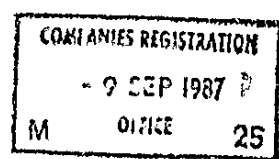


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HOME BREWERY PLC

REPORT AND ACCOUNTS

1987



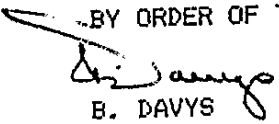
NOTICE OF MEETING

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NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Shareholders of the above Company will be held at the Brewery, Daybrook, Nottingham, on Thursday the twenty-seventh day of August 1987 at 11.00 a.m. for the following purposes:-

- (1) To receive the Statement of Accounts and the Reports of the Directors thereon.
- (2) To appoint Auditors.
- (3) To authorise the Directors to fix the remuneration of the Auditors.
- (4) To transact any other ordinary business.

BY ORDER OF THE BOARD,

  
B. DAVYS

SECRETARY

Registered Office,  
The Brewery, Daybrook,  
NOTTINGHAM NG5 6BU

31st July 1987

Note: Only holders of Ordinary Shares are entitled to attend this meeting.

DIRECTORS

BERNARD CROOK KILKENNY (CHAIRMAN)

WILLIAM MCCOSH (MANAGING)

MICHAEL JOHN SPURR

BARRY DAVYS

MICHAEL JAMES MCGLYNN

PHILIP THISTLETHWAITE

DAVID ANDREW STEPHEN

ANDREW NEIL BALLANTYNE (NON-EXECUTIVE)

SECRETARY

BARRY DAVYS

REGISTERED OFFICE

THE BREWERY, DAYBROOK, NOTTINGHAM

AUDITORS

ARTHUR YOUNG,  
Chartered Accountants.

BANKERS

NATIONAL WESTMINSTER BANK PLC

REPORT OF THE DIRECTORS

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The Company has changed its accounting reference date to the Sunday nearest the 30th April so that it coincides with that of its holding Company, Scottish & Newcastle Breweries plc and the Directors present to the Shareholders their Report and the Audited Accounts of the Company for the period 1st October 1986 to 3rd May 1987. These Accounts were approved by the Directors on 24th June 1987.

	£
The profit for the period, after providing for Taxation, amounts to	3,864,132
Out of which has been paid by way of Dividends on the Preference Shares and Dividend on the Ordinary Shares	1,557,695
	<hr/>
Leaving the balance now available for appropriation	2,326,437
	=====

This the Directors recommend be transferred to General Reserve.

With effect from the close of business on 3rd May 1987, all the trade, assets and liabilities of the Company were transferred to Scottish & Newcastle Breweries plc. These Accounts give effect to these transfers.

The principal activities of the Company during the period were brewing, malting, bottling of beer, and the wholesaling and retailing of beer, mineral waters and wines & spirits, together with management of licensed houses, hotels and off-licences.

The Directors of the Company at 3rd May 1987 are listed on Page 2. The following also served as Directors for part of the period:  
Mr R. Frisby, Mr C.G. Hayes, Mr K.T.D. Marsden, Mr H. Penman,  
Mr A.J. Robinson and Mr P.J. Wilkes.

The Company's performance during the period accorded in the main with expectations and detailed results are set out in the Profit and Loss Account.

All matters concerning the interests of Employees, the Company's trading results and its plans for the future are considered to the fullest extent through Joint Consultative Committees.

These Committees comprise elected representatives of the Administration, Staff and Works functions, along with Directors of the Company and the proceedings of the Meetings are minuted.

The Company gives careful consideration to applications for employment by disabled persons and pays due regard to the particular aptitudes and abilities of applicants.

Nine registered disabled persons are currently employed and, wherever practicable, the Company continues to employ personnel who may have become disabled during their employment and appropriate training is provided where required.

It is also confirmed that disabled persons receive the same opportunities for training, career development and promotion as are available to other employees, having due regard to their aptitudes and abilities.

At no time during the period did any Director have a material interest in any contract with the Company.

None of the Directors held any Shares in the Company at 3rd May 1987, nor at 30th September 1986, except for Mr B. Davys who holds one Ordinary Share and one 'S' Ordinary Share, both in trust for Scottish & Newcastle Breweries plc.

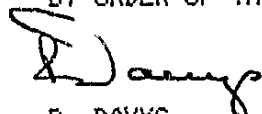
Shareholdings of the Directors in Scottish & Newcastle Breweries plc at 3rd May 1987, were as under. All the holdings are beneficial.

	<u>20p Ordinary Shares</u>		<u>Executive Share Option Scheme</u>	<u>7% Convertible Cumulative £1 Preference Shares</u>
	<u>Fully Paid</u>	<u>Savings-Related Share Option Scheme</u>		
B.C. KILKENNY	16,185		183,571	
W. McCOSH	929		79,632	
M.J. SPURR	409			1,100
B. DAVYS	250			1,100
M.J. McGLYNN	5,430	3,913		
P. THISTLETHWAITE	751	3,189		
D.A. STEPHEN				
A.N. BALLANTYNE	735	2,126	20,371	

Shareholdings of the Directors in Scottish & Newcastle Breweries plc at 30th September 1986 or subsequent date of appointment were:-

	<u>20p Ordinary Shares</u>		<u>Executive Share Option Scheme</u>	<u>7% Convertible Cumulative £1 Preference Shares</u>
	<u>Fully Paid</u>	<u>Savings-Related Share Option Scheme</u>		
B.C. KILKENNY	16,185	7,558	183,571	
W. MCCOSH	929		79,632	
M.J. SPURR	409			1,100
B. DAVYS	250			1,100
M.J. McGLYNN	872	3,913		
P. THISTLETHWAITE	751	3,189		
D.A. STEPHEN				
A.N. BALLANTYNE	735	2,126		

BY ORDER OF THE BOARD



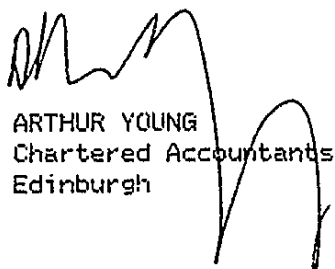
B. DAVYS  
SECRETARY  
24th June 1987

to the members of HOME BREWERY PLC

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We have audited the accounts on pages 7 to 18 in accordance with approved auditing standards.

In our opinion the accounts, which have been prepared under the historical cost convention, modified to include the revaluation of freehold and leasehold land and buildings, give a true and fair view of the state of the company's affairs at 3rd May 1987 and of its profit and source and application of funds for the period then ended and comply with the Companies Act 1985.



ARTHUR YOUNG  
Chartered Accountants  
Edinburgh

24th June 1987

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1ST OCTOBER 1986 TO 3RD MAY 1987

	Notes	7 Months to 3.5.87	Year to 30.9.86
		£000	£000
TURNOVER	2	30,295	51,842
Cost of Sales		16,489	32,641
GROSS PROFIT		13,806	19,201
Distribution and Licensed House Costs		(5,774)	(10,432)
Administrative Expenses		(3,278)	(4,729)
Surplus on Disposal of Fixed Assets		28	26
		4,782	4,066
Dividends from Shares in Group Companies		1,000	704
Income from Fixed Asset Investments		34	57
Interest Receivable	8	230	35
Interest Payable	8	(14)	(285)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,032	4,577
Taxation on Profit on Ordinary Activities	9	1,933	1,650
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,099	2,927
Extraordinary Items	10	215	547
PROFIT FOR THE PERIOD		3,884	2,380
Dividends	11	1,558	300
PROFIT FOR THE PERIOD RETAINED	12	2,326	2,080
		=====	=====



## BALANCE SHEET AS AT 30th MAY 1987

		03.05.87		30.09.86	
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Tangible Assets	12	-		127,229	
Investments	13	-		<u>3,062</u>	
			-		130,291
CURRENT ASSETS					
Stocks	14	-		4,403	
Debtors	15	5,379		4,415	
Cash at Bank and in Hand		120,000		1,539	
		125,379		<u>10,357</u>	
Creditors: amounts falling due within one year	16	-		<u>8,716</u>	
NET CURRENT ASSETS			125,379		1,641
TOTAL ASSETS LESS CURRENT LIABILITIES			125,379		131,932
Creditors: amounts falling due after more than one year					
Corporation Tax		-		1,354	
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred Taxation	9	-	-	7,525	8,879
TOTAL NET ASSETS			125,379		123,053
			=====		=====
CAPITAL AND RESERVES					
Called Up Share Capital	17		5,981		2,981
Revaluation Reserve		1,036		88,836	
General Reserves	18	30,562		31,236	
			119,398		120,072
			125,379		123,053
			=====		=====

*B. C. Killenny*  
*W. McCosh*

B.C. KILKENNY )  
W. MCCOSH )

DIRECTORS

24th June 1987

## SOURCE AND APPLICATION OF FUNDS FOR THE PERIOD 1ST OCTOBER 1986 TO 3RD MAY 1987

		7 Months to 3.5.87		Year to 30.9.86	
	Notes	£000	£000	£000	£000
SOURCE OF FUNDS					
Profit on Ordinary Activities before Taxation			6,032		4,577
Adjustment of items not involving the movement of funds:					
Depreciation	12		1,207		3,292
Profit on disposal of tangible fixed assets			(28)		(26)
TOTAL GENERATED FROM OPERATIONS			7,211		7,843
FUNDS FROM OTHER SOURCES					
Proceeds of disposals of tangible fixed assets		127,868		318	
Proceeds of sale of investments		3,062		710	
			130,930		1,028
			138,141		8,871
APPLICATION OF FUNDS					
Corporation tax and deferred tax transferred to Scottish & Newcastle Breweries plc		1,383		-	
Extraordinary items (before taxation)		9,718		547	
Tax Paid		273		373	
Dividends Paid	11	1,558		750	
Purchase of tangible fixed assets	12	1,818		4,814	
			14,750		6,484
			123,391		2,387
			=====		=====
CHANGES IN WORKING CAPITAL					
Stocks	14		(4,403)		(93)
Debtors	15		964		253
Creditors (excluding Corporation Tax)	16		8,369		(1,322)
Bank Overdraft			-		2,365
Cash at Bank and in Hand			118,461		1,184
			123,391		2,387
			=====		=====
NET INCREASE IN WORKING CAPITAL					

## NOTES ON THE ACCOUNTS FOR THE PERIOD 1ST OCTOBER 1986 TO 3RD MAY 1987

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1. ACCOUNTING POLICIES

The bases of accounting adopted in relation to items which are considered material in determining the profit for the period and in stating the financial position of the Company are given below. The Accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold and leasehold land and buildings.

- (a) Depreciation - No depreciation has been charged on Freehold properties other than the Brewery premises. It has been the company's policy to maintain its properties so that the value of the asset is not impaired by the passage of time, all renovations to properties being charged to Profit & Loss Account. Since 1st October 1986, however, renovations have been apportioned between Capital and Revenue, as appropriate.

Depreciation designed to write off the cost of the assets over their estimated useful lives has been provided during the period as follows:-

Brewery Premises: At 2% per annum on cost.

Leasehold Properties: Over the life of the lease until 30th June 1986. After that date, the Leasehold Properties (all of which have more than 50 years to run) have not been depreciated.

Plant & Vehicles: )  
) At 5% to 25% per annum on cost.  
Fixtures & Fittings )

- (b) Stocks - are valued at the lower of cost and realisable value and include overhead costs where appropriate.
- (c) Taxation - no provision for taxation is required, the liability having been transferred to the parent company.

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2. TURNOVER

Company turnover represents sales to outside customers, rents and other trading income. It excludes Value Added Tax and includes Excise Duty. The trading area for the Company is the United Kingdom.

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3. DIRECTORS AND STAFF	7 Months to 3.5.87 £	Year to 30.9.86 £
Directors' Remuneration is as follows :-		
Fees	3,675	20,500
Other Remuneration	110,342	247,455
Pension Premiums	8,123	26,155
	<u>122,140</u>	<u>294,110</u>
	=====	=====

The Chairman's Remuneration included in the above was: - 32,336

The Remuneration of the highest paid Director amounted to: 23,878 39,278

Other Directors' Remuneration was as follows:	Numbers	Numbers
£ 0 - £ 5,000	2	-
£ 5,001 - £10,000	8	1
£10,001 - £15,000	1	2
£15,001 - £20,000	1	-
£20,001 - £25,000	-	2
£25,001 - £30,000	-	3
£30,001 - £35,000	-	1

Compensation paid to three Directors for loss of office totalled £104,618.

Fully secured loans have been made with interest at 5% per annum to certain Directors and other employees for the purpose of house purchase or improvement.

Loans to Directors comprise:

	Balance 30.9.86	Maximum in the period	Balance 3.5.87	Term
B. DAVYS	9,598	9,838	-	20 years
M.J. SPURR	51,250	51,250	-	20 years

Loans and accrued interest to twenty-three other employees at 3rd May 1987, amounted in aggregate to £319,064. All these loans were transferred to Scottish & Newcastle Breweries on 3rd May, 1987.

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4. STAFF NUMBERS AND COSTS	7 Months to 3.5.87	Year to 30.9.86
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The average number of persons employed by the Company during the period was as follows:

Full-time	702	716
Part-time	1,714	1,699
	<u>2,416</u>	<u>2,415</u>
	=====	=====
Costs relating to Employees were:	£000	£000
Total Remuneration	4,981	8,013
Social Security	297	503
Pensions	226	391

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5. PLANT HIRE

Plant Hire charges payable by the Company for the period were £9,000 (Year to 30.9.86 - £28,000).

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6. AUDITORS' REMUNERATION

Auditors' Remuneration payable by the Company for the period was £15,000 (Year to 30.9.86 - £12,000).

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7. PENSION ARRANGEMENTS

The Pension Scheme of the Company provides final salary benefits for employees, and is exempt approved under the Finance Act 1970. The Company contribution to the Scheme for the calendar year 1987 is £370,236, and this is charged against profits on an accruals basis.

The amount of contribution is determined on the basis of actuarial advice, and a valuation of the Scheme is carried out every three years.

There are no pension commitments, other than those provided for.

---

8. (a) INTEREST RECEIVABLE

	7 Months To 3.5.87 £000	Year To 30.9.86 £000
Interest from Group Companies	200	-
Other Interest	30	35
	<u>230</u>	<u>35</u>
	===	===

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(b) INTEREST PAYABLE

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	7 Months To 3.5.87 £000	Year To 30.9.86 £000
Interest to Group Companies	-	141
Other Interest	14	144
	<hr/>	<hr/>
	14	285
	===	===

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9. TAXATION

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	7 Months To 03.05.87 £000	Year To 30.09.86 £000
The charge on the Profit for the period consists of:		
Corporation Tax at 35% (1986 - 37 1/2%)	2,093	1,680
Deferred Tax: Accelerated Capital Allowances	(120)	(30)
	<hr/>	<hr/>
	1,973	1,650
Less Overprovision for Corporation Tax no longer required	40	-
	<hr/>	<hr/>
	1,933	1,650
	=====	=====
 Deferred Tax to date consists of:		
Accelerated Capital Allowances	-	7,513
Other Timing Differences	-	12
	<hr/>	<hr/>
	-	7,525
	=====	=====

The balance on Deferred Tax Account was transferred to Scottish & Newcastle Breweries plc at the close of business on 3rd May, 1987.

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## 10. EXTRAORDINARY ITEMS

		7 Months To 3.5.87 £000	Year To 30.9.86 £000
Reorganisation costs following acquisition of the company by Scottish & Newcastle Breweries plc		9,718	-
Merger costs		-	547
Less related tax relief - corporation tax	940		
- deferred tax	1,805		
		(2,745)	-
		6,973	547
Deferred tax provision no longer required		(6,758)	-
		215	547
		=====	===

## 11. DIVIDENDS

	7 Months To 3.5.87 £000	Year To 30.9.86 £000
Preference - paid	12	60
Ordinary - paid	1,546	240
	1,558	300
	=====	===

During the period, Preference Dividend of £18,105 has been waived by Scottish & Newcastle Breweries plc

## 12. TANGIBLE FIXED ASSETS AND DEPRECIATION

	F/hold Props. £000	Props. held on Long Lease £000	Plant and Vehicles £000	Fixtures and Fittings £000	Total £000
Gross amount at Cost 30.9.86	109,883	5,170	22,265	4,413	141,731
Additions	683	4	540	591	1,818
Disposals	(18)		(120)	(146)	(284)
Transfer to Scottish & Newcastle Breweries plc	(110,548)	(5,174)	(22,685)	(4,858)	(143,265)
Gross Amount 03.05.87	-	-	-	-	-
	=====	=====	=====	=====	=====

	F/hold Props. £000	Props. held on Long Lease £000	Plant and Vehicles £000	Fixtures and Fittings £000	Total £000
Aggregate Depreciation 30.9.86	1,466	-	10,487	2,549	14,502
Charge for period	154	-	817	236	1,207
Aggregate Depreciation on Disposals	-	-	(102)	(64)	(166)
Transfer to Scottish & Newcastle Breweries plc	(1,620)	-	(11,202)	(2,721)	(15,543)
Aggregate Depreciation 03.05.87	-	-	-	-	-
Net Amount 03.05.87	-	-	-	-	-
	=====	=====	=====	=====	=====
Net Amount 30.09.86	108,417	5,170	11,778	1,864	127,229
	=====	=====	=====	=====	=====

## 13. FIXED ASSET INVESTMENTS

	Listed £000	Unlisted £000	Trade Loans £000	Total £000
Cost at 30.09.86	3	8	2,771	2,782
Additions	-	-	203	203
Repayments	-	-	(386)	(386)
	3	8	2,588	2,599
Shares in subsidiaries (all wholly owned) at cost 30.09.86				280
Transferred to Scottish & Newcastle Breweries plc				2,879
				=====



## HOME BREWERY PLC

## 14. STOCKS

The main categories of stocks are:

Raw Materials and Stores  
 Goods for Sale  
 Stocks in Managed Houses and Hotels

03.05.87 £000	30.09.87 £000
-	2,203
-	1,409
-	791
-	4,403
=====	=====

## 15. DEBTORS: Amounts falling due within one year:

Trade Debtors  
 Amounts Owed by Group Companies  
 Other Debtors  
 Prepayments & Accrued Income

03.05.87 £000	30.09.86 £000
-	3,179
5,379	50
-	664
-	149
5,379	4,042

DEBTORS: Amounts falling due after more than one yr:  
 Loans to Directors & Employees

-	373
5,379	4,415
=====	=====

## 16. CREDITORS: Amounts falling due within one year:

Trade Creditors  
 Amounts Owed to Group Companies  
 Taxation & Social Security  
 Other Creditors  
 Accruals  
 Proposed Dividend

03.05.87 £000	30.09.86 £000
-	3,516
-	1,315
-	2,768
-	745
-	372
-	-
-	8,716
=====	=====

SHARE CAPITAL	30.09.1987		30.09.1986	
	Authorised £000	Allotted Called Up & Fully Paid £000	Authorised £000	Allotted Called Up & Fully Paid £000
5.224% (now 4.025% plus tax credit)				
Cumulative Preference Shares of £1 each	1,800	1,481	1,800	1,481
Ordinary Shares of 25p each:	4,700		1,500	
Ordinary		4,125		1,125
'S' Ordinary		375		375
Unclassified Shares of £1 each	-		300	
	6,500	5,981	3,600	2,981
	=====	=====	=====	=====

During the period, the authorised share capital of the company was increased from £3,600,000 to £6,500,000 by the creation of 11,600,000 new Ordinary Shares of 25p. each and the 300,000 existing unissued unclassified shares of £1 each were subdivided into 1,200,000 shares of 25p. each, such shares then being reclassified as Ordinary Shares.

The sum of £3,000,000, being part of the sum standing to the credit of the company's General Reserves, was capitalised and applied in paying up new Ordinary Shares of 25p. each to be allotted and credited as fully paid up to Scottish & Newcastle Breweries plc.

#### 18. GENERAL RESERVES

	£000
Balance at 30th September, 1986	31,236
Transfer from Profit and Loss Account	2,326
	=====
	33,562
Increase in Share Capital	3,000
	=====
Balance at 2nd May, 1987	30,562
	=====

19. CAPITAL COMMITMENTS

Capital Expenditure for which no provision has been made in the Accounts is estimated at:

	03.05.87 £000	30.09.86 £000
Contracted	-	835
Authorised but not contracted	-	4,600
	<u>-</u>	<u>5,435</u>
	=====	=====

20. HOLDING COMPANY

The Directors consider the ultimate Holding Company to be Scottish & Newcastle Breweries plc, which is incorporated in the United Kingdom.