

Company Number: 32311

HOME BREWERY PLC
REPORT AND ACCOUNTS 1997



Directors' Report

The directors submit their report and the audited accounts for the year ended 27 April 1997.

Principal Activity and Future Developments

With effect from the close of business on 3 May 1987, all the trade, assets and liabilities of the Company were transferred to Scottish & Newcastle plc.

The Company has not traded during the year and has made neither a profit nor a loss. Therefore no Profit or Loss Account is attached. The directors do not foresee any significant change in the nature of the Company status.

Statement of Directors' Responsibilities in Respect of the Accounts

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

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

Directors

The following served as directors during (and, unless otherwise indicated, throughout) the year:-

I T Copeland	(resigned 3 September 1996)
G G Dickson	(resigned 3 September 1996)
G G M Izatt	(appointed 5 July 1996)
G D Kendrick	(resigned 3 September 1996)
K Lowery	(resigned 3 September 1996)
G D N Miller	(resigned 3 September 1996)
G F F Oliver	(resigned 3 September 1996)
M J Pearey	(appointed 5 July 1996)
C Williamson	

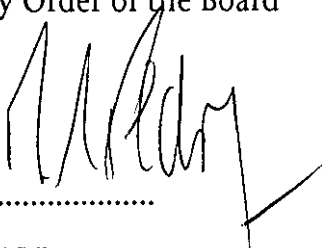
The Directors' interests in 20p Ordinary Shares of Scottish & Newcastle plc (including options granted under the terms of the United Kingdom employee share schemes to subscribe for Ordinary Shares) at 28 April 1996 (or appointment, if later) and at 27 April 1997 were as follows:-

	<u>27 April 1997</u>		<u>28 April 1996</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
G G M Izatt	12,563	46,148	10,592	39,821
M J Pearey	30,283	71,013	31,139	71,613
C Williamson	3,907	33,459	2,744	28,287

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

By Order of the Board



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M J Pearey
Director
3 November 1997

REPORT OF THE AUDITORS

to the members of Home Brewery PLC

We have audited the accounts on pages 5 to 7, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2, the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company as at 27 April 1997 and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
Edinburgh

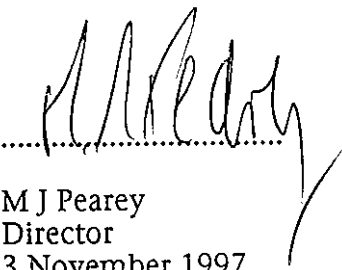
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HOME BREWERY PLC

Company Number: 32311

Balance Sheet at 27 April 1997

	<u>1997</u> <u>£</u>	<u>1996</u> <u>£</u>
<u>Current Assets</u>		
Debtors	<u>5,980,829</u>	<u>5,980,829</u>
<u>Capital and Reserves</u>		
Called up Share Capital 2	5,980,800	5,980,800
Profit & Loss Account	29	29
	<u>5,980,829</u>	<u>5,980,529</u>
Shareholders Funds:		
Equity	<div>4,500,029</div>	<div>4,500,029</div>
Non-equity	<div>1,480,800</div>	<div>1,480,800</div>
	<u><u>5,980,829</u></u>	<u><u>5,980,829</u></u>


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M J Pearey
Director
3 November 1997

HOME BREWERY PLC

Company Number: 32311

Notes to the Accounts at 27 April 1997

1. These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.
2. The Share Capital is as follows:-

Authorised

	<u>1997</u>	<u>1996</u>
<u>Equity Share Capital</u>		
Ordinary Shares of 25p each	4,325,000	4,325,000
"S" Ordinary Shares of 25p each	375,000	375,000
	<u>4,700,000</u>	<u>4,700,000</u>
<u>Non-Equity Share Capital</u>		
Cumulative Preference Shares	1,800,000	1,800,000
TOTAL	<u>6,500,000</u>	<u>6,500,000</u>

Issued and Fully Paid

<u>Equity Share Capital</u>		
Ordinary Shares of 25p each	4,125,000	4,125,000
"S" Ordinary Shares of 25p each	375,000	375,000
	<u>4,500,000</u>	<u>4,500,000</u>
<u>Non-Equity Share Capital</u>		
Cumulative Preference Shares	1,480,800	1,480,800
TOTAL	<u>5,980,800</u>	<u>5,980,800</u>

"S" Ordinary Shares and Ordinary Shares

The "S" Ordinary Shares rank *pari passu* with Ordinary Shares except that the holders of such "S" Ordinary Shares shall be entitled on a poll to 5 votes for each such share held.

Cumulative Preference Shares

The shares are 5.75% (now 4.025% plus tax) Cumulative Preference Shares and confer on the holders priority in the payment of dividends and repayment of capital. The dividends are at the fixed rate indicated. On a winding up the holders are entitled to a repayment of the amount paid up on their shares. The holders of Preference Shares are not normally entitled to attend or vote at general meetings of the Company, unless the Preference dividends are six months in arrears or if a resolution is to be proposed which affects the rights of the Preference Shares.

Home Brewery plc
William Younger House
Clarendon Park
Nottingham
NG5 1AH

Company Number: 32311
Tel: 0115 960 1749

3 November 1997

Ernst & Young
Chartered Accountants
Ten George Street
EDINBURGH
EH2 2DZ

Dear Sirs

The accounts for the year ended 27 April 1997 have been considered and approved at a duly convened meeting of the Board of Directors. The undersigned were authorised to sign the balance sheet on behalf of the Board and to give you the following assurances.

To the best of our knowledge and belief, and having made appropriate enquiries:

(a) Availability of information

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information have been made available to you, including the minutes of all directors' and shareholders' meetings which are a complete and authentic record of the proceedings at those meetings.

(b) Transactions with directors (or persons connected with them)

At no time during the year has the company had any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit transactions) for directors (or persons connected with them) or to guarantee or provide security for such matters.

(c) Related party transactions

During the year the directors have identified and approved related party transactions and provided the information for disclosure of all transactions relevant to the company in the accounts.

(d) Contingent liabilities

Provision has been made where a material loss is expected to result from any litigation or claims against the company. Other contingent liabilities at the balance sheet date, none of which is expected to result in a material loss to the company or in commitments which it cannot meet, have been disclosed in the accounts.

(e) Events after the balance sheet date

There have been no events since the balance sheet date which necessitate revision of the figures included in the accounts or the inclusion of a note thereto. Should any such material events occur before the date of the AGM, we will advise you accordingly.

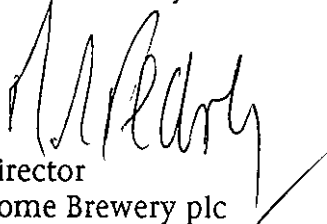
(f) Going concern

The accounts have been prepared on the going concern basis. In assessing the appropriateness of the going concern basis, the directors have taken account of all relevant information covering a period of at least twelve months from the date of approval of the accounts.

(g) Compliance with law or regulations

All those events which involve possible non-compliance with law or regulations of which the directors are aware, together with the actual or contingent consequences which may arise therefrom, have been disclosed to you.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'A. Beatty', is written over the printed name and title.

Director
Home Brewery plc