shares carry one vote for every £10 in nominal amount.
- 3 There are contracts of service with two Directors which will be available for inspection at the registered office of the Company during normal business hours on any weekday and at the place of the Annual General Meeting for fifteen minutes prior to, and during, the Meeting.
- 4 The dividends, if approved, will be posted on 25th March 1986 to shareholders on the Register on 20th February 1986.

CHAIRMAN'S STATEMENT

YEAR'S RESULTS

Last year's profit on ordinary activities (£705,000) included a profit of £96,000 on the sale of the Prince of Wales, Newton Abbot. There has been no similar windfall this year but there has been a substantial improvement from Heavitree Incorporated, from a loss of £106,000 to a profit of £6,000. This, together with an improvement of £16,000 from our normal trading activities (after costs of about £50,000 which arose both from the move to Trood and from some exceptional professional fees) has resulted in a profit before tax of £737,000.

The Directors propose a final dividend on the Ordinary and 'A' Limited Voting Ordinary shares of 6.60p per share making a total of 8.25p for the year (1984-7.50p).

WINE AND SPIRIT DEPARTMENT

The new arrangements with Whitbread and Company have got off to a good start with increases in gallons sold being achieved. This year has borne all the cost of redundancies, stock write-offs and other closing down expenses and the full benefit of the change cannot be expected to materialise immediately. There is good reason to expect that the next two or three years will show a steady improvement.

BUCCANEER INNS

Last year's optimism has been justified with profits (subject to audit) up from £82,000 to £121,000.

Buccaneer is exercising its option to purchase at cost the Carpenter's Arms at Stanton Wick from us and a similar arrangement for the Harcourt Arms at Nuneham. Courtenay is currently being negotiated.

Further loan repayments have been made to us amounting to a total of £62,457 against last year's figure of £60,000. Since 1st November 1985 the monthly repayments have increased substantially.

I can say with confidence that we look to further improvement in the future.

HEAVITREE INC.

It is a great relief to be able to report the improvement in the fortunes of this subsidiary. Sales by our tenant continue to be satisfactory and after a further period of consolidation we hope to be considering our next move in the United States.

SHEEP

The problems besetting agriculture have not passed us by and a small improvement in the value of the flock to £89,000 (from £83,000) has been countered by a trading loss of £6,700.

PREMISES

You will see that the picture at the beginning of this report departs from tradition in that it is not one of our pubs. It shows our new headquarters and includes the employees who work there.

Contracts have been exchanged for the sale of our old premises in Heavitree subject to satisfactory planning approval being obtained by the purchaser.

CHAIRMAN'S STATEMENT

I hope that this may have reached a satisfactory conclusion before the Annual General Meeting.

We have leased the Pen Inn, Newton Abbot to Beefeater Steak Houses Limited. Substantial extensions and improvements have been made by them and trade is showing a good increase.

The freehold of the New House Hotel Shaldon was bought during the year and one of our existing tenants has taken a long lease on it. It has been altered and completely refurbished by him.

PERSONNEL

Ray Price retired from his executive responsibilities in March 1985. He joined us in 1957 to take over the role of Company Secretary and joined the Board of Directors in 1966. His contribution to the Company and his support to me have been invaluable. This is especially true of the time when we were planning the fundamental changes to the structure of the Company which culminated in 1970 with the ending of all our brewing and bottling activities.

He remains, I am happy to say, as a consultant and his experience and knowledge are highly valued.

Everyone in the Company has pulled his or her weight to the full and once again I express the gratitude of the Board and of the Shareholders to all our people.

I would like to make a special mention of the people in the wine and spirit department whose lives were disrupted this year. Those who are still with us have settled very well into their new roles and I take this opportunity to extend our best wishes for the future to those who have left.

FUTURE

As you all know, both classes of our Ordinary Shares are now dealt in on the Unlisted Securities Market of the Stock Exchange. This has achieved the objective of removing the difficulty of matching a buyer to a seller and there has been an increase in the number of transactions. After an initial price rise it has not led to any large movements in either the value or the ownership of our shares.

The change has, as you also know, made it possible for the Company to buy in its own shares. A number of shares have been bought and further shares may be bought if the Directors consider it appropriate in the light of prevailing circumstances. For this reason we are seeking to renew the necessary shareholders' authority at the Annual General Meeting; further details of this, and of the proposed renewal of the Directors' authority to allot unissued shares, are set out in the Directors' Report under the heading 'Special Business at the Annual General Meeting'.

No sudden changes in the Company's policies are contemplated. Our intention is to continue to improve our pubs, to buy new ones when the right opportunities occur and to maintain a close watch on the results of our activities.

W P Tucker
Chairman

DIRECTORS' REPORT

The Directors have pleasure in submitting their Ninety-Sixth Report to the members, for the year ended 31st October 1985.

PROFIT AND DIVIDENDS

The Directors submit the audited accounts for the year ended 31st October 1985. The profit for the year attributable to shareholders amounts to £391,000 and is dealt with as shown in the consolidated profit and loss account.

PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS DEVELOPMENTS, SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

The Group carries on the business of the operation of a series of Tied Houses in Devon and the servicing of certain free trade customers in the area. The Group also holds a freehold property in the United States.

The Chairman's Statement gives a review of business developments, subsequent events and future developments and therefore forms part of this Report for the purposes of Section 235 of the Companies Act 1985.

FIXED ASSETS

The Board obtained a valuation of all freehold properties at 31st March 1985, details of which are contained in Note 16 to the accounts.

DIRECTORS

Separate notices, under Sections 293 and 379 of the Companies Act 1985, have been received of the intention to propose the re-election of E H P Tucker, aged 81, as a director of the Company.

R C Price retired as a director of the Company on 18th March 1985.

SHARE CAPITAL

On 13th June 1985 the Company held an Extraordinary General Meeting at which the Ordinary Shares, the 'A' Ordinary Shares and the Unclassified Shares were sub-divided into 25p shares and (in the case of the 'A' Ordinary Shares) redesignated as 'A' Limited Voting Ordinary Shares, and the Company was authorised to purchase up to 27,170 of its Ordinary Shares and/or 54,340 of its 'A' Limited Voting Ordinary Shares.

On 20th June 1985 permission was granted for both classes of ordinary shares to be dealt in on the Unlisted Securities Market. The 11.5% Cumulative Preference Shares of £1 each continue to be listed on The Stock Exchange.

On 13th November 1985, the Company purchased 6,472 Ordinary Shares at £3.92 per share and 5,000 'A' Limited Voting Ordinary Shares at £3.20 per share.

DIRECTORS' REPORT

SPECIAL BUSINESS AT ANNUAL GENERAL MEETING

The Directors seek the renewal, until the 1987 Annual General Meeting, of the authority conferred upon them at the Extraordinary General Meeting in June 1985 to allot the unissued share capital of the Company, and also, in the case of ordinary share capital, to make small issues (not exceeding 5% of the authorised share capital) for cash otherwise than pro rata to existing holders of ordinary share capital.

The Directors also seek the renewal, until the 1987 Annual General Meeting, of the authority conferred upon the Company at the Extraordinary General Meeting in June 1985 to purchase its own shares. At the time the authority was granted it was, under The Stock Exchange practice current at that time, limited to 5% of the issued shares of each class of ordinary share capital. The Stock Exchange subsequently raised the limit to 15% and shareholders are asked to extend the authority accordingly.

DIRECTORS' INTERESTS

The beneficial interests of the Directors, their spouses and infant children in the Company's shares as at 31st October were as follows:

	25p Ordinary shares 1985	£1 Ordinary shares 1984	25p 'A' Limited Voting Ordinary shares 1985	£1 'A' Ordinary shares 1984	£1 11 5% Cumulative Preference shares 1985	1984
W P Tucker	100,326	24,294	67,685	17,140	13,787	21,037
E H P Tucker	37,136	9,384	5,568	1,392	20,831	20,500
L Wood	800	—	2,792	607	407	312
Mrs E M Pease-Watkin	26,840	6,710	41,580	10,395	4,000	4,000
Mrs S M Duncan	14,000	8,425	72,720	22,550	27,562	39,037

In addition L Wood is the non-beneficial holder as trustee of 14,740 25p 'A' Limited Voting Ordinary Shares.

There have been no changes in these shareholdings from 31st October up to the date of this report.

W P Tucker is a Director of Buccaneer Inns Limited and Buccaneer Leisure Limited but does not receive fees in that capacity. On 10th June 1985 the Company entered into service contracts with W P Tucker and L Wood which contain a three year notice period.

SUBSTANTIAL INTERESTS

Notifications have been received of the following shareholdings which exceed 5% of the relevant classes of share capital.

	'A' Limited Ordinary	Voting Ordinary	Ordinary
Guinness Mahon Nominees Limited	—	56,000	—

DIRECTORS' REPORT

CAPITAL GAINS TAX

The Shares Valuation Division of the Inland Revenue has agreed the following values of both the £1 Ordinary Shares and the £1 'A' Limited Voting Ordinary Shares.

6th April 1965— £5.10 per £1 share (both classes) before adjusting for subsequent scrip issues on both classes of shares and subdivision into 25p shares on 13th June 1985.

12th May 1980— £9.10 per £1 share (both classes) before subdivision into 25p shares on 13th June 1985.

Professional advice should be taken in calculating any capital gains tax liability.

INCOME AND CORPORATION TAXES ACT 1970

The Company is a close company within the meaning of the Act.

MISCELLANEOUS

During the financial year, the Company has made charitable contributions amounting to £1,225 and contributed £300 to the funds of the Conservative Party.

DISABLED PERSONS

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees of the Group who become disabled to continue in their employment, or to be found other positions in the Group's employment.

AUDITORS

Ernst & Whinney have expressed their willingness to continue in office and a resolution proposing their re-appointment as auditors of the Company will be put to the members at the Annual General Meeting.

By Order of the Board
C J B DUMMETT
Secretary

28th January 1986

TEN YEAR REVIEW OF PROFITS AND DIVIDENDS

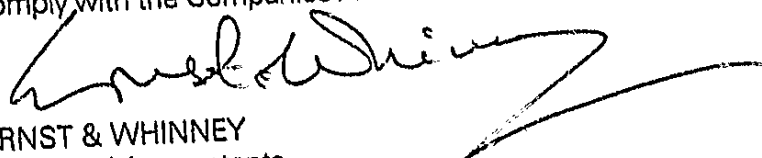
Year ended 31st October	Profit including Subsidiaries but excluding Associated Companies & sale of properties	Earnings per 25p share (Note 15)	Dividends per 25p share
	£000	p	p
1976	356	10.2	3.72
1977	446	11.6	4.15
1978	534	14.0	4.61
1979	547	15.8	4.82
1980	595	15.8	5.10
1981	687	18.0	5.63
1982	621	14.5	5.90
1983	588	11.0	6.25
1984	591	14.8	7.50
1985	712	22.8	8.25

The Heavitree Brewery PLC

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of The Heavitree Brewery PLC set out on pages 13 to 28 which have been prepared under the historical cost convention, modified by the revaluation of freehold properties. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give, under the accounting convention stated above, a true and fair view of the state of affairs of the Company and, so far as concerns the members of the Company, of the Group at 31st October 1985 and of the profit, changes in retained profits and source and application of funds of the Group for the year then ended and comply with the Companies Act 1985.



ERNST & WHINNEY
Chartered Accountants
Exeter

28th January 1986

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year Ended 31st October 1985

	Note	1985 £000	1984 £000
Turnover	2	4,749	4,470
Change in stocks of finished goods		(65)	22
Profit on sale of properties		—	96
Other operating income	3	664	594
Purchases of stock		(3,725)	(3,571)
Staff costs	4	(373)	(381)
Depreciation of tangible fixed assets	16	(61)	(67)
Other operating charges	6	(401)	(427)
Share of profits of Associated Companies		25	12
Income from other fixed asset investments	7	7	6
Other interest receivable and similar income	8	65	63
Interest payable and similar charges	9	(148)	(118)
Profit on ordinary activities before tax	10	737	705
Tax on profit on ordinary activities	11	(304)	(306)
Profit on ordinary activities after tax		433	399
Extraordinary item	12	(42)	—
Profit attributable to Shareholders	13	391	399
Dividends	14	196	184
Retained Profit for Year		195	215
Earnings per Ordinary Share	15	22.8p	14.8p

The notes on pages 17 to 28 form part of the accounts.

The Heavitree Brewery PLC

CONSOLIDATED BALANCE SHEET

31st October 1985

	Note	1985 £000	1984 £000
Fixed Assets			
Tangible assets	16	15,433	9,488
Investments	17/18	506	544
		<u>15,939</u>	<u>10,032</u>
Current Assets			
Stocks	19	105	170
Debtors	20	550	492
Cash at bank and in hand		41	14
Investment (short term)	21	66	32
		<u>762</u>	<u>708</u>
Creditors—amounts falling due within one year	22	<u>1,907</u>	<u>1,752</u>
Net Current Liabilities		<u>(1,145)</u>	<u>(1,044)</u>
Total Assets less Current Liabilities		14,794	8,988
Creditors—amounts falling due after one year	23	(300)	(399)
Provisions for Liabilities and Charges	25	<u>(46)</u>	<u>(46)</u>
		<u>14,448</u>	<u>8,543</u>
Capital and Reserves			
Called up share capital	26	950	950
Revaluation reserve	27	11,453	5,556
Other reserves	28	237	424
		<u>12,640</u>	<u>6,930</u>
Profit and loss account	29	1,808	1,613
		<u>14,448</u>	<u>8,543</u>

The notes on pages 17 to 28 form part of the accounts

On behalf of the Board W P TUCKER

L WOOD

Directors

28th January 1986

W. P. Tucker

COMPANY BALANCE SHEET

31st October 1985

	Note	1985 £000	1984 £000
Fixed Assets			
Tangible assets	16	14,376	8,215
Investments	17/18	<u>1,608</u>	<u>1,579</u>
		15,984	9,794
Current Assets			
Stocks	19	105	170
Debtors	20	542	487
Investment (short term)	21	<u>66</u>	<u>32</u>
		713	689
Creditors—amounts falling due within one year	22	<u>1,907</u>	<u>1,742</u>
Net Current Liabilities		<u>(1,194)</u>	<u>(1,059)</u>
Total Assets less Current Liabilities		14,790	8,735
Creditors—amounts falling due after one year	23	(296)	(394)
Provisions for Liabilities and Charges	25	<u>(46)</u>	<u>(46)</u>
		<u>14,448</u>	<u>8,295</u>
Capital and Reserves			
Called up share capital	26	950	950
Revaluation reserve	27	<u>11,453</u>	<u>5,556</u>
		12,403	6,506
Profit and loss account	29	<u>2,045</u>	<u>1,789</u>
		<u>14,448</u>	<u>8,295</u>

The notes on pages 17 to 28 form part of the accounts.

On behalf of the Board WP TUCKER }
LWOOD } Directors

28th January 1986

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended 31st October 1985

	1985 £000	1984 £000
Source of Funds		
Profit on ordinary activities (excluding Associated Company)	712	687
Adjustment for items not involving the movement of funds:		
Depreciation	61	67
(Profit) on disposal of tangible fixed assets	(2)	(98)
Translation (loss)/gain on currency for monetary items (unrealised)	(2)	7
Total Generated from Operations	769	663
Funds from Other Sources		
Proceeds on disposal of tangible fixed assets	30	179
Proceeds on disposal or repayment of fixed asset investments	65	81
	864	923
Application of Funds		
Dividends paid	185	164
Taxes paid	374	321
Purchases of tangible fixed assets	322	289
Purchases of and increase in fixed asset investments	2	88
Loans repaid	330	387
Cost of USM admission	42	-
	1,255	1,249
Decrease in Working Capital	(391)	(326)
(Decrease)/increase in stocks	(65)	22
Increase in debtors	58	54
(Increase) in creditors	(52)	(52)
Movement in net liquid funds:		
Bank balance and cash	(366)	(367)
Short term investment	34	17
	(391)	(326)

NOTES TO THE ACCOUNTS

31st October 1985

1. Statement of Accounting Policies

Accounting convention

The accounts are prepared under the historical cost convention modified by the revaluation of freehold properties.

Basis of Consolidation and Accounting for Associated Companies

The consolidated accounts incorporate the accounts of the Company and its Subsidiary for the year ended 31st October 1985.

The results of and investments in Associated Companies are accounted for under the provisions of Statement of Standard Accounting Practice No. 1.

Stocks

Stocks have been consistently valued at cost, calculated on a first-in, first-out basis, with the exception of the sheep, which are at an independent valuation.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on short term timing differences and all other timing differences which are not expected to continue in the future.

Depreciation

The provision for depreciation is calculated on the cost of equipment and vehicles in order to write off book values by equal instalments as follows:

Freehold building (United States)	4%
Equipment	10%
Vehicles	20%
Office equipment	20%

The nature of the licensed trade requires the maintenance of property to a high standard in order to protect the trade. Maintenance expenditure is charged against profits as incurred and is such that when applying the requirements of Statement of Standard Accounting Practice No 12, the aggregate of residual values of freehold licensed properties is, in the opinion of the Directors, at least equal to book amounts. Accordingly, licensed and other freehold properties in the United Kingdom are not depreciated.

Foreign currency translation

Translation of assets and liabilities held in foreign currencies is completed at the exchange rate ruling at the balance sheet date. Any profit or loss on translation is taken directly to reserve.

NOTES TO THE ACCOUNTS

31st October 1985

2. Turnover

Turnover represents the invoiced value of beers, wines, spirits, ciders and minerals to tenants and free trade customers and gaming machine revenue. Value added tax is excluded. All turnover is earned in the South West of England.

3. Other Operating Income	1985 £000	1984 £000
Rents from licensed and unlicensed properties	664	594

4. Staff Costs	1985 £000	1984 £000
Wages and salaries	262	263
Social security costs	18	16
Other pension costs	93	102
	<u>373</u>	<u>381</u>

Staff costs include Directors' salaries, social security and pension costs detailed in Note 5.

	No	No
Average numbers of staff	24	25

5. Directors' Remuneration	1985 £000	1984 £000
Fees	1	1
For executive services including pension contributions	117	124
	<u>118</u>	<u>125</u>
The following were also paid:		
Pension to director	6	5
Pension to former directors	6	3
	<u>40</u>	<u>38</u>
Remuneration of Chairman and highest paid director	No	No
Other directors received remuneration as follows:		
ENIL— £5,000	2	2
£5,001—£10,000	1	1
£10,001—£15,000	1	—
£25,001—£30,000	—	2
£30,001—£35,000	1	—
	<u>5</u>	<u>5</u>

6. Other Operating Charges	1985 £000	1984 £000
Include:		
Repairs and maintenance of properties	231	216
Auditors' remuneration	8	7
	<u>239</u>	<u>223</u>

NOTES TO THE ACCOUNTS

31st October 1985

7. Income from Other Fixed Asset Investments	1985 £000	1984 £000
Dividends from listed investments	4	4
Dividends from unlisted investments	3	2
	<u>7</u>	<u>6</u>

8. Other Interest Receivable and Similar Income	1985 £000	1984 £000
Interest from Associated Company	59	58
Other interest	6	5
	<u>65</u>	<u>63</u>

9. Interest Payable and Similar Charges	1985 £000	1984 £000
Bank interest on loans and overdrafts	143	115
Other interest	5	3
	<u>148</u>	<u>118</u>

All interest is charged on loans or overdrafts repayable within 5 years.

10. Profit on Ordinary Activities Before Tax

All the profit on ordinary activities is derived from the wholesaling of beers, wines, spirits, cider and minerals, the sale of properties and the administration of owned public houses in the South West of England, plus the profit of £6,000 (1984—Loss £108,000) from Heavitree Inc., the Company's Subsidiary Company in the USA.

11. Tax on Profit on Ordinary Activities	1985 £000	1984 £000
Corporation tax on the adjusted profit for the year at 42% (1984—47%)	304	322
Prior year adjustments	(5)	—
Deferred taxation—Excess of capital allowances over depreciation	5	(16)
	<u>304</u>	<u>306</u>

12. Extraordinary Item	1985 £000	1984 £000
Costs of obtaining admission to the Unlisted Securities Market	42	—

NOTES TO THE ACCOUNTS

31st October 1985

13. Profit Attributable to Shareholders

In accordance with the exemption allowed by Section 228(7) of the Companies Act 1985 the Company has not presented its own profit and loss account. Out of the Group profit attributable to shareholders of £391,000 (1984-£399,000), £452,000 (1984-£487,000) is dealt with in the accounts of the Holding Company.

14. Dividends

	1985				1984			
	Paid £000	Per Share p	Pro- posed £000	Per Share p	Total £000	Per Share p	Total £000	Per Share p
£1-11½% Preference	62	11.50	-	-	62	11.50	62	11.50
25p-Ordinary and 'A' Limited Voting Ordinary	27	1.65	107	6.60	134	8.25	122	7.50
	<u>89</u>		<u>107</u>		<u>196</u>		<u>184</u>	

15. Earnings per Share

Earnings per share including the Group's share of profits of the Associated Companies are calculated by dividing the profits on ordinary activities after taxation (after removing profits on sale of properties and preference dividends)-£371,000 (1984-£241,000) by the issued Ordinary and 'A' Limited Voting Ordinary Shares-1,630,200.

16. Tangible Fixed Assets

	Freehold land and buildings £000	Equipment and vehicles £000	Total £000
Group			
Cost and valuation			9,663
At 31st October 1984	9,475	188	342
Additions	272	70	(91)
Disposals	(21)	(70)	(197)
Exchange adjustment	(197)	-	5,897
Revaluation	5,897	-	
At 30th October 1985	<u>15,426</u>	<u>188</u>	<u>15,614</u>
At valuation 1985	13,246	-	13,246
At cost	<u>2,180</u>	<u>188</u>	<u>2,368</u>
Depreciation			175
At 31st October 1984	93	82	61
Charge for year	31	30	(43)
Disposals	-	(43)	(12)
Exchange adjustment	(12)	-	
At 31st October 1985	<u>112</u>	<u>69</u>	<u>181</u>
Net book amounts			15,433
At 31st October 1985	<u>15,314</u>	<u>119</u>	<u>15,433</u>
At 31st October 1984	<u>9,382</u>	<u>106</u>	<u>9,488</u>

NOTES TO THE ACCOUNTS

31st October 1985

16. Tangible Fixed Assets *continued*

Company	Freehold land and buildings £000	Equipment and vehicles £000	Total £000
Cost and valuation			
At 31st October 1984	8,118	188	8,306
Additions	272	70	342
Disposals	(21)	(70)	(91)
Revaluations	5,897	—	5,897
At 31st October 1985	14,266	188	14,454
At valuation 1985	13,246	—	13,246
At cost	1,020	188	1,208
Depreciation			
At 31st October 1984	9	82	91
Charge for year	—	30	30
Disposals	—	(43)	(43)
At 31st October 1985	9	69	78
Net book amounts			
At 31st October 1985	14,257	119	14,376
At 31st October 1984	8,109	106	8,215

Revaluation of freehold land and buildings

Messrs George Ham and Dugdale, Chartered Surveyors, 9 Boulevard, Weston-super-Mare, Avon, valued the Company's licensed properties and unlicensed properties on a current use basis subject to existing leases and tenancies as at 31st March 1985.

If these properties were included in the accounts at historic cost, their value would be lower by:

	1985 £000	1984 £000
Cost	11,438	5,558
Accumulated depreciation	6	6
Net book value	11,432	5,550

Option (Group and Company)

The Company had given an option which expired in 1985 to Buccaneer Inns Limited to purchase two freehold properties at the cost to the Company including subsequent alterations (1985—£507,600; 1984—£507,600).

The option in respect of one property is being exercised. Contracts for the sale of this property were exchanged in November, 1985.

Negotiations are actively taking place in respect of the other property and the company has extended the option period until such negotiations are concluded.

NOTES TO THE ACCOUNTS

31st October 1985

16. Tangible Fixed Assets *continued* Future Capital Expenditure (Group and Company)

	1985 £000	1984 £000
Authorised	22	—
Committed	28	40
	<u>50</u>	<u>40</u>

17. Fixed Asset Investments

	1985 £000	1984 £000
Group	1	1
Shares in Associated Companies (Note 18)	—	—
Loans to Associated Companies (Note 18)	407	444
less share of attributable losses	63	63
Listed investments (UK stock exchange)	13	13
Unlisted investments	22	23
Other loans	<u>506</u>	<u>544</u>
Company	1	1
Shares in Subsidiary	1,050	1,050
Loans to Subsidiary	1	—
Shares in Associated Companies (Note 18)	158	429
Loans to Associated Companies (Note 18)	63	63
Listed investments (UK stock exchange)	13	13
Unlisted investments	22	23
Other loans	<u>1,608</u>	<u>1,579</u>

Movements in fixed asset investments:—

Group	Associated Companies £000	Listed Investments £000	Unlisted Investments £000	Other Loans £000	Total £000
Cost at 31st October 1984	521	63	13	23	620
Additions	—	—	—	2	2
Disposals	(62)	—	—	(3)	(65)
Cost at 31st October 1985	<u>459</u>	<u>63</u>	<u>13</u>	<u>22</u>	<u>557</u>
Provision for diminution in value (share of losses of Associated Companies)	76	—	—	—	76
At 31st October 1984	(25)	—	—	—	(25)
Movements in year	—	—	—	—	—
At 31st October 1985	<u>51</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>51</u>
Net book amounts at 31st October 1985	<u>408</u>	<u>63</u>	<u>13</u>	<u>22</u>	<u>506</u>
Net book amounts at 31st October 1984	<u>445</u>	<u>63</u>	<u>13</u>	<u>23</u>	<u>544</u>

The Heavitree Brewery PLC

NOTES TO THE ACCOUNTS

31st October 1985

17. Fixed Asset Investments *continued*

Company	Subsidiary Company £000	Associated Companies £000	Listed investments £000	Unlisted Investments £000	Other Loans £000	Total £000
Cost at 31st October 1984	1,051	521	63	13	23	1,671
Additions	—	—	—	—	2	2
Disposals	—	(62)	—	—	(3)	(65)
Cost at 31st October 1985	1,051	459	63	13	22	1,608
Provision for diminution in value	—	92	—	—	—	92
At 31st October 1984	—	(92)	—	—	—	(92)
Movement in year	—	—	—	—	—	—
At 31st October 1985	—	—	—	—	—	—
Net book amounts	1,051	459	63	13	22	1,608
At 31st October 1985	1,051	429	63	13	23	1,579
Net book amounts	1,051	429	63	13	23	1,579
At 31st October 1984	1,051	429	63	13	23	1,579

The Company's Subsidiary Company is Heavitree Inc, a Company incorporated in the USA. It is 100% owned and its principal activity is the ownership and leasing of a freehold property.

The listed investments have a market value at 31st October 1985 of £145,000 (1984—£93,000).

The unlisted investments are valued by the Directors at 31st October 1985 at £13,000 (1984—£13,000).

NOTES TO THE ACCOUNTS

31st October 1985

18. Associated Companies

	1985 £000	1984 £000
Group	1	1
Shares at cost	(52)	(77)
Share of post acquisition (losses)	(51)	(76)
	87	87
Loan (unsecured) at 12% per annum	330	330
Loan (secured) at 12% per annum, repayable 1996	42	104
Loans (unsecured) at 1% to 2% over bank base rate	459	521
	408	445
Total		
Company	1	1
Shares at cost	87	87
Loan (unsecured) at 12% per annum	330	330
Loan (secured) at 12% per annum, repayable 1996	41	103
Loans (unsecured) at 1% to 2% over bank base rate	459	521
	—	(92)
Less: Provisions against shares and loans	459	429

The Company's Associated Companies at 31st October 1985 were as follows:

	Country of Incorporation	Class of shares	Percentage holding
Buccaneer Inns Limited	England	Ordinary shares of £1 'voting' 'A' shares of £1 'non-voting'	24.5% 24.5%
Buccaneer Leisure Limited	England	Ordinary Shares of £1	25.0%

The investments in Associated Companies were held throughout the year.

19. Stocks

	1985 £000	1984 £000
Group and Company	16	87
Alcoholic and soft drinks	89	83
Sheep	105	170

In the opinion of the directors the replacement cost of alcohol stocks exceeds the balance sheet value. The replacement value of sheep stocks is not significantly different from the balance sheet value.

NOTES TO THE ACCOUNTS

31st October 1985

20. Debtors	1985 £000	1984 £000
Group	456	427
Trade debtors	36	33
Amounts owed by Associated Companies	3	5
Other debtors	55	27
Prepayments and accrued income	550	492
Company	456	427
Trade debtors	36	33
Amounts owed by Associated Companies	3	4
Other debtors	47	23
Prepayments and accrued income	542	487
21. Investment (Short term)	1985 £000	1984 £000
Employee Benefits Trust—Loan	66	32
22. Creditors—amounts falling due within one year	1985 £000	1984 £000
Group	—	240
Bank loans—current portion (Note 24)	1,014	620
Bank overdrafts (unsecured)	322	329
Trade creditors	5	5
Taxation	2	2
Social security	49	41
Other creditors	116	81
Accruals	107	95
Proposed dividend	292	339
Corporation tax	1,907	1,752
Company	—	240
Bank loans—current portion (Note 24)	1,014	620
Bank overdrafts (Unsecured)	322	329
Trade creditors	5	5
Taxation	2	2
Social security	49	41
Other creditors	116	77
Accruals	107	95
Proposed dividend	292	339
Corporation tax	1,907	1,748

Trade creditors includes an amount of £21,000 (1984—£42,000), for both the Group and the Company, owing to suppliers who include reservation of title in their conditions of sale.

NOTES TO THE ACCOUNTS

31st October 1985

23. Creditors—amounts falling due after one year	1985 £000	1984 £000
Group	—	90
Loans (Note 24)	91	77
Tenants' deposits	209	232
Corporation tax payable 1st January 1987	<u>300</u>	<u>399</u>
Company	—	90
Loans (Note 24)	87	72
Tenants' deposits	209	232
Corporation tax payable 1st January 1987	<u>296</u>	<u>394</u>

24. Loans	1985 £000	1984 £000
Group	—	330
Loan from Guinness Mahon & Co. (United Kingdom)	—	240
Less: Current portion of loan (Note 22)	<u>—</u>	<u>90</u>
Company	—	330
Loan from Guinness Mahon & Co. (United Kingdom)	—	240
Less: Current portion of loan (Note 22)	<u>—</u>	<u>90</u>

The loan from Guinness Mahon was repaid on 9th May 1985.

25. Provisions for Liabilities and Charges	Group		Company	
	1985 £000	1984 £000	1985 £000	1984 £000
Deferred Taxation				
Accelerated capital allowances	92	87	92	87
A.C.T. on dividends recoverable against future tax liabilities	<u>(46)</u>	<u>(41)</u>	<u>(46)</u>	<u>(41)</u>
	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>

In addition, full provision for deferred taxation would require £3,432,000 for the potential capital gains tax on the revaluation of properties and £91,000 for rollover relief.

NOTES TO THE ACCOUNTS

31st October 1985

26. Called up Share Capital

Authorised		Arotted and fully paid	
1985	1984	1985	1984
£	£	£	£
541,963	541,963	541,963	541,963
—	135,850	—	135,850
135,850	—	135,850	—
—	271,700	—	271,700
271,700	—	271,700	—
—	250,487	—	—
250,487	—	—	—
£1,200,000	£1,200,000	£949,513	£949,513

On 13th June 1985 the Company held an Extraordinary General Meeting at which the Ordinary Shares, the 'A' Ordinary Shares and the Unclassified Shares were sub-divided and (in the case of the 'A' Ordinary Shares) redesignated as 'A' Limited Voting Ordinary Shares.

27. Revaluation Reserve

Group and Company	£000
Surplus on revaluation of freehold property	5,556
Balance at 1st November 1984	5,897
Revaluation in year	—
Balance at 31st October 1985	11,453

28. Other Reserves

	1985 £000	1984 £000
Group		
Gain on currency translation of Subsidiary Company (unrealised)	237	424

29. Profit and Loss Account

	1985 £000	1984 £000
Group		
Balance at 31st October 1984	1,613	1,337
Transfer from revaluation reserve	—	61
Retained profit for the year	195	215
Balance at 31st October 1985	1,808	1,613
Retained in:		
Holding Company	2,045	1,809
Subsidiary Company	(185)	(209)
Associated Companies	(52)	(77)
Balance at 31st October 1985	1,808	1,613

The Heavitree Brewery PLC

NOTES TO THE ACCOUNTS

31st October 1985

29. Profit and Loss Account *continued*

	1985 £000	1984 £000
Company		
Balance at 31st October 1984	1,789	1,425
Transfer from revaluation reserve	—	61
Retained profit for the year	266	303
Balance at 31st October 1985	<u>2,045</u>	<u>1,789</u>

30. Contingent Liability

The Company entered into a guarantee on 2nd July 1982 for £10,000 in favour of J & A Allen.