

27-922

HOME BREWERY PLC

ANNUAL REPORT AND ACCOUNTS

1986



HOME BREWERY PLC

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the NINETY-SEVENTH ANNUAL GENERAL MEETING of Shareholders of the above Company will be held at The Brewery, Daybrook, Nottingham on Friday, the 27th day of March 1987 at 11.00 am for the following purposes:

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

A Member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him; such proxy need not be a Member of the Company.

BY ORDER OF THE BOARD

B. DAVYS,
Secretary.



Registered Office:
The Brewery, Daybrook, Nottingham.
4th March, 1987

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

HOME BREWERY PLC

DIRECTORS

Bernard Crook Kilkenny, B.A., B.Sc., D.Phil., M.A. Chairman
Michael John Spurr, B.Sc., Ph.D., C.Eng., F.I.Chem.E. Managing Director
Roy Frisby
Barry Davys, F.C.A.
Philip John Wilkes, M.A. (Oxon)
Keith Thomas Dixon Marsden, Dip.Arch., F.R.I.B.A.
Harry Penman
Christopher Gordon Hayes, Dip.M.
Anthony John Robinson, M.A.

TECHNICAL DIRECTORS

George Robert Carrington
John Harold Cross
James Peter Deas, M.S.A.A.T.
John Arthur Eatherington, B.A., F.C.A.
Andrew Mills Freestone
Thomas William Hackett, M.C.I.T.
George William Hunt
Brian William Jackson
Peter Anthony Jackson
Peter Sydney Kirkland, F.C.A.
John Berresford Marsh
Robert Keith Rolph
Geoffrey Basil Swyer, A.C.I.S.

SECRETARY

Barry Davys, F.C.A.

REGISTERED OFFICE

The Brewery, Daybrook, Nottingham

AUDITORS

Hubbart, Durose & Pain, Chartered Accountants

BANKERS

National Westminster Bank PLC

HOME BREWERY PLC

REPORT OF THE DIRECTORS

Director

The Directors present to the Shareholders their Annual Report and the Audited Accounts of the Company for the year ended 30th September, 1986. These Accounts were approved by the Directors on 3rd March, 1987.

| | |
|--|------------------|
| | £ |
| The Group Profit for the year, after providing for Taxation, amounts to | 2,382,743 |
| Less: Profits retained by Subsidiary Companies | <u>2,449</u> |
| Leaving the Profit dealt with in the Accounts of the Parent Company | 2,380,294 |
| Out of which has been paid by way of Dividends on the Preference Shares and Interim Dividend of 4.0p. per Share on the Ordinary Shares | <u>299,602</u> |
| Leaving the balance now available for appropriation | <u>2,080,692</u> |
| This the Directors recommend be appropriated as follows: | |
| Transfer to General Reserve | 2,080,692 |
| | <u>2,080,692</u> |

The Directors do not recommend payment of a final dividend.

The principal activities of the Home Brewery Group during the year were brewing, malting, bottling of beer, mineral waters and wines & spirits and the wholesaling and retailing of these products, together with bonded warehouse-keeping and the ownership and management of licensed houses, hotels and off-licences.

The Directors of the Company at 30th September, 1986 are listed on page 2. Mr. B.H. Farr, Mr. P.R. Coope & Mr. G.S. Prosser also served during the year. Mr. Farr & Mr. Coope resigned on 30th September 1986, and Mr. Prosser on 17th April, 1986.

Mr. A.J. Robinson and Dr. B.C. Kilkenny were appointed to the Board of Directors on 1st April and 30th September 1986, respectively. Mr. A.J. Robinson retired on 12th January 1987. Dr. B.C. Kilkenny retires under Article 99 and, being eligible, offers himself for re-election.

Since the end of the financial year, Mr. W. McCosh, Mr. A.N. Ballantyne, Mr. M.J. McGlynn, Mr. P. Thistlethwaite and Mr. D. Stephen have been appointed Directors. Under Article 99 they retire and, being eligible, offer themselves for re-election.

The following Directors have resigned from the Board since the end of the financial year: Mr. R. Frisby, Mr. C.G. Hayes, Mr. K.T.D. Marsden, Mr. H. Penman & Mr. P.J. Wilkes.

The Group's performance during the year accorded in the main with expectations and detailed results are set out in the Consolidated 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 Meetings are minuted.

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

A number of registered disabled persons are currently employed and, wherever practicable, the Group 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.

During the year, a valuation of all the Home Brewery Group's licensed properties, excluding off licensed properties, was carried out by Fernie Greaves, Holland & Co., Chartered Surveyors. The basis of valuation at 30th June 1986, was open market value for existing use in the business of the Group. The valuation disclosed a surplus of £88.8M over net book value and this has been incorporated in these Accounts. The changes in Fixed Assets during the year are shown in Note (9).

During the year the Group made charitable contributions amounting to £7,500.

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Personal:

B.C. Kilk
M.J. Spurr
R. Frisby
B. Davys
P.J. Wilk
K.T.D. Ma
H. Penma
C.G. Hay
A.J. Rob

As Trust

B. Davys

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B.C. Kilkenny
M.J. Spurr
R. Frisby
B. Davys
P.J. Wilkes
K.T.D. Marsden
H. Penman
C.G. Hayes
A.J. Robinson

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REPORT OF THE DIRECTORS (Continued)

On 26th September 1986, the Company became a subsidiary of Scottish & Newcastle Breweries plc. Over 99% of the Ordinary and the 'S' Ordinary Shares were acquired by Scottish & Newcastle Breweries plc following their offer made on 4th September 1986. It is intended that the few remaining shareholdings will be acquired under S.428 Companies Act 1985.

Shareholdings of the Directors in Home Brewery PLC at 30th September 1985, were as follows:-

| | <u>Ordinary</u> | <u>'S' Ordinary</u> | <u>Preference</u> |
|----------------|-----------------|---------------------|-------------------|
| Personal: | | | |
| B.C. Kilkenny | - | - | - |
| M.J. Spurr | 100 | - | - |
| R. Frisby | 100 | - | - |
| B. Davys | 100 | - | - |
| P.J. Wilkes | 100 | - | - |
| K.T.D. Marsden | 2700 | 1110 | - |
| H. Penman | 100 | - | - |
| C.G. Hayes | 100 | - | - |
| A.J. Robinson | - | - | - |

As Trustee:

| | | |
|-----------------------------|-----------|---------|
| B. Davys (in joint account) | 1,248,941 | 461,694 |
|-----------------------------|-----------|---------|

None of the Directors held any shares in the company at 30th September 1986.

Shareholdings of the Directors in Scottish & Newcastle Breweries plc at 30th September 1986, were as follows:-

| | <u>20p Ordinary Shares</u> | | <u>Executive</u> | <u>7% Convertible</u> |
|----------------|----------------------------|----------------------|----------------------|-----------------------------|
| | <u>Savings-Related</u> | <u>Share</u> | <u>Share</u> | <u>Cumulative</u> |
| | <u>Fully Paid</u> | <u>Option Scheme</u> | <u>Option Scheme</u> | <u>£1 Preference Shares</u> |
| B.C. Kilkenny | 16185 | 7558 | 183571 | - |
| M.J. Spurr | 409 | - | - | 1100 |
| R. Frisby | 409 | - | - | 1100 |
| B. Davys | 250 | - | - | 1100 |
| P.J. Wilkes | 100 | - | - | 1100 |
| K.T.D. Marsden | 10597 | - | - | 43131 |
| H. Penman | 250 | - | - | 1100 |
| C.G. Hayes | 250 | - | - | 1100 |
| A.J. Robinson | 409 | - | - | 1100 |

It is the policy of Scottish & Newcastle Breweries plc to appoint the same firm of Auditors to all Companies in the Group and it is proposed that Messrs. Arthur Young be appointed the Company's Auditors with effect from 1st October 1986. Our thanks go to the retiring Auditors, Messrs. Hubbart, Durose & Pain, for the excellent services they have rendered over very many years.

B.C. KILKENNY, Chairman

Dated this 3rd day of March, 1987.



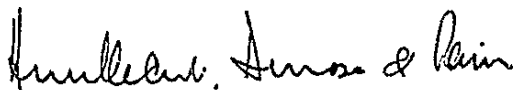
HOME BREWERY PLC

AUDITORS' REPORT TO MEMBERS

We have audited the accounts set out on pages 7 to 19 in accordance with approved Auditing Standards.

In our opinion these accounts, which have been prepared using the historical cost basis modified to include the valuation of certain properties, give a true and fair view of the state of affairs of the Company and of the Group at 30th September, 1986 and of the profit and source and application of funds of the Group for the year ended on that date, and comply with the Companies Act, 1985.

Dated this 3rd day of March, 1987.



HUBBART, DUROSE & PAIN

Chartered Accountants,

Nottingham.

HOME BREWERY PLC

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 30TH SEPTEMBER, 1986

| | Notes | 1986 £000 | 1985 £000 |
|---|-------|--------------|--------------|
| with | | | |
| TURNOVER | 2 | 58,820 | 56,419 |
| Cost of Sales | | 37,885 | 37,077 |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 20,935 | 19,342 |
| Distribution and Licensed House Costs | | (10,737) | (10,489) |
| Administrative Expenses | | (5,175) | (4,452) |
| Surplus on Disposal of Fixed Assets | | 31 | 53 |
| | | <hr/> | <hr/> |
| | | 5,054 | 4,454 |
| Income from Fixed Asset Investments | | 57 | 77 |
| Other Interest Receivable | | 35 | 64 |
| Interest Payable | | (143) | (148) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 5,003 | 4,447 |
| Taxation on Profit on Ordinary Activities | 8 | 2,073 | 1,573 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 2,930 | 2,874 |
| Merger Costs | | 547 | - |
| | | <hr/> | <hr/> |
| PROFIT FOR THE FINANCIAL YEAR | | 2,383 | 2,874 |
| Dividends | | 300 | 750 |
| | | <hr/> | <hr/> |
| PROFIT FOR THE YEAR RETAINED | | 2,083 | 2,124 |
| | | ===== | ===== |

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HOME BREWERY PLC

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 1986

| | Notes | 1986 £000 | 1986 £000 | 1985 £000 | 1985 £000 |
|---|-------|--------------|--------------|--------------|--------------|
| FIXED ASSETS | | | | | |
| Tangible Assets | 9 | 127,379 | | 37,545 | |
| Investments | 10 | 2,782 | 130,161 | 3,492 | 41,037 |
| | | | | | |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 6,055 | | 6,085 | |
| Debtors | 12 | 4,408 | | 4,112 | |
| Cash at Bank and in Hand | | 1,607 | | 412 | |
| | | | | | |
| | | 12,070 | | 10,609 | |
| Creditors: amounts falling due within one year | 13 | 8,595 | | 10,144 | |
| | | | | | |
| NET CURRENT ASSETS | | | 3,475 | | 465 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 133,636 | | 41,502 |
| | | | | | |
| Creditors: amounts falling due after more than one year | | | | | |
| Corporation Tax payable 1st January 1988 | | 1,762 | | 695 | |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| Deferred Taxation | 8 | 7,558 | 9,320 | 7,410 | 8,105 |
| | | | | | |
| TOTAL NET ASSETS | | | 124,316 | | 33,397 |
| | | | ===== | | ===== |
| CAPITAL & RESERVES | | | | | |
| Called up Share Capital | 14 | | 2,981 | | 2,981 |
| Revaluation Reserve | 15 | 88,836 | | - | |
| Other Reserves | 15 | 32,499 | 121,335 | 30,416 | 30,416 |
| | | | | | |
| | | | 124,316 | | 33,397 |
| | | | ===== | | ===== |

B.C. KILKENNY
W. McCOSH

B. Kilkeny
DIRECTORS
L. H. Lash

HOME BREWERY PLC

BALANCE SHEET AS AT 30TH SEPTEMBER, 1986

| | Notes | 1986 £000 | 1985 £000 | 1985 £000 | 1985 £000 |
|---|-------|--------------|--------------|--------------|--------------|
| FIXED ASSETS | | | | | |
| Tangible Assets | 9 | 127,229 | | 37,152 | |
| Investments | 10 | 3,062 | 130,291 | 3,772 | 40,924 |
| | | | | | |
| CURRENT ASSETS | | | | | |
| Stocks | 11 | 4,403 | | 4,496 | |
| Debtors | 12 | 4,415 | | 4,162 | |
| Cash at Bank and in Hand | | 1,539 | | 355 | |
| | | | | | |
| | | 10,357 | | 9,013 | |
| Creditors: amounts falling due within one year | 13 | 8,716 | | 10,120 | |
| | | | | | |
| NET CURRENT ASSETS/(LIABILITIES) | | | 1,641 | | (1,107) |
| | | | | | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 131,932 | | 39,817 |
| | | | | | |
| Creditors: amounts falling due after more than one year | | | | | |
| Corporation Tax payable 1st January 1988 | | 1,354 | | 331 | |
| | | | | | |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | | | |
| Deferred Taxation | 8 | 7,525 | 8,879 | 7,350 | 7,681 |
| | | | | | |
| TOTAL NET ASSETS | | | 123,053 | | 32,136 |
| | | | ===== | | ===== |
| | | | | | |
| CAPITAL & RESERVES | | | | | |
| Called up Share Capital | 14 | | 2,981 | | 2,981 |
| Revaluation Reserve | 15 | 88,836 | | - | |
| Other Reserves | 15 | 31,236 | 120,072 | 29,155 | 29,155 |
| | | | | | |
| | | | 123,053 | | 32,136 |
| | | | ===== | | ===== |

B.C. KILKENNY
W. MCCOSH

) DIRECTORS

B. C. Kilkenny
W. McCosh

HOME BREWERY PLC

SOURCE AND APPLICATION OF FUNDS FOR
THE YEAR ENDED 30TH SEPTEMBER, 1986

| | Notes | 1986 | | 1985 | |
|---|-------|--------------|-------------------|--------------|-------------------|
| | | £000 | £000 | £000 | £000 |
| SOURCE OF FUNDS | | | | | |
| Profit on Ordinary Activities before Taxation | | | 5,003 | | 4,447 |
| Adjustment for items not involving the movement of funds: | | | | | |
| Depreciation | 9 | | 3,357 | | 3,075 |
| | | | <u> </u> | | <u> </u> |
| TOTAL GENERATED FROM OPERATIONS | | | 8,360 | | 7,522 |
| FUNDS FROM OTHER SOURCES | | | | | |
| Disposals of Tangible Assets | 9 | | 291 | | 91 |
| | | | <u> </u> | | <u> </u> |
| | | | 8,651 | | 7,613 |
| APPLICATION OF FUNDS | | | | | |
| Merger Costs | | 547 | | - | |
| Tax Paid | | 786 | | 1,422 | |
| Dividends Paid | | 750 | | 708 | |
| Purchase of Tangible Assets | 9 | 4,645 | | 6,930 | |
| Decrease in Investments | 10 | <u>(710)</u> | <u>6,018</u> | <u>1,109</u> | <u>10,169</u> |
| | | | 2,633 | | (2,556) |
| | | | <u>=====</u> | | <u>=====</u> |
| CHANGES IN WORKING CAPITAL | | | | | |
| Stocks | 11 | | (30) | | 748 |
| Debtors | 12 | | 296 | | 708 |
| Creditors (excluding Corporation Tax) | | | (1,193) | | 264 |
| Bank Overdraft | | | 2,365 | | (2,365) |
| Cash at Bank and in Hand | | | 1,195 | | (1,911) |
| | | | <u> </u> | | <u> </u> |
| NET INCREASE/(DECREASE) IN WORKING CAPITAL | | | 2,633 | | (2,556) |
| | | | <u>=====</u> | | <u>=====</u> |

HOME BREWERY PLC

NOTES ON THE CONSOLIDATED ACCOUNTS FOR
THE YEAR ENDED 30TH SEPTEMBER, 1986

(1) ACCOUNTING POLICIES

The bases of accounting adopted in relation to items which are considered material in determining the profit for the year and in stating the financial position of the Group are given below. A separate Profit and Loss Account for the Parent Company has not been presented, in accordance with Section 228 (7) of the Companies Act, 1985. The Accounts have been prepared under the historical cost convention except that certain properties are included at valuation.

- (a) Depreciation - No depreciation has been provided on Freehold properties other than the Brewery premises. It has been the Group'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 the Profit & Loss Account in the year in which the expenditure is incurred. Depreciation designed to write off the cost of the assets over their estimated useful lives is provided as follows:

Brewery Premises: At $2\frac{1}{2}\%$ 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 and Vehicles,

Fixtures & Fittings: At 10% to $33\frac{1}{3}\%$ per annum on cost.

- (b) Stocks - are valued at the lower of cost and realisable value and include overhead costs where appropriate.
- (c) Taxation - Provision under the liability method for Deferred Taxation has been made as detailed in Note (8).
- (d) Consolidation - The Consolidated Profit and Loss Account and Balance Sheet consist of the Accounts of the Parent Company and its subsidiaries, all of which are made up to 30th September.

(2) TURNOVER

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

(3) DIRECTORS AND STAFF

Directors' remuneration is as follows:

| | 1986 | 1985 |
|--------------------|----------------|----------------|
| Fees | £ 20,500 | £ 19,500 |
| Other Remuneration | 247,455 | 226,885 |
| Pension Premiums | 26,155 | 32,859 |
| | <u>294,110</u> | <u>279,244</u> |

The retiring Chairman's remuneration included in the above was:

| | |
|---------|---------|
| £32,336 | £31,273 |
|---------|---------|

The remuneration of the highest paid director amounted to:

| | |
|---------|---------|
| £39,278 | £38,888 |
|---------|---------|

The new Chairman received no remuneration.

Other Directors' remuneration was as follows:

| | Numbers | Numbers |
|-------------------|---------|---------|
| £30,001 - £35,000 | 1 | - |
| £25,001 - £30,000 | 3 | 3 |
| £20,001 - £25,000 | 2 | 2 |
| £15,001 - £20,000 | - | 1 |
| £10,001 - £15,000 | 2 | 2 |
| £ 5,001 - £10,000 | 1 | - |
| £ 0 - £ 5,000 | - | 1 |

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

Loans to Directors comprise:

| | Balance 30.9.85 £ | Maximum in the yr. £ | Balance 30.9.86 £ | Term |
|---------------|-------------------------|----------------------------|-------------------------|----------|
| B. Davys | 10,800 | 11,112 | 9,598 | 20 years |
| M.J. Spurr | 50,745 | 51,250 | 51,250 | 20 years |
| P.J. Wilkes | 18,880 | 18,880 | 18,156 | 25 years |
| H. Penman | 10,250 | 10,250 | 10,250 | 20 years |
| C.G. Hayes | - | 30,621 | 30,135 | 25 years |
| A.J. Robinson | - | 30,000 | 30,000 | 19 years |

Loans and accrued interest to twenty-two other employees at 30th September, 1986 amounted in aggregate to £259,946.

| 1985 | | 1986 | 1985 |
|------|--|-------|-------|
| | (4) STAFF NUMBERS AND COSTS | | |
| | The average number of persons employed by the Group during the year was as follows: | | |
| | Full-time | 778 | 807 |
| | Part-time | 1,702 | 1,706 |
| | | | |
| | | 2,480 | 2,513 |
| | | ===== | ===== |
| | | £000 | £000 |
| | Costs relating to Employees were: | | |
| | Total remuneration | 8,492 | 8,152 |
| | Social Security | 537 | 559 |
| | Pensions | 428 | 457 |
| | | | |
| | (5) PLANT HIRE | | |
| | Plant Hire Charges payable by the Group for the year were £33,000 (1985 - £36,000). | | |
| | | | |
| | (6) AUDITORS' REMUNERATION | | |
| | Auditors' Remuneration payable by the Group for the year was £16,000 (1985 - £16,000). | | |
| | | | |
| | (7) PENSION ARRANGEMENTS | | |
| | The Pension Scheme of the Company and its Subsidiaries provides final salary benefits for employees, and is exempt approved under the Finance Act, 1970. The Group contribution to the Scheme for the calendar year 1986 was £410,698, 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) TAXATION

| | GROUP | | PARENT COMPANY | |
|---|--------------|--------------|----------------|--------------|
| | 1986 | 1985 | 1986 | 1985 |
| | £000 | £000 | £000 | £000 |
| The charge on the Profit for the year consists of: | | | | |
| Corporation Tax at 37½% (1985 - 42½%) | 2,122 | 1,056 | 1,680 | 640 |
| Deferred Tax: | | | | |
| Accelerated Capital Allowances | (45) | 753 | (30) | 769 |
| Other Timing Differences | - | (31) | - | (29) |
| Overprovision - prior years | (4) | (205) | - | (190) |
| | <u>2,073</u> | <u>1,573</u> | <u>1,650</u> | <u>1,190</u> |
| | ===== | ===== | ===== | ===== |
| Deferred Tax to date consists of: | | | | |
| Accelerated Capital Allowances | 7,546 | 7,591 | 7,513 | 7,543 |
| Other Timing Differences | 12 | 12 | 12 | - |
| Advance Corporation Tax attributable to the Proposed Final Dividend | - | (193) | - | (193) |
| | <u>7,558</u> | <u>7,410</u> | <u>7,525</u> | <u>7,350</u> |
| | ===== | ===== | ===== | ===== |

No provision is made for potential tax liabilities which might arise in the event of the disposal of revalued properties since the Directors are of the opinion that the likelihood of any material liability arising is remote.

(9) TANGIBLE

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(9) TANGIBLE FIXED ASSETS AND DEPRECIATION

During the year, a valuation of all the Home Brewery Group's licensed properties (except off-licences) was carried out. Further reference is made to the valuation in the Report of the Directors on page 4. The Balance Sheet figures comprise:-

(a) Group

| | F/hold Props. £000 | Props. held on Long Lease £000 | Plant and Vehicles £000 | Fixtures and Fittings £000 | Payment on Account & Assets in course of Construction £000 | Total £000 |
|---|--------------------------|--|----------------------------------|-------------------------------------|---|---------------|
| Gross amount at Cost 30.9.85 | 21,923 | 2,881 | 21,782 | 4,144 | 241 | 50,971 |
| Additions | 1,960 | 9 | 2,092 | 584 | - | 4,645 |
| Transfers | 42 | - | 199 | - | (241) | - |
| Disposals | (397) | - | (962) | (290) | - | (1,649) |
| Amortisation Adjustment on Revaluation | - | (201) | - | - | - | (201) |
| | 23,528 | 2,689 | 23,111 | 4,438 | - | 53,766 |
| Surplus on Revaluation | 86,355 | 2,481 | - | - | - | 88,836 |
| Gross Amount 30.9.86 | 109,883 | 5,170 | 23,111 | 4,438 | - | 142,602 |
| Aggregate Depreciation 30.9.85 | 1,443 | 179 | 9,549 | 2,255 | - | 13,426 |
| Charge for year | 325 | 22 | 2,571 | 439 | - | 3,357 |
| Aggregate Depreciation on Disposals | (302) | - | (931) | (126) | - | (1,359) |
| Adjustment on Revaluation | - | (201) | - | - | - | (201) |
| Aggregate Depreciation 30.9.86 | 1,466 | - | 11,189 | 2,568 | - | 15,223 |
| Net Amount 30.9.86 | 108,417 | 5,170 | 11,922 | 1,870 | - | 127,379 |
| Net Amount 30.9.85 | 20,480 | 2,702 | 12,233 | 1,889 | 241 | 37,545 |

(b) Parent Company

| | | | | | | |
|---|---------|-------|--------|-------|-------|---------|
| Gross Amount at cost 30.9.85 | 21,703 | 2,881 | 20,947 | 4,119 | 241 | 49,891 |
| Additions | 1,960 | 9 | 2,041 | 584 | - | 4,594 |
| Transfers | 42 | - | 199 | - | (241) | - |
| Inter-Group Transfers | 220 | - | 3 | - | - | 223 |
| Disposals | (397) | - | (925) | (290) | - | (1,612) |
| Amortisation Adjustment on Revaluation | - | (201) | - | - | - | (201) |
| | 23,528 | 2,689 | 22,265 | 4,413 | - | 52,895 |
| Surplus on Revaluation | 86,355 | 2,481 | - | - | - | 88,836 |
| Gross Amount 30.9.86 | 109,883 | 5,170 | 22,265 | 4,413 | - | 141,731 |

(b) Parent Company, Continued ..

| | F/hold Props. £000 | Props. held on Long Lease £000 | Plant and Vehicles £000 | Fixtures and Fittings £000 | Payment on Account & Assets in course of Construction £000 | Total £000 |
|---|--------------------------|--|----------------------------------|-------------------------------------|---|----------------|
| Aggregate Depreciation 30.9.85 | 1,443 | 179 | 8,879 | 2,238 | - | 12,739 |
| Charge for year | 325 | 22 | 2,507 | 437 | - | 3,291 |
| Aggregate Depreciation on Inter-Group Transfers | - | - | 3 | - | - | 3 |
| Aggregate Depreciation on Disposals | (302) | - | (902) | (126) | - | (1,330) |
| Adjustment on Revaluation | - | (201) | - | - | - | (201) |
| | <u>1,466</u> | <u>-</u> | <u>10,487</u> | <u>2,549</u> | <u>-</u> | <u>14,502</u> |
| Net Amount 30.9.86 | <u>108,417</u> | <u>5,170</u> | <u>11,778</u> | <u>1,864</u> | <u>-</u> | <u>127,229</u> |
| Net Amount 30.9.85 | <u>20,260</u> | <u>2,702</u> | <u>12,068</u> | <u>1,881</u> | <u>241</u> | <u>37,152</u> |

(c)

| | Freehold Properties £000 | Properties Held on Long Lease £000 |
|---|--------------------------------|---|
| For both the Group and Parent Company the Gross Amount of properties comprises: | | |
| Valuation at 30.06.86 | 95,340 | 5,170 |
| At cost | <u>14,543</u> | <u>-</u> |
| | <u>109,883</u> | <u>5,170</u> |

For those properties included at cost or valuation, the equivalent Historical Cost figures are:-

| | Freehold Properties £000 | Properties Held on Long Lease £000 |
|--|--------------------------------|---|
| Cost at 30.09.86 | 23,528 | 2,890 |
| Depreciation at 30.09.86 based on cost | <u>1,466</u> | <u>201</u> |
| Net Cost at 30.09.86 | <u>22,062</u> | <u>2,689</u> |

(10) FIXED ASSET INVESTMENTS

| | | | Listed £000 | Unlisted £000 | Trade Loans £000 | Total £000 |
|---------------|--------------------|---|----------------|------------------|------------------------|---------------|
| Total £000 | (a) Group | Cost at 30.9.85 | 3 | 3 | 3,486 | 3,492 |
| | | Additions | - | 5 | 419 | 424 |
| 12,739 | | Repayments | - | - | (1,134) | (1,134) |
| 3,291 | | | - | - | - | - |
| 3 | | Cost at 30.9.86 | 3 | 8 | 2,771 | 2,782 |
| (1,330) | | | - | - | - | - |
| (201) | (b) Parent Company | | | | | |
| 14,502 | | Cost at 30.9.85 | 3 | 3 | 3,486 | 3,492 |
| | | Additions | - | 5 | 419 | 424 |
| | | Repayments | - | - | (1,134) | (1,134) |
| 127,229 | | | - | - | - | - |
| ===== | | Cost at 30.9.86 | 3 | 8 | 2,771 | 2,782 |
| 37,152 | | | - | - | - | - |
| ===== | | Shares in subsidiaries (all wholly owned) at cost | | | | 280 |

Properties
Held on
Long Lease
£000

At 30th September 1986, the market value of the listed investments was £21,000 (1985 - £18,000). In the opinion of the Directors, the market value of the unlisted investments is not less than the book value.

The wholly owned subsidiaries are:

Apollo Soft Drinks Limited
Banner Productions Nottingham Limited
Killingley & Company Limited
Mablethorpe Hotels Limited
The Hutt Hotel Limited

Mineral Waters
Cash & Carry
Wines & Spirits
Non-Trading
Non-Trading

5,170

5,170
=====

Historical Cost

Properties
Held on
Long Lease
£000

2,890

201

2,689
=====

(11) STOCKS

| | GROUP | | PARENT COMPANY | |
|--|--------------|--------------|----------------|--------------|
| | 1986 £000 | 1985 £000 | 1986 £000 | 1985 £000 |
| The main categories of stocks are: | | | | |
| Raw Materials and Stores | 2,763 | 2,889 | 2,203 | 2,296 |
| Goods for Sale | 2,501 | 2,370 | 1,409 | 1,373 |
| Stocks in Managed Houses and Hotels | 791 | 826 | 791 | 827 |
| | <u>6,055</u> | <u>6,085</u> | <u>4,403</u> | <u>4,496</u> |
| | ===== | ===== | ===== | ===== |

(12) DEBTORS: Amounts falling due
within one year:

| | GROUP | | PARENT COMPANY | |
|---|--------------|--------------|----------------|--------------|
| | 1986 £000 | 1985 £000 | 1986 £000 | 1985 £000 |
| Trade Debtors | 3,211 | 2,951 | 3,179 | 2,929 |
| Amounts Owed by Group Companies | - | - | 50 | 82 |
| Other Debtors | 664 | 738 | 664 | 738 |
| Prepayments & Accrued Income | 160 | 129 | 149 | 119 |
| | <u>4,035</u> | <u>3,818</u> | <u>4,042</u> | <u>3,868</u> |
| DEBTORS: Amounts falling due after more than one yr: | | | | |
| Loans to Directors & Employees | 373 | 294 | 373 | 294 |
| | <u>4,408</u> | <u>4,112</u> | <u>4,415</u> | <u>4,162</u> |
| | ===== | ===== | ===== | ===== |

(13) CREDITORS: Amounts falling due
within one year:

| | GROUP | | PARENT COMPANY | |
|---------------------------------|--------------|---------------|----------------|---------------|
| | 1986 £000 | 1985 £000 | 1986 £000 | 1985 £000 |
| Bank Overdraft | - | 2,365 | - | 2,365 |
| Trade Creditors | 4,180 | 3,148 | 3,516 | 2,504 |
| Amounts Owed to Group Companies | - | - | 1,315 | 1,167 |
| Taxation & Social Security | 3,257 | 3,114 | 2,768 | 2,597 |
| Other Creditors | 769 | 682 | 745 | 668 |
| Accruals | 389 | 385 | 372 | 369 |
| Proposed Dividend | - | 450 | - | 450 |
| | <u>8,595</u> | <u>10,144</u> | <u>8,716</u> | <u>10,120</u> |
| | ===== | ===== | ===== | ===== |

(14) SHARE CAPITAL

| | 1986 | | 1985 | |
|---|--------------------|--------------------------------|--------------------|--------------------------------|
| | Authorised £000 | Issued & Fully Paid £000 | Authorised £000 | Issued & Fully Paid £000 |
| 5 ³ / ₄ % (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: | 1,500 | | 1,500 | |
| Ordinary | | 1,125 | | 1,125 |
| 'S' Ordinary | | 375 | | 375 |
| Unclassified Shares of £1 each | 300 | | 300 | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 3,600 | 2,981 | 3,600 | 2,981 |
| | ===== | ===== | ===== | ===== |

(15) RESERVES

| | GROUP £000 | PARENT COMPANY £000 |
|---|---------------|---------------------------|
| Balance at 30th September, 1985 | | |
| Surplus arising on Consolidation | 30 | - |
| General Reserves | 30,386 | 29,156 |
| | <hr/> | <hr/> |
| | 30,416 | 29,156 |
| Transfer from Profit and Loss Account | 2,080 | 2,080 |
| Profit retained by Subsidiaries | 3 | - |
| | <hr/> | <hr/> |
| | 32,499 | 31,236 |
| Surplus on Revaluation of Licensed Properties | 88,836 | 88,836 |
| | <hr/> | <hr/> |
| | 121,335 | 120,072 |
| | ===== | ===== |

(16) CAPITAL COMMITMENTS

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

| | GROUP | | PARENT COMPANY | |
|-------------------------------|--------------|--------------|----------------|--------------|
| | 1986 £000 | 1985 £000 | 1986 £000 | 1985 £000 |
| Contracted | 840 | 2,600 | 835 | 2,600 |
| Authorised but not contracted | 4,600 | 6,315 | 4,600 | 6,300 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 5,440 | 8,915 | 5,435 | 8,900 |
| | ===== | ===== | ===== | ===== |

(17) HOLDING COMPANY

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